

**QUONSET DEVELOPMENT CORPORATION
MEETING OF BOARD OF DIRECTORS**

June 16, 2008

PUBLIC SESSION MINUTES

A meeting of the Board of Directors of the Quonset Development Corporation (the "Corporation") was held at 5:00 p.m. on Monday, June 16, 2008, at the offices of the Corporation located at 30 Enterprise Drive, North Kingstown, Rhode Island, pursuant to notice to all members of the Board of Directors and a public notice of the meeting as required by the Bylaws of the Corporation and applicable Rhode Island Law.

The following directors constituting a quorum were present and participated throughout the meeting as indicated: James D. Berson, Robert H. Breslin, Jr., Steven Campo, Kas R. DeCarvalho, Barbara Jackson, Saul Kaplan, John G. Laramée, John A. Patterson, Sav Rebecchi, John G. Simpson and Keith W. Stokes. Also present were: Steven J. King, P.E., Chief Operating Officer; E. Jerome Batty, Secretary; Kevin M. Barry, Finance Director; members of the Corporation's staff and members of the public.

1. CALL TO ORDER:

The meeting was called to order at 5:05 p.m. by Chairman Kaplan.

Chairman Kaplan welcomed new Board Members; Mr. Berson, Mr. Breslin, Mr. Laramée, and Mr. Stokes.

2. APPROVAL OF MINUTES:

Upon motion duly made by Mr. Rebecchi and seconded by Mr. Simpson, the Board:

VOTED: To approve the Public Session minutes of the May 12, 2008 meeting, as presented.

Voting in favor were: Kas R. DeCarvalho, Steven Campo, Barbara Jackson, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Abstained: James D. Berson, Robert H. Breslin, Jr, John G. Laramée, and Keith W. Stokes.

Motion passed.

Upon motion duly made by Mr. Patterson and seconded by Mr. Rebecchi, the Board:

VOTED: To approve the Public Session minutes of the May 12, 2008 Master Land Use and Development Plan Workshop, as presented.

Voting in favor were: Kas R. DeCarvalho, Steven Campo, Barbara Jackson, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Abstained: James D. Berson, Robert H. Breslin, Jr, John G. Laramee, and Keith W. Stokes.

Motion passed.

Mr. DeCarvalho thanked the Board members who attended the workshop and commended their efforts. The minutes were very helpful to the Board members who could not attend.

3. STAFF REPORTS:

Mr. King asked the Board to refer to Tab 2 of their packets. Mr. King updated the Board on the following activities:

Development and Planning

- Bill s3000 related to the retired aircraft carrier, Saratoga, was heard by the Senate Committee on Environment and Agriculture and The House Finance Committee. Mr. Preston from New Harbor Group was in attendance at both meetings and provided testimony and answered questions on QDC's behalf (Exhibit A). Several towns in the surrounding area have adopted resolutions in support of the Saratoga (Exhibits A, B, and C). Each Committee has held the bill for future consideration.
- Bike Path Project under final review by RIDOT.

Mr. King confirmed upon Mr. DeCarvalho's inquiry that the senate and house bills were identical pertaining to the Saratoga.

Mr. Patterson voiced his concern that the statement that was given on behalf of QDC was not approved by the Board of Directors. Mr. Patterson expressed his displeasure that some of the information provided to the Senate and House Committees may have been incorrect and based on outdated information. Mr. Patterson noted the role of the Board needs to be better defined. Mr. Patterson went on to state that according to the QDC by-laws, the Board of Directors are responsible for policy decisions, not the Director or Staff.

Mr. Rebecchi stated that he agreed with Mr. Patterson and that the Board should have reviewed and approved the statement prior to its release or it should have been label as a staff report. Mr. Rebecchi also noted that he would recuse himself from any vote related to the Saratoga due to a conflict with his attorney and the Saratoga foundation.

Mr. Kaplan stated he felt that the statement was appropriately handled by the staff and no action was required by the Board. Mr. Kaplan added that legislation frequently arises that affects the operations at Quonset. QDC was called upon to provide information and voice an opinion and these inquiries are not typically raised to the Board level. Mr. Kaplan noted that there was no position taken, only a series of questions raised. If the project is successful obtaining all necessary permits, it will come back for Board consideration.

Ms. Jackson commented that she was glad to see QDC staff take a position because in the past, legislation has passed without any representation from the Board. However, Ms. Jackson underscored the sentiments of Mr. Patterson and Mr. Rebecchi.

Mr. King then continued with his staff report:

Construction

- Cross Park – Babcock Road improvements: the paving has been completed and landscaping is being installed.
- Park Signage is nearing completion.
- Connector Road work is underway at Gate Road and Davisville Road.

Operations

- A Homeland Security Grant was awarded to QDC for Port Security.
- The Air Show is scheduled for June 28th and 29th. The maintenance department has been diligently working to prepare the Quonset Business Park for the event.
- The July Board Meeting will be held at the new office at 95 Cripe Street.

Finance and Administration

- Preparing for year end audit.
- Completing annual employee review process.
- Recently completed 2010 Capital Budget.

Mr. King advised the Board that he received a letter from Statewide Planning that afternoon requesting an extension on the 60-day review/comment period for the Master Land Use and Development Plan until August 14th, 2008. Statewide Planning recently received comments from the Town of North Kingstown. The State Planning Council had no meetings scheduled for the month of July and as such requested the extension.

Mr. Kaplan suggested that Mr. King contact Mr. Flynn at Statewide Planning and the officials of Town of North Kingstown to meet with them to review the Plan in the interim. Mr. King suggested that QDC hold a Strategic Planning Committee meeting in July and invite Statewide Planning and North Kingstown officials. The Board was in agreement that the extension should be granted to Statewide Planning.

4. APPROVAL REQUESTS:

A. Approval of Sale of Property to D.S. Nelson Co., Inc.

Mr. King provided a brief description of the background of this transaction. D.S. Nelson Co., Inc. is seeking to purchase 3 acres in the Commerce Park District for the purpose of constructing a 30,200 square foot building containing office space in the front of the building and warehouse/lab space in the rear of the building. Mr. Nelson's building on Airport Street was one of five buildings condemned due to the Army Guard expansion at Quonset Airport. QDC, at that time, offered the displaced businesses replacement property in the Park at a reduced rate of \$125,000 per acre. Mr. Nelson's new building will be a commercial condominium consisting of 4 units.

Mr. King stated, upon Mr. Simpson's inquiry, that D.S. Nelson Co, Inc. will be held to the same development regulations as the rest of the Park. No hazardous material can be stored in the warehouses. D.S. Nelson Co., Inc. will be required to follow QDC development regulations, including the DRC process as well State and Local regulations.

Ms. Jackson inquired about the job ratio for this building noting less of an emphasis of jobs per acre regarding development proposals. Mr. King responded that Mr. Nelson has a similar building in the Park with three (3) tenants. Mr. Nelson's existing building far exceeds the current standard of 7 jobs per acre ratio. It is expected that the new building will also exceed the standard. Mr. King estimated that the size of the building could accommodate approximately 40-50 jobs. However, Mr. King did clarify that the job ratio is an estimation since Mr. Nelson's tenants have not yet been determined.

Mr. DeCarvalho inquired regarding land use restrictions in the Park. Mr. King replied that there are land use restrictions contained in the Development Package adopted by the Board in 2005. There was a discussion among the Board concerning holding a standard of jobs per acre for companies that wish to have a site in Quonset. Mr. King added that there should also be consideration of private investment, quality of the proposed jobs as well as the amount of taxes generated. Mr. Kaplan directed QDC Staff to be mindful of job density and to reference the projected jobs on the Transaction Memorandums.

Upon motion duly made by Mr. Campo and seconded by Mr. Rebecchi, the Board:

VOTED: That the Corporation acting by and through its Chairman, Vice-Chair, Chief Operating Officer or Finance Director, each of them acting alone the "Authorized Officers" is hereby authorized to enter into, execute and deliver a Purchase and Sale Agreement, and other agreements related thereto with D.S. Nelson Co., Inc. substantially in accordance with the Request for Board Authorization presented to the Board (the Purchase and Sale Agreement and related documents are referred to herein collectively as the "Agreement").

VOTED: That each of the Authorized Officers, acting singularly and alone, be and each of them hereby is authorized, empowered and directed to effectuate the intent of the foregoing resolutions by executing, delivering and performing any and all modifications, renewals, confirmations and variations of such Agreement or as any of the Authorized Officers acting singularly or alone shall deem necessary, desirable and without further specific action by this Board, and on behalf of the Corporation, such Authorized Officers are hereby authorized, empowered and directed to prepare or cause to be prepared and to execute, perform and deliver in the name and on behalf of the Corporation the Agreement and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreement, including any and all deeds, agreements, contracts, certificates, licenses, assignments, and financing documents upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the same shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That in connection with any and/or all of the above resolutions, the taking of any action, the execution and delivery of any instrument, document or agreement by any of the Authorized Officers in connection with the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer's determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation.

Voting in favor were: James D. Berson, Robert H. Breslin, Jr., Steven Campo, Kas R. DeCarvalho, Barbara Jackson John G. Laramée, John A. Patterson, Sav Rebecchi, John G. Simpson and Keith W. Stokes.

Voting Against were: None

Unanimously Approved.

B. Approval of the FY 2010 Capital Budget.

Ms. Jackson reviewed the FY 2010 Capital Budget with the Board noting total project cost being \$57 million and the unfunded portion as \$6.8 million, down from previous \$22 million. Ms. Jackson cited several actions that the Finance Committee had recommended, resulting in reduction of the unfunded gap:

- Review the need of projects and scale down projects.
- As projects come to fruition, costs are carefully reviewed and better defined to bring projects under estimates.
- Scrutinize the scope of projects and if possible, shrink the scope.

Ms. Jackson concluded that once all current options are exercised, all current leases approved, and all envisioned property transfers are complete; the Corporation's unfunded gap will be reduced to around a \$2 million.

Upon motion duly made by Mr. Rebecchi and seconded by Mr. Simpson, the Board:

VOTED: To approve the Fiscal 2010 Capital Budget as presented to the Board.

Voting in favor were: James D. Berson, Robert H. Breslin Jr., Steven Campo, Kas R. DeCarvalho, Barbara Jackson John G. Laramee, John A. Patterson, Sav Rebecchi, John G. Simpson and Keith W. Stokes.

Voting Against were: None

Unanimously Approved.

C. Approval of Waiver for Principal Permitted Uses - §3.6.3.7 of the QDC Development Package (September 2005) for the Gateway Project

Mr. King explained that New Boston Development Partners, LLC had been in negotiations with a local grocer for the junior anchor tenant position in the in-line retail portion of the Gateway project. This grocer is proposing a full service store with a fish counter. In the QDC Development Package, under Quonset Mixed Use Development Regulations, sales of fish and shellfish are excluded. Mr. King explained that this exclusion was to prohibit a large full scale fish market due to odor and waste problems. Mr. King explained that in this case, the fish counter would be no more than 10% of the entire sales floor area of the grocer.

Upon motion duly made by Mr. DeCarvalho and seconded by Mr. Simpson the Board adopted the following Resolution:

WHEREAS, the Corporation has entered into a Ground Lease Agreement with New Boston Quonset, LLC dated February 29, 2008 which provides for the development of Parcel 1/Lot 11 of Plat 192 for retail, office and restaurant uses; and

WHEREAS, New Boston Quonset, LLC is completing negotiation for a sublease of a portion of the premises with a prospective subtenant which will use the sublease premises as a supermarket; and

WHEREAS, the Development Package in Section 3.6.3.7 states that the Principal Permitted Uses in the Quonset Mixed Use Development District “include retail business, sales of food (excluding fish and shellfish) drugs, clothing, jewelry, stationery, or similar personal or specialty items”; and

WHEREAS, the subtenant has advised New Boston Quonset, LLC and the Corporation that the exclusion of the sale of fish and shellfish will cause an unnecessary hardship and is not feasible since the sale of fish and shellfish (fresh, prepared, frozen, etc.) is integral to the operation of a full service supermarket, and not more than 10% of the sales floor area of the market will be dedicated to the sale of fish and shellfish.

NOW, THEREFORE, the Board hereby makes the following findings:

1. The Board has the authority to grant waivers pursuant to Section 1.4.2 of the Development Package.
2. The sale of fish and shellfish is an integral part of the operation of a full service supermarket.
3. The strict implementation of the exclusion of the sale of fish and shellfish will create an unnecessary hardship and is not feasible.

Based on the foregoing, the Board hereby adopts the following vote:

VOTED: That the Corporation grants New Boston Quonset, LLC, its successors and assigns, and its subtenant, its successors and assigns, a waiver with respect to the sale of fish and shellfish with respect to not more than 10% of the sales floor area of the supermarket.

Voting in favor were: James D. Berson, Robert H. Breslin, Jr., Steven Campo, Kas R. DeCarvalho, Barbara Jackson John G. Laramée, John A. Patterson, Sav Rebecchi, John G. Simpson and Keith W. Stokes.

Voting Against were: None

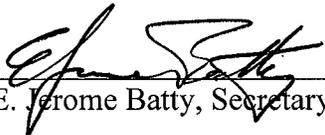
Unanimously Approved.

Upon request from Mr. Rebecchi, Mr. King agreed to provide the Board with a list of QDC subcommittees, member availability, and a description of each committee.

Mr. DeCarvalho suggested that a Board evaluation also be completed to integrate new Board members.

There being no further business to come before the Board, upon motion duly made by Mr. Patterson and seconded by Mr. Rebecchi, the meeting was adjourned at 6:05 p.m.

Respectfully submitted:

By: 
E. Jerome Batty, Secretary