

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

AUGUST 20, 2007

PUBLIC SESSION MINUTES

A meeting of the Board of Directors of the Quonset Development Corporation (the "Corporation") was held at time 5:00 p.m. on Monday, August 20, 2007, 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: Steven Campo, Robert Crowley, Kas R. DeCarvalho, David A. Doern, Thomas Hazlehurst, Barbara Jackson, Saul Kaplan, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson. Also present were: Steven J. King, P.E., Chief Operating Officer; E. Jerome Batty, Secretary; members of the Corporation's staff and members of the public.

1. CALL TO ORDER:

The meeting was called to order at 5:04 p.m. by Chairman Kaplan.

2. APPROVAL OF MINUTES:

Upon motion duly made by John A. Patterson and seconded by John G. Simpson, the Committee:

VOTED: To approve the minutes of the June 28, 2007 meeting, as presented.

Voting in favor were: Steven Campo, Robert Crowley, David A. Doern, Thomas Hazlehurst, Barbara Jackson, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

Chairman Kaplan announced that Mr. Doern had requested time to make a statement to the Board, adding that he would honor Mr. Doern's request but that Mr. Batty would need to give some guidance.

Mr. Batty stated that job performance issues may be discussed only in compliance with specific provisions of the Open Meetings Act and that the current agenda contained no mention of items related to job performance. Mr. Batty added that it should be the understanding of the Board that Mr. Doern would make a statement but any discussion of his statement that would relate to job performance would be inappropriate. Mr. Batty indicated that after Mr. Doern's statement, the Board should proceed with the agenda.

Mr. DeCarvalho joined the meeting at 5:06 p.m.

Mr. Hazlehurst asked when the Board would have an opportunity to discuss such issues if Board did not have input on the agenda. Mr. Batty indicated that the Board should contact Mr. King or Chairman Kaplan if there is a matter that a Board member would like to add to the agenda.

Chairman Kaplan indicated that a request was made to have a discussion regarding leadership planning and that discussion will be held in executive session. Chairman Kaplan then added that the Board members are always welcome to give input into future agendas.

Mr. Patterson stated that if there is something Mr. Doern said that he is not in agreement with or he felt was improper, he reserved the right to make that statement. Mr. Batty replied that is the problem at hand and that there is no way to work around it other than to say any discussion of job performance would be inappropriate.

Mr. Doern stated that as a Board Member, he wanted to place a letter on record publicly thanking Mr. Grout for his fine leadership and clear vision for Quonset. Mr. Doern continued that Mr. Grout's leadership was one of the reasons he agreed to sit on the Quonset Board and he would miss his dedicated leadership and he wished Mr. Grout well in his future endeavors. A copy of Mr. Doern's letter is attached as Exhibit A.

3. STAFF REPORTS:

A. Review of the Staff Report Memo:

Chairman Kaplan introduced Mr. King in his new capacity. Chairman Kaplan stated that he is confident in Mr. King's abilities and that he has been very impressed with Mr. King stepping up and opening dialogues with important stakeholders.

Mr. King began by noting that the cover of the Board packages contained a photo of Air Force One and that Quonset was honored by a visit from the President of the United States on June 28, 2007.

Mr. King directed the Board members' attention to Tab 2 which contained a memo broken down into four subjects:

- Development and Planning;
- Construction;
- Operations; and
- Finance and Administration.

Mr. King also indicated that there were three (3) photos also included in Tab 2 that show new construction of Bel-Air Finishing, Unetixs Vascular and PODS in the Park.

Mr. King stated that there was no need to go over each bullet on the memo but he would be glad to answer any questions that the Board had.

Mr. King announced that QDC received a hundred and three thousand dollar (\$103,000.00) grant from Homeland Security for port security projects.

Mr. King directed the Board members' attention to an editorial from the Providence Business News regarding the Gateway which did not make it into the news-clips.

Mr. King distributed two maps related to the transactions being voted on that were omitted from the Board packet.

Mr. Crowley asked if in the future the Board could get a list of open sales for reference. Mr. King indicated that he would provide this information going forward.

Mr. Patterson inquired about the new QDC building referenced on the memo under the Operations section on page 2. Mr. King indicated that this building will be the new QDC office and maintenance building which is being built as a result of the current maintenance facility being displaced by the Ocean State Job Lot expansion. Mr. Patterson asked if the new building would be the QDC headquarters in the future. Mr. King indicated that it would be.

Mr. Simpson asked what Mr. King's expectations were with regard to reconvening with the Strategic Planning Committee to review the Master Plan draft update. Mr. King stated that the revised Master Plan is due to be received from the consultant at the end of the month. Mr. King added that once staff has had a chance to review the draft, he would schedule a meeting of the Strategic Planning Committee prior to the next Board meeting.

Mr. Patterson questioned if the items listed in the Capital Budget Synopsis (Tab 3) were listed in order of priority. He also pointed out that there appeared to be a budget shortfall.

Mr. King responded that the categories are ranked in priority on page three (3) of Tab 3. Mr. King added that the capital budget is very similar to the budget of the last two or three years and it is anticipated that the gap in funds will be filled by land sale transactions.

Mr. Doern requested that in the future, any cash outlay include a chart showing where that money is going.

B. New Boston Development Partners, LLC Presentation:

Mr. Kaplan introduced Mr. Chamberlain from New Boston Development Partners, LLC (“New Boston”) who was present to provide the Board with an update on the Gateway project.

Mr. Chamberlain thanked Mr. Kaplan and the Board and acknowledged that the Gateway project has been underway for about two (2) years. Mr. Chamberlain stated that New Boston has considered the concerns raised by stakeholders, the community, Statewide Planning and QDC, and has revised the plan accordingly.

The revised Gateway includes the following modifications:

- Modified entrance on Post Road which originally contained primarily retail space but now incorporates 40,000 square feet of professional office space with New England style architecture.
- Increased the density which includes about 160,000 square feet of office space; the target market is Corporate users.
- Incorporated more pedestrian friendly/community space.
- Increased the square footage of entire project from 860,000 square feet to 960,000 square feet.
- Continued sustainable initiatives including permeable pavement, solar and alternative energy sources.
- Placed buildings closer to Gate Road and the new connector road creating a streetscape with shared parking behind the buildings.
- Incorporated seven (7) bus stops within Gateway development.
- Allocated space to daycare should they decide to expand.
- Developed landscaping plans with the Seabees and long term plans for the operations and maintenance of the existing facilities.
- Increased project density by just over 18%.
- Added multistory buildings which include community meeting space.
- Enhanced projection for the Gateway, at full build-out, to 2,165 permanent jobs to include office, hotel, non-retail and retail.

Mr. Chamberlain highlighted the impact that the Gateway will have on Rhode Island:

- Construction jobs totaling 1,060

- Permanent jobs totaling 2,165
- Estimated \$9,090,000 in sales tax revenue
- Estimated \$3,024,00 in payroll tax
- Estimated \$1,719,000 in ground rent
- Estimated over \$1.4 million in real estate taxes for North Kingstown
- \$250,000 in PILOT payments

Mr. Chamberlain completed his presentation by stating that New Boston believes that the Gateway is needed, but in the right program and the right design, and hoped the Board will look favorably on the revised Gateway. Chairman Kaplan thanked Mr. Chamberlain for his presentation and asked the Board if there were any questions.

Mr. Sams asked about the timing for the ground breaking. Mr. Chamberlain replied that ideally ground breaking will happen this fall.

Chairman Kaplan informed the Board that there are close communications between QDC and Statewide Planning staff concerning the revised submission. Mr. Kaplan indicated that the next step in the process is for Statewide Planning to complete the review of the revised Gateway submission. Mr. Kaplan stated that there will be a staff recommendation distributed to the Statewide Planning Board prior to their decision which is expected to occur on September 20, 2007. The Chairman added that there will be an opportunity for QDC to give a presentation to the Statewide Planning Board prior to their decision. Mr. Doern suggested that it might be useful to have 1 or 2 Board members on hand for that presentation as well as staff.

Mr. Patterson requested to make some points on behalf of the Town of North Kingstown regarding the Gateway. Mr. Patterson stated that the Town Council had not met regarding the revised Gateway submission, however, he had spoken to a few Council members to come up with the following comments:

- The Town has commented that the two anchors remain.
- The Town has requested no curb cuts on Newcomb Road which New Boston has confirmed.
- The Town would like to comment regarding individual designs/facades.
- The Town would like confirmation that the hotel and one of the office buildings will be part of Phase I.
- The Town expressed concern about the impact of deliveries to Kohl's and Lowes to the abutting Newcomb Road neighborhood.
- The Town wants to make sure that the most current technology will be used to buffer Newcomb Road residents from the glare of outdoor lighting and noise.

Mr. DeCarvalho congratulated Mr. Chamberlain and New Boston on their flexibility and stated the revised Gateway plans do have traction and appear to be

going in the right direction. Mr. DeCarvalho questioned if there was anything that he or other Board members could do in advance of the September 20th vote to show support for the project.

Chairman Kaplan thanked Mr. DeCarvalho and stated that Mr. King has made an offer to the members of Statewide Planning to come to Quonset and view first hand the progress that has been made. Chairman Kaplan indicated that the Board members may be present for those visits.

Chairman Kaplan stated that the staff is still working on creating the presentation for the Statewide Planning meeting and indicated that having Board members present at the meeting was a sound suggestion.

Mr. King stated that the Corporation has been in communication with Statewide Planning, which has been very productive in keeping them informed of the progress at Quonset. Mr. King indicated that he has been encouraged by their response to the changes made to the plan for the Gateway.

4. AUTHORITY TO ACT:

Chairman Kaplan indicated that the next item is a vote to grant Steven King, in his role as Chief Operating Officer, authority to exercise the authority granted to the Board as Managing Director.

Upon motion duly made by Mr. Crowley and seconded by Ms. Jackson, the Committee:

VOTED: That Steven King, Chief Operating Officer, is hereby authorized to exercise all powers and carry out all authority granted to the Managing Director by any prior resolution or action of the Board.

Voting in favor were: Steven Campo, Robert Crowley, Kas R. DeCarvalho, David A. Doern, Thomas Hazlehurst, Barbara Jackson, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

Voting Against were: None

5. LEASE TO RAVV DEVELOPMENT, LLC:

Mr. King stated that RAVV Development (“RAVV”) is seeking to build an indoor/outdoor recreation facility on approximately 8.5 +/- acres identified as Gateway Parcel 6 (Exhibit B).

Mr. King stated that this parcel was developed specifically to incorporate the sports facility into the Gateway from a previous location on Roger Williams Way abutting the municipal golf course. Mr. King noted that a couple of acres were

trimmed off the Lowe's site to accommodate the recreational facility. Mr. King stated that the previous purchase and sales agreement has been terminated in favor of leasing the Parcel 6 land to RAVV for fifteen (15) years with an annual base rent of \$119,021.88. RAVV will have the option to buy the property at the end of the lease for \$1,000,000.

Mr. King indicated that the proposed sports facility will include indoor and outdoor recreation areas, a gym, physical therapy, offices, and limited food services. Mr. King stated that the move of the sports facility to the Gateway evolved from conversations with Statewide Planning, in the hopes of enhancing the mix of uses in the Gateway.

Mr. Crowley questioned RAVV's ability to finance the fifteen (15) year lease or installment purchase. Mr. Batty indicated that the Corporation's position is that RAVV can have a leasehold mortgage but QDC is not going to subordinate the land. Mr. Batty further indicated that the lease would be very similar to a ground lease.

Mr. Crowley questioned if RAVV will have to present QDC with financing ability. Mr. King and Mr. Batty both indicated yes.

Mr. Crowley then asked if RAVV has experience with this type of venture. Mr. King stated that two of the members of the RAVV team are experienced builders and the structure they are proposing has adaptive reuse possibilities. The building itself will be 88,000 square feet with steel frames that will fit in with the architecture of the Gateway design.

Mr. Crowley questioned if the Gateway plans will be affected if, RAVV does not get the necessary financing for the project. Mr. King stated that QDC is fairly comfortable that RAVV can meet its financial obligations.

Ms. Jackson asked if RAVV could sell the land for a different use, or would the lease indicate that a new use must be consistent with Gateway principles. Mr. King stated that the lease with RAVV will include such restrictions. Mr. Batty further stated there are restrictions on use imposed by QDC's development regulations. Mr. Batty indicated that if this venture failed; a use such as office space or retail could replace it, but no residential or industrial uses could be sited in the Gateway.

Mr. Patterson asked when a company's lease is over and they purchase the land, is that company now restricted by the current town ordinances.

Mr. Batty indicated that in most cases any variance would be treated as a prior non-conforming use if the structure is not in compliance at the time of the title transfer.

Mr. Crowley asked if RAVV has ever developed a facility of this type. Mr. King stated that they have not, but that as indicated in RAVV's prior approval, QDC will not enter into a lease agreement with RAVV until they have demonstrated that they have the ability to finance the project and get it built.

Ms. Jackson inquired whether the facility, while called a corporate sports facility would be open to the public as in the previous approval. Mr. King confirmed that was correct.

Upon motion duly made by Mr. Doern and seconded by Mr. DeCarvalho, the Board:

VOTED: That the Corporation acting by and through its Chairman, Vice Chair, Chief Operating Officer, or Finance Director, each of them acting singularly the "Authorized Officers" is hereby authorized to enter into, execute and deliver a Lease with an option to purchase and other agreements related thereto with RAVV Development, LLC substantially, in accordance with the Request for Authorization presented to the Board (the Lease 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, 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 and assignments, 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: Steven Campo, Robert Crowley, Kas R. DeCarvalho, David A. Doern, Thomas Hazlehurst, Barbara Jackson, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

Voting against were: none.

Unanimously approved.

6. SALE TO PRO-PAINT PLUS, INC.:

Mr. King stated that Pro-Paint Plus has been leasing property at the old Nike site in the Quonset Business Park since 2000. Pro-Paint Plus Inc.'s lease, granted by the EDC Board, provided them the option to purchase the building. Mr. King drew the Board's attention to a North Davisville map (Exhibit C) that creates a new lot of 1.7+/- acres and provides frontage for Pro-Paint Plus, Inc. on Babcock Road. Mr. King indicated that the purchase price would be \$200,000.00 which exceeds the previous purchase price by about \$18,000.00 due to reconfiguring the lot and bringing in utilities.

Upon motion duly made by Mr. Crowley and seconded by Ms. Jackson, the Board:

VOTED: That the Corporation acting by and through its Chairman, Vice-Chair, Chief Operating Officer, or Finance Director, each of them acting singularly the "Authorized Officers" is hereby authorized to enter into, execute and deliver a Purchase and Sale Agreement and other agreements related thereto with Pro Paint Plus, Inc., substantially in accordance with the Request for 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 and assignments, 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: Steven Campo, Robert Crowley, Kas R. DeCarvalho, David A. Doern, Thomas Hazlehurst, Barbara Jackson, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson

Voting against were: none.

Unanimously approved.

7. MOTION TO ADJOURN TO EXECUTIVE SESSION:

Mr. Batty made a note for the record that the executive session may involve the discussion of job performance of a certain individual and that the individual was notified in writing prior to tonight's meeting as required by Open Meetings Law.

Mr. Batty indicated that the motion to adjourn should be consistent with what is set forth in the agenda that the purpose of Executive Session is leadership planning as permitted under Open Meetings Law:

- Subsection 1: job performance
- Subsection 2: litigation
- Subsection 5: acquisition or lease of real estate for disposition of publicly held properties.
- Subsection 6: location of perspective businesses in Rhode Island

Upon motion duly made by Mr. Crowley and seconded by Mr. Doern, the Board:

VOTED: To adjourn to Executive Session pursuant to Subsection (1) - (Job Performance), Subsection (2) - (litigation), Subsection (5) - (Acquisition or Lease of Real Estate for public purposes or disposition of Publicly held Property) and Subsection (6) - (Location of Perspective

Businesses in Rhode Island), and subsection (7) (Investment of Public Funds) of the RIGL §42-46-5(a) (the "Open Meetings Law").

Voting in favor were: Steven Campo, Robert Crowley, Kas R. DeCarvalho, David A. Doern, Thomas Hazlehurst, Barbara Jackson, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson

Voting against were: none.

Unanimously approved.

The meeting adjourned to Executive Session at 6:05 p.m. The meeting reconvened in Public Session at 7:25 p.m.

8. VOTE TO MAINTAIN MINUTES OF EXECUTIVE SESSION CLOSED:

Upon motion duly made by Mr. Crowley and seconded by Mr. Hazlehurst, the Board:

VOTED: Pursuant to Section 42-46-4 and 42-46-5 of the General Laws, the minutes of the Executive Session shall not be made available to the public at the next regular scheduled meeting of the Corporation because such disclosure may adversely impact ongoing negotiations.

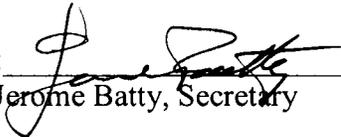
Voting in favor were: Steven Campo, Robert Crowley, Kas R. DeCarvalho, David A. Doern, Thomas Hazlehurst, Barbara Jackson, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

Voting against were: none.

Unanimously approved.

There being no further business to come before the Committee, upon motion duly made by Mr. Crowley and seconded by Mr. Hazlehurst, the meeting was adjourned at 7:30 p.m.

Respectfully submitted:

By: 
E. Jerome Batty, Secretary