

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

September 15, 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, September 15, 2008, at the offices of the Corporation located at 95 Cripe Street, 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 A. Patterson, Sav Rebecchi and John G. Simpson. Absent were: John G. Laramée and Keith W. Stokes. Also present were: Steven J. King, P.E., Managing Director; 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.

2. APPROVAL OF MINUTES:

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

VOTED: To approve the Public Session minutes of the August 18, 2008 meeting, as presented.

Mr. Berson joined the meeting in progress at 5:10 p.m. Voting in favor were: James D. Berson, Robert H. Breslin, Jr., Steven Campo, Kas R. DeCarvalho, Barbara Jackson, John A. Patterson, Sav Rebecchi and John G. Simpson.

Voting Against were: None

Unanimously Approved.

3. STAFF REPORTS:

Development and Planning:

- Appointments have been made to the Senate Commission formed to review the approval process for Quonset projects. The Senate President Joseph A. Montalbano announced members Senator J. Michael Lenihan, Senator James Sheehan, and Senator Leo R. Blais to the Committee. North Kingstown Town Council President Edward J. Cooney also named Edward Whittaker, Steven Moran and Jonathan Reiner to the Committee. QDC, RIEDC, and Statewide Planning each have one representative to appoint.
- The Design Review Committee has approved the conceptual plans for American Automotive Restoration which can now move forward to the technical review process.

Construction:

- Work continues on the Connector Road and is scheduled for completion on October 1st. QDC is awaiting the North Kingstown Town Council to make final decision on naming the Connector Road either Romano Way or Romano Vineyard Way.
- Salt Water Marsh Restoration Project is underway which will restore 4 acres of salt marsh.
- Maritime Way road construction bids are due September 30th.
- South Bulkhead replacement is substantially complete. Photos of the completed work are in the Board package as (Exhibit A) and a handout showing the bulkhead prior to improvement was provided to the Board.
- The Quonset Business Park® did not sustain any damage from Tropical Storm Hanna. Park-wide drainage systems functioned properly thanks to the efforts of the Maintenance Department performing preventative maintenance work.
- Final phase of the Corporation's move is scheduled to be completed by September 22, 2008.

Mr. King confirmed for Mr. Berson that there were not any problems opening the Camp Avenue emergency access gate during last week's storm. As part of an agreement that the Corporation has with the Town of North Kingstown, the Town Manager has keys to the gate and is authorized to open it in an emergency situation.

Mr. DeCarvalho asked if there has been an analysis of the Park's vulnerability in a significant storm/hurricane. Mr. King stated that the floodplains are set forth in the Master Land Use and Development Plan, but a majority of the vulnerable area lies in the airfield.

4. COMMITTEE REPORTS:

A. Audit Finance Committee:

Mr. Barry advised the Board that the Audit Finance Committee has reviewed the year end audit completed by Braver Accountants and Advisors. The audit went fine and there were no significant issues. Mr. Kaplan asked if there were any questions for the Committee or Mr. Barry.

Mr. Rebecchi requested that preliminary information be provided to the Board well in advance of the Board meeting to allow for more time to review the data. Mr. Barry explained that there are constraints on getting the information more timely, but going forward; every attempt will be made to provide the Board with preliminary numbers earlier, noting any missing information.

Mr. Berson questioned the QDC portion of the unfunded pension liability noted on page 14 of the report as it was not clearly indicated and what the risk is to the Corporation. Mr. Kaplan explained the decision process regarding pension management and added that managing the obligation annually is the best option available.

Mr. Breslin requested:

- All Board members be notified of all upcoming committee meetings;
- Earlier notification of upcoming meetings; and
- Tutorial to educate new members on the Corporation's finances.

Mr. Kaplan asked that the Corporation Staff try to accommodate Mr. Breslin's requests.

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

VOTED: To approve the FY 2008 Audited Financial Statements as presented to the Board and subject to the Auditor General's comments.

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

Voting Against were: None

Unanimously Approved.

B. Strategic Planning Committee:

Mr. Simpson provided the Board with the final revised draft of the Master Land Use and Development Plan and a matrix of changes (Exhibit B). The changes made to the draft are based on feedback from various agencies and are noted on the matrix. Mr. Simpson expressed his hope that the Board discuss and vote on the plan at the next meeting.

Mr. King explained for the new Board members the process of developing the Plan including getting feedback from the public and outside agencies such as the Town of North Kingstown, Statewide Planning, Department of Environmental Management, Coastal Resource Management Council, and Historic Preservation & Heritage Commission. The final version of the Master Land Use and Development Plan will be posted on the QDC website for the general public to view. Mr. Kaplan added that the Plan is a guidance tool for the Board, although each transaction will be reviewed on an individual basis.

5. APPROVAL REQUESTS:

A. Approval of the FY2010 Operating Budget:

Mr. Barry provided the Board with a corrected copy of the Budget (Exhibit C) replacing the budget previously provided to the Board. Mr. Barry indicated that the FY 2010 Operating Budget is very conservative and highlighted the major points:

- Airport Fund Allocation is now a separate revenue line item on the budget. This line indicates the expense the Corporation incurs managing RIAC property.
- The Corporation allocated three hundred thousand dollars (\$300,000) for infrastructure projects, such as maintenance equipment needs and upkeep of leased buildings while still meeting the breakeven point.
- FY 2010 Personnel Expenses were higher from FY 2008 but FY 2010 includes 2 years worth of increases. Personnel Expenses were higher in FY 2009 but that budget includes 3 unfilled FTE positions.
- Operating Expenses, while conservative, have some relatively high numbers in areas such as utilities, given the current market. The Finance Department is in constant contact with department supervisors to keep these numbers manageable.

Mr. Berson inquired about the risk potential related to this budget. Mr. King noted that rental income has some risk associated with it. Mr. Simpson added that it was his opinion that the Corporation needs a more sustainable model, focusing on ways to grow the revenue income line before expenses match or exceed the revenue. Mr. Kaplan interjected that the risk to the Corporation is that there will not be enough capital to finish the Park. Mr. Berson stated that a multi-year financial projection based on these assumptions is needed for strategic decision making. Mr. Rebecchi advised the new members that the Board had made a conscious decision 3 years ago to finish the Master Land Use Development Plan first and then create a sustainable operating model from that groundwork.

A discussion ensued regarding marketing the Park and where the funds will originate in this budget. It was generally agreed that the Quonset Business Park® has become more marketable due to significant improvements in coordinating efforts with EDC, CBRE, and other agencies as well as creating a clear concise path for the Park development.

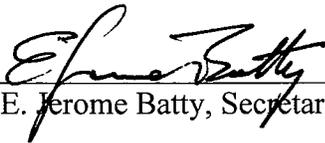
Upon motion duly made by Mr. Rebecchi and seconded by Mr. Patterson, the Board:

retail development and he has been involved in over 4 million square feet of development and brokerage transactions in his career.

Mr. Cleary advised the Board that “pre-leasing” has decreased as potential national tenants become short sighted in the current economy, however, the advantage is that the Gateway Project has Kohl’s, Lowe’s and Dave’s Marketplace firmly established and the infrastructure set in place. Mr. Cleary noted that approximately seventy-five (75) percent of the three hundred seventy five thousand (375,000) square feet of retail has been leased in the Gateway. New Boston Fund is working closely with CBRE, New Harbor Group and local Chambers of Commerce to advertise the available space. Mr. Kaplan thanked Mr. Pucillo and Mr. Cleary for their updates.

There being no further business to come before the Board, upon motion duly made by Mr. Berson and seconded by Mr. Patterson, the meeting was adjourned at 6:19 p.m.

Respectfully submitted:

By:  _____
E. Jerome Batty, Secretary