

**QUONSET DEVELOPMENT CORPORATION
MEETING OF THE STRATEGIC PLANNING COMMITTEE**

October 17, 2005

A meeting of the Strategic Planning Committee of the Quonset Development Corporation (the "Corporation") was held at 3:00pm on Monday, October 17, 2005 at the offices of the Corporation located at 30 Enterprise Drive, North Kingstown, Rhode Island, pursuant to notice to all members of the Strategic Planning Committee and a public notice of the meeting as required by the Bylaws of the Corporation and applicable Rhode Island Law.

The following members constituting a quorum were present and participated throughout the meeting as indicated: John G. Simpson, Sav Rebecchi, David A. Doern, and Barbara Jackson.

1. CALL TO ORDER

The meeting was called to order at 3:00 p.m. by Chairperson David Doern.

There was a short discussion about the new Rt 403 access ramp.

2. APPROVAL OF MINUTES

Upon motion duly made by Mr. Doern and seconded by Ms. Jackson, the Directors:

VOTED: To approve the Public Session Minutes of the meeting of August 15, 2005, as submitted to the Directors

Voting in favor were: John Simpson, Sav Rebecchi, David Doern, and Barbara Jackson.

Voting against were: none.

Unanimously approved.

Mr. Batty made the statement that the minutes from the meeting will be sent out via e-mail for review and comments. Please make comments if any ASAP. A draft will be on file and posted within 2 weeks of the meeting and then formally approved at the next meeting.

Mr. Doern asked if there were any other items or correspondence.

3. NEW BUSINESS:

Mr. Doern presented an outline of a Strategic Plan

- we have a very good operating plan
- concern is how to go forward and have a strategic plan
- Geoff has sent us off with this quest
- Mr. Simpson came out with a conventional outline that you would use in business.

Would like to discuss it a little bit

- discussed outline and reasoning so we can get to the next level

Mr. Simpson spoke about referring to a document he got from Mr. Grout as an e-mail.

He brought up all the questions we were just discussing. I will pass it around.

Reading the bullets of the letter:

1. Current and future roles?
2. How organized?
3. What is structure when complete?
4. Role of government?
5. Control of water/sewer?
6. Level of compensation?

- To answer them at this point we do not have enough information yet.
- I would like to see a consultant take a look at five similar projects.
- We need to know how others run their places before we start to answer any of these questions.

Mr. Grout commented that it is the legislature that answers the questions of where the money comes from.

Mr. Grout stated that in theory money flows out of our hands to EDC or the legislature and they will figure it out. As income comes there is a fairly defined structure of application.

- first to operating expenses
- then debt
- then it can be divided out

Ms. Jackson stated that you can have retained earnings on the books:

- For capital reserve
- New development
- Marketing
- Building an education facility to increase the attractiveness of the work pool. As long as it goes along with the mission and how it is defined and accepted you can create ways to retain the earnings.

Mr. Batty spoke about the budget statute 42-64-9-7 the Board shall prescribe the application of cash flow of the Corporation in the following order of priority:

1. Debt service
2. Operating expenses
3. Capital expenses
4. Reserve funds
5. EDC for application to state wide Economic Development

Mr. Doern has a concern that in the end that we will not have a Logistics Port that will make as much money as possible for the state.

Mr. Doern suggested that everyone be thinking on how the Port should be run.

- By outside employees or by us?
- First step should be to get authorization to go out and retain a business consultant. Who is familiar with Ports and go out and find out how five of them are run. That would be my start. Then we would have some of those questions answered and we would have someone to turn to when we need information.

Ms. Jackson stated before we do that we need to decide who we are so we know who to compare ourselves to. We should decide in what direction we want to be and not let the consultant decide.

Mr. Doern stated that he feels we know who we are. I think the Gateway and going into a Conference Center and going into the flex industrial, a Corporate Headquarters down by the water and I see the Port being expanded with the use we have there today and with other smaller uses were we can get as much income in without container ships. I think this already told us what we are. Going forward we need to find out if we need to manage it with our staff, or do we need to manage it with an outside management company using our staff or someone to come in and manage this as a multi use site. We will not have retail on the water.

Mr. Rebecchi agreed that we need to look at all different types we need to see how an organization that has a majority of retail manages itself. I think this is going to flow. I think we need to talk to someone who has been involved with a state agency like the Port in New York.

Ms. Jackson stated that the City of New York Port is very similar to this one. It's different from the Port Authority. It runs several different things at once. Housing, a fish market, ferry, retail etc.

Mr. Revecchi said we need someone to go and tell us how three or four places like this are managed and if going along that we are doing this right. This is the biggest challenge as we do not know who we are because we are mixed use.

Mr. Grout stated the he thinks the issues are: Management we need to decide what the role of state government is in the Real Estate Development process.

- Is a master developer the right way to go or should we be in the development business? Should we strategically go up to the legislature and be our own developer and throw New Boston out?
- Are we paying people right? Can we get the best people to work and what are they going to work at.
- Why hire a whole staff that you know we will have to fire?
- I think Steve did the right thing by outsourcing the program manager. From a management point how much do you outsource?
- What does the Board want at the end of the day?

Mr. Doern stated that we have started down that road. We could let New Boston go. So if we think we should change it. A committee like this or the Board needs to say lets stop and start over again. I'm not sure that the State or the Governor wants us to stop anything I think he wants to see some development. I think we all do. This logistic thing makes sense like the idea in the increase in volume without container ships. We need to know what some of the other sites like this are doing. How do we get a consultant to see not how we are organized and how others are organized?

Ms. Jackson wanted to know if we could have someone draft a survey that could be sent out to other places so we know which ones are most like what we are looking for.

Mr. Doern asked should we have someone here on staff go and talk to people in the Port Authority.

Mr. Grout stated that we are really for the most part a Real Estate Development Company that is owned by and specifically targeted to repositioning a military base and there have been a lot of others that have gone down that road. I'm going to look at two in California when I'm out there - one is El Touro and the other is the old helicopter base. I will come back with some information.

Ms. Jackson and Mr. Grout will put together a list of questions to be asked and where maybe we should go and check out. The list will be drafted and passed along to everyone for comments.

Respectively submitted:

By: 