

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

June 29, 2009

EXECUTIVE 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 29, 2009, 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, Kas R. DeCarvalho, Barbara Jackson, John G. Laramee, Richard L. Pastore, John A. Patterson, Sav Rebecchi, J. Michael Saul, and John G. Simpson. Absent was: 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.

1. CALL TO ORDER:

The Executive Session was called to order at 6:36 p.m. by Chairman Saul.

Prior to adjournment to Executive Session, the Board:

VOTED: To adjourn to Executive Session pursuant to Subsection (5) – (Acquisition or Lease of Real Estate for Public Purposes or Disposition of Publicly held Property), 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: James D. Berson, Robert H. Breslin, Kas R. DeCarvalho, Barbara Jackson, John G. Laramee, Richard L. Pastore, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

Noted for the record the following Corporation staff were in attendance; Jill Sherman, Administrative Assistant; Katherine Trapani, Planning Manager; and Evan Matthew, Port Director. Also in attendance were: John Pariseault; Hinckley Allen and Snyder LLP, Dyana Koelsch; New Harbor Group, David Preston; New Harbor Group, and Gerry Lavalley; CB Richard Ellis.

2. DISCUSSION OF STATUS OF LEASE AGREEMENT WITH NEW BOSTON DEVELOPMENT:

Mr. King reminded the Board of New Boston's requirement to build two twenty thousand (20,000) square foot office buildings on Parcel 1 stated in both the lease agreement and the development agreement. According to the agreements, New Boston was to commence construction of the office space no later than July 1, 2009. Mr. King advised that New Boston is not prepared to meet this requirement due to current market conditions. Currently, there is approximately 2.8 million square feet of vacant office space in the metro area. As a result, Mr. King suggested that the Board grant a two year extension on the building of the office space. Mr. King then noted that New Boston will still be required to pay the rent on the land commencing July 1, 2009 as stated in both agreements.

Mr. King explained to the Board that legal council had advised New Boston to ask for an extension on the timeframe in writing. Mr. King confirmed that he did receive a request to extend the timeframe in the Development Agreement. However, New Boston has taken the position that they have met their obligation to commence of construction of the office building prior to the July 1, 2009 date stated in the lease by leveling the site and paving the parking lot.

The Board had a lengthy discussion regarding the current market situation, details of the lease and development agreement and the possible use of remedies if New Boston should default on the Development or Lease Agreements. The Board expressed concern that New Boston would state they were in compliance with the lease, but the Board agreed that an extension was appropriate.

The Board agreed that Mr. King should negotiate an extension of the New Boston Lease and the Development Agreement for commencement of construction.

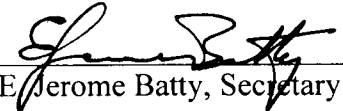
Mr. King noted there is the possibility that New Boston will not agree to the extension, as their current position is that they are in compliance with the lease. Mr. King advised the Board that any issues resulting from this position would be brought back before the Board for further discussion.

Ms. Jackson reminded the Board that New Boston basically won the developer selection process based on their office space plans. Ms. Jackson and other members of the Board felt that it was important to remind New Boston that the office space is critical to the success of the Gateway and remains an integral part of the development.

The Board also requested that New Boston give quarterly updates on the status of the project.

There being no further business to come before the Board, upon motion duly made by Mr. Patterson and seconded by Mr. Simpson, the Executive session was adjourned at 7:22 p.m.

Respectfully submitted:

By: 
E. Jerome Batty, Secretary