

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

March 16, 2009

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, March 16, 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. Laramée, Richard L. Pastore, John A. Patterson, Sav Rebecchi, J. Michael Saul, John G. Simpson, 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 Saul.

2. APPROVAL OF MINUTES:

Mr. DeCarvalho requested clarification in the minutes as to whether Alterra Energy should be required to obtain environmental insurance. Mr. Batty responded that the minutes reflect that environmental insurance might not be available in the marketplace or financially feasible; so it was the Board's position not to require environmental insurance. The Corporation staff will negotiate an environmental indemnity provision and require environmental insurance, if available at commercially reasonable rates. Mr. Pastore noted that it has been his experience that environmental insurance is extremely hard to obtain.

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

VOTED: To approve the Public Session minutes of the February 9, 2009 meeting, as presented.

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

Voting Against were: None

Unanimously Approved.

3. STAFF REPORTS:

The Corporation's Managing Director, Mr. King, presented his report to the Board.

Development and Planning:

- The Corporation is negotiating a Letter of Intent (LOI) with DeepWater Wind for a 117 acre lease. The LOI provides basic negotiating terms for the Development Agreement including provisions for a lease option period and lease agreement. The Development Agreement should be on the May or June agenda for approval.
- The State Planning committee has given a determination of conformance with the State Guide Plan for the NORAD lease.
- The ERF for the Mill Creek Marine Dry Stack Facility is under review by Statewide Planning. The Design Review Committee (DRC) has approved the building design.
- The ERF for Dale Nelson's project to construct a new building for Failure Analysis and Prevention is under review by Statewide Planning. The DRC reviewed the project on March 9, 2009 and has provided comments to Mr. Nelson, who is working on some design changes.
- The building E319 Electric Boat lease is under final review by General Dynamics counsel.
- New website (www.qdcri.com) is active.

Mr. Berson suggested that links to the website be added to the North Kingstown Chamber website and the Town.

Construction:

- Signage program is substantially complete. The 'Quonset Business Park' sign has been installed in the Paul Sams Circle round-about.
- Maritime Way construction is continuing. The roadwork is substantially complete.
- The 30% design and bridge type study report for the Romano Vineyard Way Bridge is being reviewed and is in preparation for final design.
- Salt Water Marsh restoration is depicted on the Board Package cover.
- Bike Path work is underway and completion is anticipated for end of June. New fencing is part of that project.

Operations:

- The Corporation's Waste Water Superintendent, Dennis Colberg, has been presented with the Alfred E. Peloquin Award by the New England Water Environment Association. This annual award is given to an individual from each of the six New England states who has shown a high level of interest and performance in wastewater operations and who has made a significant contribution to the wastewater field.

The Board made a motion to send a letter of recognition to Mr. Colberg for his outstanding work.

Port Operations:

- February 2009: 8 car ships discharging 8824 new automobiles and 158 rail cars.
- Based on PIERS (2009) data for the period of November 2007 - October 2008, the Port of Davisville ranked 5th in US Ports for Truck and Auto Imports.

4. COMMITTEE REPORTS:

Mr. Simpson, Chairman for the Strategic Planning Committee, reported that the Committee has clearly defined 9 goals as they pertain to a sustainable operating model. Mr. Barry provided the Committee with a financial outline for the Committee to review and comment at the next meeting.

5. APPROVAL REQUESTS:

A. Approval of land sale to Custom Design, Inc.:

Mr. King advised the Board that Custom Design has been a tenant since 1996. That lease provides Custom Design with the option to purchase the property, at the end of the lease term, for \$1.00. The lease term is set to expire in January 2011; however the Tenant has requested to prepay the balance of rent in order to move forward with the purchase. The Corporation reviewed the lease which loosely described a 4.8 acre parcel. It was discovered that the parcel, as is, does not provide a full conforming lot for the tenant. The Staff determined that to provide for 55,593 square feet in building space and to layout the appropriate parking and meet the standards set forth in the QDC development package and Town of North Kingstown's standard, the parcel needed to be expanded to 5.63 acres. The added acreage includes .37 acres of road frontage along Commerce Park Road, thus leaving an increased acreage of only .46 acres. The additional land will be purchased at the going rate of \$175,000 per acre (175,000 x .46) for the added cost of \$80,500. The balance on the lease agreement is \$181,141 for a grand total of \$261,641 due upon completion of the sale.

The Board asked if there were any other existing leases with \$1.00 purchase options. Mr. King answered that LJM Packaging is the only other tenant in addition to Custom Design with this option. Mr. King added that both are excellent tenants with numerous employees. Upon questioning, Mr. King advised the Board, that Custom Design will have paid in rent since 1996 thru the completion of the lease, a total of one million two hundred eighty two thousand (\$1,282,000.00) dollars.

Upon motion duly made by Mr. Laramée and seconded by Mr. Breslin, the Board:

VOTED: That the Corporation acting by and through its Chairman, Vice-Chair, Managing Director 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 Custom Design, Inc. or its nominee 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 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, Kas R. DeCarvalho, Barbara Jackson, John G. Laramée, Richard L. Pastore, John A. Patterson, Sav Rebecchi, John G. Simpson and Keith W. Stokes.

Voting Against were: None

Unanimously Approved.

6. **MOTION TO ADJOURN TO EXECUTIVE SESSION:**

Mr. Patterson and Mr. Pastore noted their objection to moving into Executive Session to discuss the USS Saratoga locating at Quonset Business Park. Mr. Patterson indicated that he did not believe the information regarding the Saratoga proposal was confidential.

Mr. Batty indicated that under the Open Meetings Act, discussions or considerations regarding the disposition of publicly held property and discussions related to or concerning a prospective business or industry locating in Rhode Island may be the subject of an Executive Session. Discussions with respect to the Saratoga proposal likely would involve sensitive matters which could have a detrimental effect on the interest of the public if such matters were discussed in an open meeting.

Mr. Pastore expressed his concern that a representative from the USS Saratoga Museum Foundation was not present for the discussion.

Upon motion duly made by Mr. Rebecchi and seconded by Mr. Laramée, 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. Laramée, Sav Rebecchi, John G. Simpson and Keith W. Stokes.

Voting Against were: None

Abstaining: John A. Patterson and Richard L. Pastore

Motion Passed.

The meeting adjourned to Executive Session at 5:42 p.m. The meeting reconvened in Public Session at 6:47 p.m.

7. **EXECUTIVE SESSION VOTE REGARDING USS SARATOGA:**

The Board voted in Executive Session to authorize the Chairman and Managing Director to deliver a letter to Frank Lennon of the USS Saratoga Museum Foundation terminating the reservation for the north side of Pier 2. A copy of the letter is attached hereto as Exhibit A.

8. **VOTE TO MAINTAIN MINUTES OF EXECUTIVE SESSION CLOSED:**

Upon motion duly made by Mr. Rebecchi and seconded by Mr. Laramée, 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 regularly scheduled meeting of the Corporation because such disclosure may adversely impact ongoing negotiations.

Voting in favor were: Robert H. Breslin, Kas R. DeCarvalho, Barbara Jackson, John G. Laramée, Richard L. Pastore, John A. Patterson, Sav Rebecchi, John G. Simpson and Keith W. Stokes.

Voting against were: None.

Unanimously approved.

There being no further business to come before the Board, upon motion duly made by Mr. Rebecchi and seconded by Mr. Breslin, the meeting was adjourned at 6:49 p.m.

Respectfully submitted:

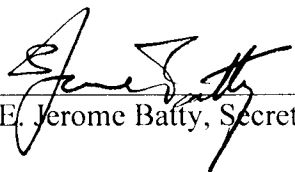
By: 
E. Jerome Bally, Secretary

EXHIBIT A



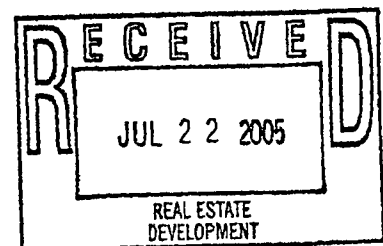
July 13, 2005

Mr. Frank Lennon
USS Saratoga Museum Foundation, Inc.
P.O. Box 28581
Providence, RI 02908

Dear Mr. Lennon:

As you know, at the Quonset Development Corporation Board Meeting held on June 20, 2005, the Board voted to approve the reservation of a mooring area to the north of Pier 2 for the USS Saratoga. The reservation is subject to the following:

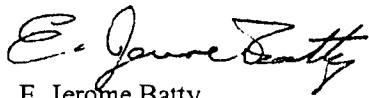
1. The Saratoga Foundation must by May 1, 2007 present evidence of Ten Million Dollars (\$10,000,000.00) in donor support evidenced by cash contributions in available funds.
2. The Saratoga Foundation must update the Quonset Development Corporation Board within 15 months of June 20, 2005 with respect to (i) the status of the environmental permitting for the dredging and mooring of USS Saratoga on the north side of Pier 2 and (ii) the resolution of public access issues consistent and compatible with Homeland Security measures as may be required by the QDC. Prior to May 1, 2007, Saratoga Foundation must provide evidence satisfactory to the QDC that sufficient funds are available to complete the environmental work, dredging, approved access to Pier 2 and meet homeland security requirements. Such funds are in addition to the requirements under section (1) above.
3. The Saratoga Foundation must establish an Escrow Account of \$300,000 satisfactory to the QDC to cover the relocation of the USS Saratoga, such funds are in addition to the requirements of (1) above.



4. Satisfaction of the above conditions will permit the QDC and the Saratoga Foundation to negotiate a mutually acceptable lease, at market rates, for a mooring area north of Pier 2.

If you have any questions in connection with the foregoing, please contact the undersigned.

Very truly yours,



E. Jerome Batty
Secretary

Cc: Michael McMahon
W. Geoffrey Grout
Susan Stenhouse
#666243