

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

MAY 14, 2007

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, May 14, 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, Thomas Hazlehurst, Barbara Jackson, Saul Kaplan, John A. Patterson, Sav Rebecchi, and M. Paul Sams. Absent: David A. Doern and John G. Simpson. Also present were: W. Geoffrey Grout, Managing Director, 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 5:05 p.m. by Chairman Kaplan.

2. APPROVAL OF MINUTES:

Mr. DeCarvalho wanted to clarify on page 3 of the minutes from March 19, 2007, that he was concerned that \$6.5 million of the \$10 million to support the Saratoga were in loan proceeds and not raised funds.

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

VOTED: To approve the Public minutes of the March 19, 2007 meeting, as amended.

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

Voting Against: None

Unanimously Approved.

3. MANAGING DIRECTOR REPORT:

Mr. Grout reported that the Gateway continues to be discussed with the Governor's office in order to address the concerns of Statewide Planning. No timeline is available yet.

Mr. Grout informed the Board that Senator Sheehan's bill has passed the Senate. According to this bill, all projects at Quonset will have to be approved by Statewide Planning. Timing and review process are still to be determined.

Mr. Grout advised the Board that the Trillo bill would be going before the House Finance Committee tomorrow. The Trillo bill would eliminate QDC and collapse it back into the EDC. Mr. King, Mr. Batty and Mr. Grout will be representing the Corporation at the hearing.

Mr. Crowley asked if an Executive Session was necessary to further the discussion of the Corporation's strategy regarding this bill.

Mr. Kaplan indicated that this topic was not one of the statutory reasons to go into Executive Session.

Mr. Batty went over the ten exceptions to the Open Meetings law to qualify a matter for Executive Session.

Mr. Batty stated that the QDC Board usually meets the Executive Session criteria under items related to the lease or acquisition of public property, location of prospective businesses and disposition of public funds.

Mr. Patterson asked if discussion of Trillo's Bill could fall under the investment of public funds to qualify for Executive Session.

Mr. Batty indicated that there is no definitive answer, if the Board is comfortable with going into Executive Session, there appears to be reasonable basis to support an Executive Session

Mr. Rebecchi questioned if the Board would have any legal recourse, if this bill should pass.

Mr. Batty indicated that the legislation is the responsibility of and within the power of the general assembly.

Mr. Rebecchi then stated that since the Board had nothing at stake individually except to doing the best job for the state of Rhode Island; there does not seem to be any impediment to discussing the issue in public. Mr. Rebecchi stated that this did not appear to be a strategy issue but plainly this is a matter of salesmanship in convincing the legislature that this bill would be a step backward.

Mr. Crowley stated that the representatives from QDC should go over the benefits of the park:

- QDC does not take any subsidies from the State
- Full time employees have been decreased by a least 25%
- QDC is self-sustaining
- Review the creative value of the organization.

Mr. Kaplan added that he didn't feel there was anything else required to defend the QDC position to the House Committee.

Mr. Crowley asked if there was going to be a representative from the EDC going to the hearing tomorrow?

Mr. Kaplan indicated that given where this legislation is and that there is no companion bill on the other side of the House, he felt there is no need for the EDC to appear. Mr. Kaplan added that he is confident in Mr. Grout and his abilities. Mr. Kaplan can not attend the hearing due to a prior commitment.

Mr. Sams stated that he did have some serious concerns about this hearing. Mr. Sams added that it was his understanding that Senator Sheehan's Bill just marginally passed the Senate and that there was no representative from the EDC there to speak in favor or against it. Mr. Sams expressed his concern over this lack of representation and asked how the Corporation and EDC track these bills.

Chairman Kaplan stated that the EDC was aware of the Sheehan bill and that there were multiple conversations with Senator Walaska the day of the hearing. Mr. Kaplan indicated that in fact the EDC had worked very hard to put the EDC's perspectives on the table and the result is that the bill did come out of committee, but hasn't gone on the floor yet and there is no companion bill. Mr. Kaplan reiterated that the EDC is absolutely engaged in the conversation as are the QDC staff and its support communication staff such as David Preston from New Harbor Group.

Mr. Preston noted that Mr. Stolzman testified on behalf of the EDC and did an excellent job in presenting EDC's position.

Ms Jackson questioned if any of the communities represented on the Board were going to be called to testify.

Chairman Kaplan indicated that would be an assessment to be made by QDC staff and Mr. Grout dependant upon what would be the appropriate strategy for putting the Corporation's perspective on the table and making sure that it is heard. Mr. Kaplan said he would defer to Mr. Grout on the right approach, given that he has taken counsel from Mr. Preston and others on the right way to position Quonset Development Corporation.

Mr. Grout indicated that it appears that QDC's testimony at the hearing will be quite brief. Mr. Grout plans to show a presentation that spotlights the 2004 formation of the Committee to draft and prepare legislation, at the insistence of the Governor, in order to restructure the Quonset Davisville Management Corporation in a manner consistent with contemporary business, economic and optimal organizational practices. Mr. Grout continued by saying, the result of those recommendations was the formation of Quonset Development Corporation in 2005. Mr. Grout stated that it is very important to emphasize that the purpose of the separation is to focus on real estate development activities at Quonset so as to not be distracted by the myriad of other issues that RIEDC finds itself involved with statewide. Mr. Grout noted that asset management activities at Quonset require special skills and special attention that differ from the broader mission of the EDC. Mr. Grout then specified some of the points that will be highlighted at the hearing:

1. Operating structure is an asset management model.
2. QDC is self sufficient:
 - Generates operating and sales revenues
 - Operating expenses are covered by these revenues
 - Operating revenues are applied according to statute
 - QDC receives no operating financial support from the state budget
 - Employee headcount has been reduced to 43 from 60
 - All salary and overhead expenses for employees are paid by QDC each pay period via cash transfer
 - Average salary for FTE is \$51,600 before benefits
 - Salary expenses have been reduced by approximately 15% from 2002 to now.

Mr. Grout indicated that QDC has been successful and that there are 143 businesses representing 6,300 employees in the Park. Mr. Grout will include in his presentation to the committee as a matter of interest, that in 2003 the Park sold 60 acres at \$75,000 average price per acre; 2004 sold 11 acres at \$70,000; in 2005 there were 19 acres sold at \$90,000 per acre; in 2006 there were 86 acres sold at an average of \$181,358 per acre and

to date in 2007, 48 acres were sold at an average price of \$126,713 per acre.

Mr. Sams commented that the initial committee that set up the framework for QDC included Senate representation.

Ms. Jackson suggested that it would be to the Corporation's advantage to remind the committee that this Board is also unique in that it includes representation from three (3) towns, which would be lost if the Corporation is eliminated.

Mr. Grout agreed.

Ms. Jackson also suggested that QDC get support letters from the towns represented on the Board.

Mr. Rebecchi commented that he felt the bill had no real basis because there was a lot of support to separate the Corporation from EDC. Mr. Rebecchi added that North Kingstown was very pleased that they had representatives on the Board. Mr. Rebecchi stated that Jamestown and other neighboring communities also worked hard toward this end and would be very upset if this bill passes. Mr. Rebecchi asked if it was time to call in the troops and that he was willing to appear at the House Finance Committee if needed.

Representative Laurence Ehrhardt was recognized by the Chair. Representative Ehrhardt stated that he wanted to say a few words as he would be appearing at the Committee meeting. Representative Ehrhardt acknowledged that he has already announced publicly that he is against this bill. Representative Ehrhardt indicated that this bill was submitted by only one person, there are no co-sponsors, there does not appear to be any open support for it in the House. Representative Ehrhardt added that, as Mr. Sams indicated, this bill should not be taken for granted even given this information.

Representative Ehrhardt added that he has discussed the Sheehan bill with his North Kingstown colleges, Carter and Lally, and they have been unequivocal that they have no interest in this legislation.

VOTED To confirm a consensus of the Board in support of the existing QDC legislation and in opposition of the proposed legislation, and a direction to staff and legal counsel to attend the hearing to state the Board's position as reflected by the discussion of the issues.

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

Voting Against: None

Unanimously Approved.

4. **APPROVAL REQUESTS:**

A. **Land Exchange with Spinnaker Construction Services, Inc.**

Mr. King announced that there were two approvals sought on land exchanges and one referral on a project. Mr. King stated that the first land exchange is related to a project that was actually completed in 2002. As part of the construction of Commerce Park, there were improvements made to Ocean State Drive. This land exchange allows for the right of way and provides access to the Spinnaker property. Mr. King stated that the piece of property was owned by Howes Lubricator but due to some issues the company was facing, they were not prepared to complete the transaction until now.

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

VOTED: That the Quonset Development Corporation (the "Corporation"), acting by and through its Chairman, Vice-Chairperson, Managing Director, or Finance Director, each of them acting singularly and alone (the "Authorized Officers") is hereby authorized to enter into, execute, deliver and complete an exchange of land with Spinnaker Construction Services, Inc. (Spinnaker") whereby the Corporation will convey 8,875 square feet to Spinnaker and Spinnaker will convey 644 square feet to the Corporation in connection with improvements to Ocean State Drive and to execute and deliver any deeds and other agreements and documents (the "Documents") necessary to complete the exchange and pursuant to terms and conditions presented to the Board of Directors this date and substantially, in accordance with the Transaction Approval attached hereto.

VOTED: That any and all actions taken by any of the Authorized Officers in furtherance of the foregoing vote at any time prior to the effective date hereof, be, and they hereby are, authorized ratified, confirmed and approved.

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 confirmations and variations of the Documents as shall from time to time be requested of the Corporation 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, including any and all agreements, contracts, certificates, statements, deeds, easements, 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.

VOTED: That the Secretary of the Corporation be, and hereby is, authorized and empowered to attest to the execution and delivery of any agreement, document or other instrument contemplated by any of the foregoing resolutions or as directed by any Authorized Officer.

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

Voting Against: None

Unanimously Approved.

B) Land Exchange with Full Power Radio:

Mr. King states that this land exchange is for design and construction of the proposed Cross Park Avenue. QDC would convey 4,456 square feet to Full Power Radio and Full Power Radio would convey 3,647 feet to QDC.

Mr. Patterson stated that he gathered this exchange was needed to support the number of truck drivers in that area.

Mr. King answered it is to help support all the traffic in that area in general, the corner now has substandard geometry around a 25 mph zone. Mr. King stated that a 30 mph zone needs to be created to handle the traffic.

Mr. Patterson asked if QDC was prepared to address the effects of the road improvements on the golf course.

Mr. King answered that he is not prepared at this time, but QDC is actively working with a golf course architect that is reviewing several scenarios on how the golf course would have to be modified. QDC will be meeting with the consultant this week and scheduled a meeting with the town planning committee to go over the scenarios.

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

VOTED: That the Quonset Development Corporation (the "Corporation"), acting by and through its Chairman, Vice-Chairperson, Managing Director, or Finance Director, each of them acting singularly and alone (the "Authorized Officers") is hereby authorized to enter into, execute, deliver and complete an exchange of land with Full Power Radio ("Radio") whereby the Corporation will convey 4,456 square feet to Radio and Radio will convey 3,647 square feet to the Corporation in connection with improvements to Cross Park Avenue and to execute and deliver any deeds and other agreements and documents (the "Documents") necessary to complete the exchange and pursuant to terms and conditions presented to the Board of Directors this date and substantially, in accordance with the Transaction Approval attached hereto as Exhibit A.

VOTED: That any and all actions taken by any of the Authorized Officers in furtherance of the foregoing vote at any time prior to the effective date hereof, be, and they hereby are, authorized ratified, confirmed and approved.

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 confirmations and variations of the Documents as shall from time to time be requested of the Corporation 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, including any and all agreements, contracts, certificates, statements, deeds, easements, 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.

VOTED: That the Secretary of the Corporation be, and hereby is, authorized and empowered to attest to the execution and delivery of any agreement, document or other instrument contemplated by any of the foregoing resolutions or as directed by any Authorized Officer.

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

Voting Against: None

Unanimously Approved.

C) Referral of Quonset Shared Use Path to Community Advisory Committee ("CAC"):

