

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

**PUBLIC SESSION
MINUTES**

May 16, 2005

A meeting of the Board of Directors of the Quonset Development Corporation (the "Corporation") was held at 3:00 p.m. on Monday, May 16, 2005 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: Robert Crowley, Kas R. DeCarvalho, David A. Doern, Thomas Hazlehurst, Barbara Jackson, Michael McMahon, Anthony F. Miccolis, Jr., John A. Patterson, Sav Rebecchi, M. Paul Sams and John G. Simpson.

1. CALL TO ORDER

The meeting was called to order at 3:05 p.m. by Chairman McMahon.

2. APROVAL OF MINUTES

Upon motion duly made by Mr. Crowley and seconded by Mr. Sams, the Board:

VOTED: To approve the minutes of the meeting of March 21, 2005 as submitted to the Board of Directors. Mr. Miccolis noted that Chairman McMahon's name was misspelled in one reference and Mr. Batty noted that the votes in connection with the Seaview Transportation Company, Inc. and sale of land to Richard C. and Terry T. Grosvenor, the last two votes were duplicative of the prior votes, and therefore should be deleted.

Voting in favor were: Mr. Crowley, Mr. DeCarvalho, Mr. Doern, Mr. Hazlehurst, Ms. Jackson, Mr. Miccolis, Mr. Patterson, Mr. Rebecchi, Mr. Sams and Mr. Simpson.

Voting against were: none.

Unanimously Approved.

3. GATEWAY PROPOSAL PRESENTATIONS

Chairman McMahon noted that one of the controlling shareholders of New Boston Development Partners, LLC is an investor in Mr. McMahon's former company, Rockport. Mr. McMahon stated he had

no interest in New Boston Development Partners, LLC but felt it was appropriate to recuse himself to avoid any appearance of impropriety

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Mr. Sams, Vice Chairman, presided over the meeting.

Mr. Matthews introduced the presenters. Mr. Patterson noted that based on the request for proposals, that the presentations should set forth a vision for the Gateway which was in compliance with the Corporation's master plan.

A. New Boston Development Partners, LLC Presentation.

Mr. Barber, the President of New Boston Development Partners, LLC, made the presentation for New Boston. He stated that he has overall responsibility for all of New Boston's development projects. He is also a Senior Vice President of the New Boston Fund. Mr. Barber's experience is primarily in New England and projects include work for Tuft University's School of Veterinary Medicine/Science Park; City of Boston/Boston State Hospital; and a mixed use project at One Brigham Circle which includes a five (5) acre park owned by a non-profit entity.

The New Boston Fund is a \$420,000,000 equity fund and 1/3 of the funds are allocated for real estate development projects.

Mr. Chamberlain described New Boston's approach and indicated that it was anticipated that the project will include a market, restaurant, bank, premium retail (ie. Polo, Gap, etc.), a hotel with approximately 175 rooms, and an office building containing approximately 175,000 square feet. The total retail space will be approximately 430,000 square feet, the hotel space 100,000 square feet and the proposal included 20,000 square feet of community space which may include a museum.

Bill Warner, architect working with New Boston, reviewed the schematic plans and noted that their concept included a public space similar to a "town green".

Mr. Crowley asked if the New Boston Fund would be involved in providing financial resources for the project and Mr. Barber indicated that the Fund would be an investor in the project. Mr. Barber noted that the current Fund is Fund Number 6 and that the New Boston Group has raised over one billion dollars in capital. The Rapaport family is an investor in the Fund. Mr. Crowley inquired as to whether or not the "Hotel Team" had been identified and Mr. Barber said that although their firm has relationships with Starwood and Marriott Hotels, no determination had been made at this point as to the members of the "Hotel Team".

Ms. Jackson asked how the mix of retail and office space is determined and Mr. Barber responded that it is based upon

anticipated market needs and would be refined as plans move forward for the final design of the Gateway.

Mr. Doern noted that Phase I Retail was anticipated to be completed over 24-60 months and that the current conference area associated with the hotel was somewhat below the total square footage anticipated by the Board.

Mr. Patterson asked if it was anticipated that for the retail to be successful, it would need to attract customers from outside Quonset Business Park as well as those working within the Park. The developers responded that it was anticipated that the draw of the retail will be beyond the Park.

Ms. Jackson inquired as to what factors might impact the economic feasibility of the project. Mr. Barber responded that the commitment made by the State with respect to investment and infrastructure would positively impact the project.

Mr. Miccolis inquired as to whether the developers had reviewed the Corporation's master plan in preparing their proposal and how does the proposal comply with the master plan. Mr. Chamberlain noted that the master plan had been considered and that the project is in compliance with the master plan. As discussions continue, the project will be further refined taking into account the overall objectives of the master plan. Mr. Miccolis also inquired as to

whether the developers would view their efforts as working in a partnership with the State and Town Officials and Mr. Chamberlain said it was their intention to work closely with both the State and Town Officials.

Governor Carcieri inquired as to how much market analysis had been completed at this stage of the project. Mr. Chamberlain indicated that they had reviewed past marketing studies and anticipated doing further marketing analysis but felt that the retail demand was present, however, further analysis will be required with respect to the office building. Governor Carcieri also inquired as to whether there had been any commitment with respect to a hotel or office space and Mr. Chamberlain noted that there were no commitments at this point and there have not been any new marketing studies or analysis prepared on behalf of the developer.

Mr. Rebecchi inquired as to what the capacity and ability of New Boston was to move forward with this project. Mr. Barber responded that they would not be involved in the process without knowing that they have the right team in place and talent to deliver.

Mr. Simpson inquired as to what are the measures of success for the project and Mr. Barber responded that it was important that the parties have aligned interests and a mutually agreed upon plan. The economic analysis must support the feasibility of the project.

Mr. Hazlehurst inquired as to whether New Boston had previously worked with Mr. Warner and the developer responded that they had met three (3) years ago on a Providence project and felt that Mr. Warner would be the right person to assist them in connection with the Quonset proposal.

Mr. Chamberlain noted that New Boston is a real estate company, has 150 employees and has the capital and expertise to make the project happen. They are ready to start work on the project immediately.

B. Carpionato Properties Presentation.

Kelly Coates, Senior Vice President of Carpionato Properties, made the presentation on behalf of Carpionato Properties and introduced members of the Carpionato team including Friedrich St. Florian, the Dartmouth Company, Vanasse, Hangen & Brustlin, Inc. and Bergmeyer Associates, Architects. Mr. Coates noted that Carpionato Properties had 1,000 employees in Rhode Island and substantial experience in mixed use development. Carpionato also has experience in hotels, development and management including the Crowne Plaza Hotel in Warwick which is the site of the largest suburban conference center in the State. He noted that the firm also has substantial experience in the residential area and 5,000 residential units in the State of Rhode Island.

Mr. St. Florian noted that he had taken into consideration the master plan process for the Quonset property and that the Carpionato team shares the vision as set forth in the Corporation's master plan. It was noted that the project would include structured parking and that residential could be part of the mixed use concept.

Peter Montesanto of the Dartmouth Company indicated that his firm had relationships with Whole Foods, Polo, Crate and Barrel, Barnes and Noble and other high-end retail companies. It is anticipated that the retail component of the project would be competing with Route 2 retail and would be designed as a "lifestyle center".

Mr. Crowley inquired as to how the project would be financed and Mr. Coates indicated that the company had the equity portion available and had discussed financing with Sovereign Bank, Citizens Bank, Wells Fargo and Bank of America.

Mr. Coates noted that Phase I of the project would be the retail, the hotel would be part of Phase II and it is anticipated that the structured parking would be in Phase II. It is anticipated that the project would include approximately 340,000 square feet of retail space, 55,000 square feet of which would be a market. The largest retail space other than the market would be approximately 30,000 square feet. Mr. Coates noted that a big box concept would not be viable for this location.

Mr. Patterson inquired as to what the traffic impacts would be on Route 1, and Mr. Coates indicated that there may be some improvements required with respect to Post Road.

Mr. Miccolis asked whether the developer would work in partnership with the State and Town Officials and if the proposal is consistent with the Corporation's master plan. The developer responded that they would work with the State and Town Officials and that their proposal is consistent with the master plan.

Ms. Jackson inquired as to what factors are critical to the viability of the project. Mr. Coates indicated that retail is the key factor and that retail will add value to the entire Quonset Business Park.

Governor Carcieri inquired as to how the project would impact Wickford. Mr. Coates indicated that retail would actually help the Town of North Kingstown since many residents leave the Town of North Kingstown to go to Route 2 or to Providence and that this project would keep some of those dollars in the Town of North Kingstown.

C. Cornish Associates Presentation.

Arnold Chace made the presentation on behalf of Cornish Associates and introduced Steve Maun from Leyland Alliance and Macon Teldino, also from Leyland. Mr. Chace noted that his firm had been

involved in the Mashpee Commons in Mashpee, Massachusetts, which is a major mixed use development. He viewed the Gateway as an opportunity to create a new development model for the State of Rhode Island and noted that they are committed to a team approach in working with the community and the Corporation to accomplish the goals and desires of the Board. Mr. Maun indicated that the site was an incredibly important site and the development would impact Quonset Business Park.

Mr. Crowley inquired as to the funding sources for the project and the developer indicated that there would be private equity together with construction financing and possible matching sources for public funds. Mr. Crowley inquired as to whether the proposal included a hotel and the developer responded that a hotel was not part of the plan as presented and that their goal was to make the site an “A” site and that the project is not an “A” site for a hotel, but rather a “B” site for a hotel.

The developers indicated that they would ask Andre Duany to conduct a public charette to review issues related to the site and their goal was to create something “exceptional”. The developer indicated that with respect to the retail mix, they anticipated that 80% of the retail stores would be small independent operators and 20% would be national retail stores.

Governor Carcieri asked why the proposal included residential and

Mr. Chace responded that it was an important part of the mixed use project. Residential is part of the historic development model. The historic development model has been residential first, then retail, then office use including live/work space. It is anticipated that two to three story buildings would provide flexibility for retail, residential and office use.

Mr. DeCarvalho noted that Phase I of the project was somewhat limited and asked how long would it take for the project to move to the other phases. The developer responded that the goal is to create a neighborhood and to attract office use over time. The phasing is conservative and it is hoped that it could actually move forward on a schedule which was more aggressive than indicated.

Ms. Jackson asked how the mixed use would impact the industrial park. Mr. Chace stated that the Gateway would be “planting the seed” which may well spread throughout the Quonset property. It was also noted that mixed use should help to attract industrial and other uses to the Park.

4. MOTION TO ADJOURN TO EXECUTIVE SESSION.

Upon motion made by Mr. Crowley and seconded by Mr. Miccolis, the Board:

VOTED: To adjourn to Executive Session to consider such matters as

permitted by subsection (5) (acquisition or lease of real estate for public purposes or disposition of publicly held property), subsection (6) (location of prospective businesses in Rhode Island), and subsection (7) (investment of public funds) of the Rhode Island General Laws §42-46-5(a) the Open Meeting Law.

Voting in favor were: Mr. Crowley, Mr. DeCarvalho, Mr. Doern, Mr. Hazlehurst, Ms. Jackson, Mr. Miccolis, Mr. Patterson, Mr. Rebecchi, Mr. Sams and Mr. Simpson.

Voting against were: none.

Unanimously Approved.

The Board adjourned to Executive Session at 5:35 p.m. The Board reconvened in Public Session at 6:25 p.m.

5. VOTE TO MAINTAIN THE MINUTES OF THE EXECUTIVE SESSION CLOSED.

Upon motion made by Mr. Miccolis and seconded by Mr. Hazlehurst, the Board:

VOTED: Pursuant to §42-46-5 and §42-46-5 of the General Laws, the Minutes of this Executive Session shall not be made available to the

public at the next regular scheduled meeting of the Corporation.

VOTED: To maintain the minutes of the Executive Session as closed.

Voting in favor were: Mr. Crowley, Mr. DeCarvalho, Mr. Doern, Mr. Hazlehurst, Ms. Jackson, Mr. Miccolis, Mr. Patterson, Mr. Rebecchi, Mr. Sams and Mr. Simpson.

Voting against were: none.

Unanimously Approved.

6. ANNOUNCEMENT OF SELECTION OF PREFERRED DEVELOPER.

Mr. Grout announced that the Board had selected New Boston Development Partners, LLC as the preferred developer and would be moving forward to finalize development plans as expeditiously as possible.

There being no further business to come before the meeting, upon motion duly made by Mr. Miccolis and seconded by Mr. Hazlehurst, the meeting was adjourned at 6:30 p.m.

Respectfully submitted by:

By:

E. Jerome Batty, Secretary