

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

**PUBLIC SESSION
MINUTES**

June 20, 2005

A meeting of the Board of Directors of the Quonset Development Corporation (the "Corporation") was held at 5:00 p.m. on Monday, June 20, 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, David A. Doern, Thomas Hazlehurst, Barbara Jackson, Michael E. McMahon, John A. Patterson, Sav Rebecchi, M. Paul Sams and John G. Simpson.

Directors absent were: Kas R. DeCarvalho and Anthony F. Miccolis, Jr.

1. CALL TO ORDER

The meeting was called to order at 5:05 p.m. by Chairman McMahon.

2. APPROVAL OF MINUTES

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

VOTED: To approve the minutes of the meeting of May 16, 2005, Public Session and Executive Session, as submitted to the Board of Directors.

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

Voting against were: none.

Unanimously Approved.

3. STAFF REPORTS

A. Operations.

Jack Sprengel, Director of Operations, reported on the recently concluded air show. He noted that it brought 90,000 visitors to the Park and that the show had proceeded without any significant

problems.

B. Engineering Services.

Steven King, Director of Construction Services, reported that bids have been received in connection with two projects. The first involves demolition of certain buildings and the second, the completion of Compass Circle Road. Both bids came in below budget.

C. Real Estate Sales/Marketing.

Evan Matthews, Director of Real Estate Development, reported that discussions are continuing regarding the Gateway Project and that it is anticipated that design review for the Project will begin shortly. Mr. Matthews also reported that a request for interest regarding the logistics facility has been distributed to approximately 200 logistic service providers and responses are due by Friday, June 24, 2005.

D. Finance Report.

Kevin Barry provided the financial report. He noted that current financials are sound and that work is continuing on the budget for fiscal 2006.

E. Managing Director's Report.

Mr. Grout addressed the various press reports regarding the availability of water at Quonset Business Park and noted that there appears to be great deal of misinformation in the press reports. The Corporation's consultant, GZA, has indicated that while there are a number of issues which need to be addressed as the Park expands, it is anticipated that there is more than enough water to meet the needs of Quonset Business Park.

Mr. Grout noted that the Corporation has provided a letter to the U.S. Army Corps of Engineers withdrawing the application to permit channel dredging and terminal development at Quonset.

Mr. Grout reported that there continue to be a number of issues which need to be addressed with the Town of North Kingstown. Mr. Doern inquired as to the current status of the Municipal Services Agreement and Mr. Grout indicated that staff has provided the Town with information and data and regarding the services provided. The staff is currently waiting for a response from the Town. Mr. Doern stressed that it was important that the Corporation have a document in writing which addresses municipal services. Ms. Jackson asked that the Municipal Services Agreement be available for consideration by the Board at its October meeting.

Mr. Patterson commented on the letter sent by Mr. Patterson and Mr. Miccolis requesting a meeting between the North Kingstown Town Council and the Quonset Development Corporation Board of

Directors. Mr. Patterson said that he felt it would be helpful for a meeting to be held. He noted that he felt the relationship between the Town and the Quonset Development Corporation was deteriorating and that failure to participate in a meeting with the Town Council indicates a strategy of isolation from the Town. He also noted that if the Town believes there is a project which is not good from the Town's point of view, the Town will oppose the project.

Mr. McMahon said that he had not heard any negative comments from the Town with respect to projects presently under consideration by the Corporation. He also noted that five (5) members of the Board are residents of the Town of North Kingstown and two (2) members are members of the North Kingstown Town Council.

Mr. Doern noted that Mr. Patterson and Mr. Miccolis are members of the Board and if there are issues or concerns that the Town Council has regarding Quonset Development Corporation, Mr. Patterson and Mr. Miccolis certainly should raise those issues at the Quonset Development Corporation Board meeting. The Board meeting is the right place for the discussion to take place.

Mr. Patterson said he appreciated Mr. Doern's view and that he was trying to convey the feelings of the Town Council that the relationship with the Corporation is deteriorating.

Mr. Rebecchi inquired as to what makes the "host community"

different from other surrounding communities. Mr. Batty responded that unlike the surrounding communities, the Town of North Kingstown has negotiated a Pilot Agreement with the Corporation, will be negotiating a Municipal Services Agreement and has land use jurisdiction with respect to properties located in the Park and owned by third parties.

4. STRATEGIC PLANNING COMMITTEE REPORT

Mr. Doern reported that the Strategic Planning Subcommittee has been reviewing the overall development concepts, the Corporation's Master Plan and related issues. It is anticipated that the Strategic Planning Committee will continue to meet with staff in order to develop a strategic plan for consideration by the Board.

5. APPROVAL REQUESTS.

A. Ratification of Prior Acts.

Mr. Batty noted that although it is his opinion that the Board was properly constituted when the appointments were made in December of 2004, there had been some questions raised as to whether the Governor's appointments to the Board could act prior to their confirmation by the Senate. In order to avoid any questions in this regard, Mr. Batty prepared a Vote ratifying all prior acts of the Board.

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

VOTED: Any and all actions, votes and decisions of the Board of Directors of the Corporation since January 2005 through the date of this Vote are hereby ratified, approved and confirmed.

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

Voting against were: none.

Unanimously Approved.

B. Proposed Development Package.

Mr. King provided the Board Members with a copy of the final draft of the proposed Development Package. Mr. Batty noted that final approval of the Development Package is subject to compliance with the Administrative Procedures Act which requires notice and an opportunity for the public to submit comments with respect to the draft regulations.

Mr. King indicated that staff has incorporated comments from many sources including comments from the Town of North Kingstown. Mr. Patterson noted that the Town had commented and received a

response in connection with their suggested changes. He noted, however, that there are three outstanding issues which are of concern to the Town. The issues are:

1. Building height in the Gateway which currently provides for a ten (10) story limit. The Town believes the height limit is not consistent with the Master Plan and neighboring property uses;

2. The regulations do not differentiate between waterfront industrial and waterfront non-industrial uses as to the location of such uses; and

3. The regulations provide for a fifty (50) foot set back and Town zoning requires a two hundred (200) foot set back.

Mr. Sams indicated that he felt it would be appropriate to revise Section 6.9 of the Regulations to require water efficient landscaping rather than indicating that water efficient landscaping is “encouraged”. In connection with Section 7.6, he asked whether the “homeland security” requirements make it necessary to contact Homeland Security personnel in addition to the Town of North Kingstown Police and the State Police in the event of acts of vandalism or damage.

Mr. Rebecchi noted that in Section 5.1 in the first sentence of the third paragraph, the word “shall” should be revised to read “will”. He also

inquired in connection with Section 5.6, as to whether in the last sentence of the first paragraph, the words “in the Town of North Kingstown” should be deleted.

Mr. McMahon noted that certainty of process is important and the development regulations will help to establish the process. Mr. Patterson commented that the breaking off of communications with the Town will not help the process. Mr. McMahon replied that the Corporation is communicating with the Town and will continue to work with the Town and address concerns raised by the Town. He encouraged Mr. Patterson and Mr. Miccolis to raise issues which are important to the Town so that they can be addressed and fully reviewed by the Board.

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

VOTED: To approve the draft Development Package for public comment in accordance with the terms of the Administrative Procedures Act.

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

Voting against were: none.

Unanimously Approved.

C. Review of USS Saratoga Proposal.

David Trembley of the Governor's Policy Staff indicated that the Governor supported the reservation of a mooring area for the USS Saratoga subject to the conditions set forth in the Governor's letter of April 28, 2005.

Frank Lennon, President of the USS Saratoga Museum Foundation, Inc. made a presentation on behalf of the USS Saratoga Museum Foundation, Inc. He thanked the Governor for his support and noted that Bob Weygand, Chair of the Board of Trustees, and Joseph White, Legal Counsel, were also present.

Mr. Lennon indicated that consultants have concluded that the project is feasible and can pay for itself and that the proposal is not for a static ship museum but will be a "repeatable experience". Mr. Lennon said that the Saratoga Foundation has received \$500,000 in cash donations and \$750,000 in in-kind contributions and currently has \$30,000 on hand. He stated that a lack of site control has crippled the Saratoga Foundation's ability to raise money. He also stated that since May 1, the Saratoga Foundation has identified sources which could provide over \$8,000,000. He noted that discussions have been held with various lenders and it is anticipated that the Foundation could obtain a loan of \$6,000,000.

Bob Weygand encouraged the Board to look at the Saratoga as a business venture and indicated that the Foundation has a business plan for an economic venture that will benefit the State of Rhode Island. The Saratoga Foundation has been working on this plan for seven (7) years. Mr. Crowley asked if the Saratoga Foundation has hired a financial consultant to work on fundraising. Mr. Weygand responded that a consultant had not been hired but the Saratoga Foundation has plans to hire a consultant. Mr. Crowley also asked whether each of the directors of the Foundation have made a contribution and Mr. Lennon indicated that the answer was yes.

Mr. Doern indicated that the Corporation has started down the road to review the entire Davisville Port area as part of a logistics facility. He asked whether the Foundation would be comfortable dealing with a third party if the logistics facility were to come under the control of a third party. Mr. Weygand said that the Saratoga Foundation could deal with a third party. Mr. Doern stated that he felt it was premature to take action on the Saratoga request prior to receiving responses in connection with the request for interest regarding a logistics facility. From a strategic planning perspective, it seems more appropriate that the responses to the request for interest be reviewed to determine how the Saratoga might impact those proposals. Mr. Doern also noted that he felt the Board had not received sufficient information to fully review the Saratoga proposal and while other Board members may have familiarity with the proposal given their prior participation

either on the Quonset Davisville Management Corporation Board or the Governor's Review Panel, he as a member of the Quonset Development Corporation Board felt that additional information is required. Both Mr. Weygand and Mr. Lennon indicated that further delay would be harmful to the project.

Mr. Rebecchi asked whether the USS Saratoga has any historical significance. Mr. Lennon indicated that the ship was not different from other ships, that it had been named after the battle of the Saratoga and it was selected because the ship is "here". Mr. McMahon noted that even if the Saratoga Foundation was successful in meeting the conditions set forth by the Governor, it will still have to address the lease terms and arrive at the fair market value lease for the mooring area. In addition, he expressed concerns about the access given the homeland security requirements of the Port. There are also concerns regarding dredging and completion of an environmental impact statement.

Mr. McMahon stated that under the terms of the Governor's letter, one of the conditions was that the Foundation raise \$10,000,000 in cash donations, not a loan and not in in-kind contributions.

Mr. Simpson noted that the port area has strategic business value and relocation of the Saratoga might have a negative impact on that value. Ms. Jackson commented that the Board has been discussing the importance of process and that acting at this time in connection with the Saratoga proposal prior to receiving responses to the

request for interest may raise concerns within the development community. Ms. Jackson further indicated that it was her view that responses regarding the logistics facility should be reviewed prior to acting on the Saratoga request. Mr. McMahon noted that the Saratoga Foundation should be given a chance to demonstrate whether or not they can perform and meet the conditions set forth by the Governor. Mr. Rebecchi said that the Board has a responsibility to protect its assets for the State of Rhode Island and that he felt additional time to review the request was appropriate. Mr. Patterson submitted a letter from Mr. Miccolis indicating his support for the Saratoga request and a copy of the letter is attached to these minutes.

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

VOTED: To approve reservation of a mooring area to the north of Pier 2 for the USS Saratoga Museum Foundation, Inc. (“Saratoga Foundation”) subject to the following:

(a) The Saratoga Foundation must by May 1, 2007 present evidence of Ten Million Dollars (\$10,000,000) in donor support evidenced by cash contributions in available funds.

(b) The Saratoga Foundation must update the Quonset Development Corporation Board (“QDC”) within fifteen (15) months of this date 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, provide approved access to Pier 2 and meet homeland security requirements. Such funds are in addition to the requirements under section (a) above.

(c) The Saratoga Foundation must establish an Escrow Account of \$300,000, satisfactory to QDC, to cover the relocation of the USS Saratoga, such funds are in addition to the requirements of (a) above.

(d) 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.

Voting in favor were: Mr. Crowley, Mr. Patterson, Mr. Hazlehurst, Mr. Sams and Mr. McMahon.

Voting against were: Mr. Doern, Ms. Jackson, Mr. Rebecchi and Mr. Simpson.

The motion was approved by majority vote.

D. Review of Proposed Changes to Port Tariff.

Mr. Grout reviewed changes in the Port Tariff relating to free time and the pass through of security costs. He noted that the average for security costs is about \$700 per vessel.

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

VOTED: To approve the revised tariff for public comment in accordance with the provisions of the Administrative Procedures Act.

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

Voting against were: none.

Unanimously Approved.

E. Proposed Ground Lease for RI Mooring Services, Inc.

Karen LaChance, Director of Asset Management, reviewed the transaction approval regarding the Ground Lease for RI Mooring Services, Inc. The Leased Premises will consist of 133 linear feet of bulkhead on the east side of Little Allen's Harbor and 7,359 square feet of land abutting the bulkhead. The Lease will have a twenty (20) year term and rent will be \$12,989.50 per year with cumulative CPI

increases every five (5) years. In order to utilize the bulkhead, it is anticipated that RI Mooring Services, Inc. will make substantial improvements to include piles, floating docks and fencing with an estimated cost of approximately \$62,000. It is anticipated that the facility will accommodate twelve (12) boats which would be commercial vessels.

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

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 and deliver a Lease and other agreements related thereto with RI Mooring Services, Inc. with respect to the property on the east side of Little Allen's Harbor consisting of approximately 133 l.f. of bulkhead and 7,359 s.f. of upland pursuant to terms and conditions presented to the Board of Directors this date and substantially, in accordance with the Transaction Approval attached hereto (the "Lease").

VOTED: That any and all actions taken by any of the Authorized Officers in furtherance of the Lease 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 modifications, renewals, confirmations and variations of such Lease 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 Lease and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Lease, including any and all agreements, contracts, certificates, statements, 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: Mr. Crowley, Mr. Doern, Mr. Hazlehurst, Ms. Jackson, Mr. Patterson, Mr. Rebecchi, Mr. Sams and Mr. Simpson.

Voting against were: none.

Unanimously Approved.

Upon motion by Mr. Crowley and seconded by Mr. Sams, the Board voted to adjourn at 7:15 p.m.

Respectfully submitted by:

By:

E. Jerome Batty, Secretary