QUONSET DEVELOPMENT CORPORATION

MEETING OF BOARD OF DIRECTORS

PUBLIC SESSION MINUTES

January 9, 2006

A meeting of the Board of Directors of the Quonset Development Corporation (the "Corporation") was held at 5:00 p.m. on Monday, January 9, 2006, 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, Thomas Hazlehurst, Barbara Jackson, Michael E. McMahon, Anthony F. Miccolis, Jr., Sav Rebecchi, M. Paul Sams, and John G. Simpson. Absent were: David A. Doern and John Patterson.

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 5:00 p.m. by Chairman McMahon.

2. APPROVAL OF MINUTES

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

VOTED: To approve the minutes of the meeting of December 12, 2005, as presented to the Board.

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

Voting against were: none.

Unanimously Approved.

3. STAFF REPORTS

A. Planning and Development Services:

Mr. King updated the Board on the Open House held on December 8, 2005, the purpose of which was to familiarize North Kingstown

residents regarding the proposed relocation of Davisville Road. Mr. King indicated that answers to resident questions had been posted on the QDC website. Mr. King also noted that QDC would hold two more open houses the third week of January and that the North Kingstown Town Council was hosting a public hearing on the proposed new road on February 1, 2006.

Mr. King then moved to a discussion of the proposed revisions to the development process and indicated that it currently takes nearly 270 days to move a new project through the pipeline at Quonset, from the initial client interest through the State Building Permit Review process. Mr. King called attention to Tab 5 of the Board Package that illustrated two timelines: the first timeline is the current 270-day process and the second is a new proposed timeline showing a proposed 180-day process. The major change needed to accomplish the time reduction is to move the vote of the Board of Directors to prior to the ERF and Design Review Committee steps in the process. The revised process requires Board approval of the transaction, subject to favorable results of the ERF and Design Review.

Chairman McMahon indicated that there were other municipalities looking to streamline the development process in their communities as well. He stated that reducing QDC's current process where feasible is a good thing for the Corporation.

Mr. King introduced Mr. Jay Fluck and Mr. Mike Wall of CB Richard

Ellis who presented a market overview for Rhode Island.

Chairman McMahon noted after the presentation that there is a statewide lack of pad ready sites and it is hard to meet clients' needs. Chairman McMahon further stated that Rhode Island is competing with the 495 corridor that has vacancies and can be ready for occupancy in six to nine months. Chairman McMahon stated that some developers are now using their own capital to prepare pad ready sites. Finally, Chairman McMahon indicated that pricing at Quonset Business Park is in line with the market.

Mr. Crowley noted that Page 9 of the CB Richard Ellis report showed active deals at Quonset. Mr. Crowley requested that this information be provided every month in the Board package along with an update on the progress of the deals.

B. Managing Director's Report:

Mr. Grout noted that the required statutory reporting per RIGL Chapter 42-64.10-9 has been filed timely and that a copy of that report had been forwarded to all Directors.

Mr. Grout provided Board members a memorandum regarding open issues with the Town of North Kingstown including background information with respect to the Reynolds Farm sewer connection. Copies of correspondence and communication with the Town are

attached to the memorandum.

Mr. Grout updated the Board on the logistics facility RFP and stated that the focus is now on attracting auto logistics companies and that a complete review of the rail was currently being done by an outside law firm.

Mr. Grout also addressed issues relating to a fire station at Quonset Business Park and quoted portions of his memorandum as follows:

"At a recent Town Council meeting there was some discussion about Quonset management planning to establish its own fire department to service the Park's residents and the availability of GO Bond Funds for a fire station at Quonset. For the record, with respect to a separate fire department at Quonset:

1. QDC management has no interest in establishing its own fire service for Quonset nor are we aware of any discussions or plans to do so.
2. In the past, questions concerning the nature of the relationship of PILOT payments and municipal services have been posed by new QDC Directors. These have been answered by explaining the limitations and opportunities available under the existing legislative framework.
3. For over a year, QDC staff has worked diligently to develop a comprehensive municipal services agreement with the Town in order

to better define the relationships with regard to municipal services and PILOT.

With respect to the issue of building a fire station at Quonset and use of GO Bond:

1. Over the past two years, there have been many conversations with Town leadership about this issue. The results were to identify potential sites and develop preliminary specifications and cost estimates. They have not revealed a consensus among Town leadership on going forward.

2. Consistently, the QDC's position has been that a capital contribution to the Town could be negotiated in the context of an overall plan for the proposed municipal service and that the plan should include policy and commitments as to response times, staffing, equipment and methods of repayment.

3. In the fall of '04, the QDC included language in the description uses of GO Bond proceeds that would accommodate the funding of a fire station, among other proposed infrastructure capital costs, to assure a funding source.

4. To this date, QDC has received neither a formal request nor a plan as described above approved by the Town Council and endorsed by the Fire Chief which should be the first step in the process."

Mr. Rebecchi asked questions relative to the Reynolds Farm sewer connection regarding whether or not the Corporation wants to be in

the business of providing sewer to the Town as well as stating that the Board should be involved in the review of these types of issues. Providing sewer service outside Quonset Business Park is a very serious commitment for the Corporation. Mr. Sams agreed that the Corporation needs to rethink being in the utility business and that these discussions need to be had by the Board in order to consider the long-term affect on the Park.

Ms. Jackson then asked about the status of the Municipal Services Agreement and was told by Jerry Batty that the agreement had been sent to the Town two months ago and was pending further comment. Mr. Miccolis then asked Mr. King if he had ever responded to correspondence from Mr. Kirk Pickel regarding a letter dated May 27, 2005. Mr. King stated that he and Mr. Pickel had extensive telephone conversations about the letter and that the position of the Corporation had not changed. Mr. Miccolis disagreed in that he now feels as though QDC is trying to link the Reynolds Farm sewer connection issue to the Municipal Services Agreement.

Chairman McMahon then intervened and stated that although the Corporation wants to be a good citizen, QDC has a responsibility to serve the Park. Chairman McMahon stated that a proposal was made to the Town of North Kingstown that was deemed unacceptable by the leadership of the Town.

Mr. Rebecchi suggested that perhaps the next agenda should include

a discussion relating to the Municipal Services Agreement and the sewer connection issue. Mr. Grout stated that as individual requests over the past couple of years have come to QDC, the response has remained consistent and that Steve King's letter of May 13, 2005, clearly states the QDC policy. Mr. Grout stated that this issue is much broader than the Reynolds Farm sewer connection and the Municipal Services Agreement link.

4. QUONSET DEVELOPMENT CORPORATION COMMITTEE REPORTS:

A. Finance:

Mr. Crowley noted that Steve King updated the Committee on the status of construction projects relative to the Bond issuance. Mr. Crowley noted that there was a discussion of a proposed Line of Credit for the Corporation but that discussion had been tabled pending further information. Mr. Crowley concluded by stating that the Authority Levels Matrix had been reviewed and upgraded to increase authority levels for the Managing Director and the Chief Financial Officer and to add the Chief Operating Officer. Mr. Crowley stated that the proposal appeared reasonable and that there would be further discussion at the next Board meeting.

B. Governance:

Mr. DeCarvalho stated that the Committee discussed the Open Meeting Act and that a guest speaker from the Attorney General's Office, Ms. Christy Hetherington, Esquire, Special Assistant Attorney General, put the legislation into clear and succinct language. Mr. DeCarvalho stated that the conflicts of interest discussion will be forthcoming at the next Committee meeting.

5. APPROVALS REQUESTS:

A. Approval of referral of Davisville Road Project plan to the Town of North Kingstown Town Council:

Mr. Grout briefly discussed the Davisville Road relocation project and the QDC legislation that calls for a review by either a Community Advisory Committee or the Town of North Kingstown. Mr. Grout discussed the QDC and EDC legislation and noted that because there is currently no Community Advisory Committee in place, it is requested that the project be referred to the Town of North Kingstown Town Council, which would then have 45 days to respond on the project. Mr. Grout noted that it is the position of the Corporation that the project meets the Corporation's Master Plan with no inconsistencies.

Mr. Miccolis requested discussion on R.I.G.L. 42-64.10-6 and asked who has the authority according to that Statute. Mr. Batty responded that the statute specifically states that QDC will comply with 42-64-13

G.L.R.I. Mr. Miccolis disagreed that the project complies with the Town's Comprehensive Plan in terms of proximity and buffering and that he is against any motion to refer to the Town Council.

Mr. Simpson asked for clarification regarding which party the matter should be referred to. Mr. Grout stated that since the statute calls for a Community Advisory Committee and there is not currently one in place, it is recommended that the matter be sent to the Town Council for further review.

Upon motion duly made by Mr. Crowley and seconded by Mr. Hazelhurst, the following vote was adopted:

VOTED: The Corporation hereby determines that the relocation of Davisville Road as set forth on the plans submitted to the Board (the "Davisville Road Project Plan") conforms with the comprehensive plan of the Town of North Kingstown. Notwithstanding such determination, in order to assure a full review and input from the Town of North Kingstown, the Board hereby authorizes the referral of the Davisville Road Project Plan to the Town of North Kingstown Town Council, to act as the Community Advisory Committee, in accordance with the provisions of R.I.G.L. Sections 42-64-13 and 42-64.10-6.

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

Voting against were: Mr. Miccolis.

Approved.

B. Approval of revised Development Review Process:

Upon motion duly made by Mr. Crowley and seconded by Mr. Sams, the following vote was adopted:

VOTED: The Corporation hereby adopts the Revised Development Review Process as set forth on Exhibit A attached hereto.

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

Voting against were: none.

Unanimously approved.

C. Approval of Line of Credit Facility Borrowing:

Upon motion duly made by Mr. Crowley and seconded by Mr. Simpson:

VOTED: It was hereby voted to table this item for consideration at a

later date.

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

Voting against were: none.

Unanimously approved.

D. Approval of Mill Creek Marine, Inc. Sale:

Mr. Sams recused himself from this vote.

Mr. Matthews discussed the pending land sale to Mill Creek Marine, Inc. and noted that the financial statements had been reviewed and appeared adequate.

Upon motion duly made by Mr. Hazlehurst and seconded by Mr. Rebecchi:

VOTED: That the Corporation acting by and through its Chairman, Vice-Chair, Managing Director, or Finance Director, each of them acting singularly the "Authorized Officers" is hereby authorized to enter into, execute and deliver a Purchase and Sale Agreement and other agreements related thereto with Mill Creek Marine, Inc. substantially, in accordance with the Request for 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 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 or 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 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.

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

Voting against were: none.

Approved.

6. MOTION TO ADJOURN TO EXECUTIVE SESSION:

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

VOTED: To adjourn to Executive Session pursuant to Subsection (5) – (Acquisition or Lease of Real Estate for Publicly held Property) and Subsection (6) – (Location of Perspective Businesses in Rhode Island) of the RIGL §42-46-5(a) (the "Open Meetings Law").

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

Voting against were: none.

Unanimously approved.

The meeting adjourned to Executive Session at 6:03 p.m. The meeting reconvened in Public Session at 6:45 p.m.

7. VOTE TO MAINTAIN MINUTES OF EXECUTIVE SESSION CLOSED:

Upon motion duly made by Mr. Crowley and seconded by Mr. Rebecchi, 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 regular scheduled meeting of the Corporation because such disclosure would adversely impact ongoing negotiations.

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

Voting against were: none.

Unanimously approved.

There being no further business to come before the Board, upon motion duly made by Mr. Miccolis and seconded by Mr. Sams, the

meeting was adjourned at 6:46 p.m.

Respectfully submitted by:

By:

E. Jerome Batty, Secretary