

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

**August 17, 2009**

**EXECUTIVE 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, August 17, 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: Robert H. Breslin, Barbara Jackson, John G. Laramée, Richard L. Pastore, John A. Patterson, Sav Rebecchi, John G. Simpson, and Keith Stokes. Absent were: James D. Berson, Kas DeCarvalho, and J. Michael Saul.**

**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.**

**1. CALL TO ORDER:**

**The Executive Session was called to order at 5:55 p.m. by Vice Chairman Simpson.**

**Prior to adjournment to Executive Session, the Board:**

**VOTED: To adjourn to Executive Session pursuant to Subsection (2) – (Litigation), 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: Robert H. Breslin, Barbara Jackson, John G. Laramee, Richard L. Pastore, John A. Patterson, Sav Rebecchi, John G. Simpson and Keith Stokes.**

**Voting Against were: None**

**Unanimously Approved.**

**Noted for the record the following Corporation staff were in attendance; Jill Sherman, Administrative Assistant; Katherine Trapani, Planning Manager; Evan Matthew, Port Director; Kevin M. Barry, Finance Director; and Jack Sprengel, Director of Operations. Also in attendance were: Gerry Lavallee; CB Richard Ellis, and David Preston; New Harbor Group.**

## **2. DISCUSSION OF STATUS OF LEASE AGREEMENT WITH NEW BOSTON DEVELOPMENT:**

**Mr. King referred to the discussion in last month's Executive Session in which the Board agreed to offer a two year extension to New Boston Development ("New Boston") to commence the building of office space in the Gateway District due to current market conditions.**

**New Boston's requirement to build two twenty thousand (20,000) square foot office buildings on Parcel 1 is stated in both the lease agreement and the development agreement. According to the agreements, New Boston was to commence construction of the office space no later than July 1, 2009. Mr. King advised the Board that New Boston will not agree to the extension and it is their position that they have met the requirement to commence construction of the office buildings by grading and leveling the land for the parking lot.**

**Mr. King stated that New Boston has offered a proposal involving the hotel at the Gateway; which is through the approval process and building can commence as soon as there is funding. Mr. King explained that Waterford Developers, a hotel developer subleasing from New Boston, is the developer of the Gateway hotel. Waterford Developers is obtaining their financing from Bank of New England under a Granite State Financing program. Bank of New England had**

agreed to fund 8 million of the 10 million needed for the project (3 million of which would be SBA guaranteed). Waterford would need to come up 2 million for the project. However, Bank of New England has decided that due to construction risks Waterford Developers will instead need to come up with another 2 million in equity. Mr. King explained that New Boston is proposing that they fund the additional 2 million needed for this project to get underway. Mr. King also noted that New Boston has been in talks with a restaurant called, Waxy O'Connor, which has 3 locations in Florida, 1 in San Antonio and its newest location in Foxboro, MA. The restaurant would be located adjacent to the hotel and is an eight thousand square foot Irish tavern with hand-carved woodwork in the interior. This project is estimated at about 5 million at build out; it was noted that New Boston is asking to buy the 2 acres for this project, not lease it. Mr. King advised the Board that New Boston has proposed to push these projects forward in exchange for the Corporation waiving the obligation under the lease to commence the office building construction. Mr. King added that the hotel construction would commence in September upon the loan closing, and the hotel could open as soon as June 2010.

Mr. King explained that he is disappointed that New Boston has taken this position in regards to meeting the requirements outlined in the lease; however, he explained that New Boston has a twenty-five (25) million dollar loan (related to the project) with the Bank of America that matures in twenty (20) months and refinancing could be a problem with an outstanding obligation to build nine million dollars

worth of office space. Mr. King stated that he suggested adding a caveat to New Boston's proposal that they can not purchase the land (as outlined in their agreement) until the office buildings are built. Mr. King noted that New Boston is motivated to build the office space as they are paying rent on the land and they are prepared to commence construction as soon as the market allows it.

After some discussion on the pros and cons of the Corporation agreeing to New Boston's proposal, the Board agreed that the building of the hotel was essential to the success of the Gateway project and that office space could be built later when the market turns around. The Board also agreed to give Mr. King the authority within the parameters discussed at the meeting to work out the best possible resolution for all parties involved.

There being no further business to come before the Board, upon motion duly made by Ms. Jackson and seconded by Mr. Rebecchi, the Executive session was adjourned at 6:30 p.m.

Respectfully submitted:

By: \_\_\_\_\_

E. Jerome Batty, Secretary