

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

May 17, 2010

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 17, 2010, 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 members constituting a quorum were present and participated throughout the meeting as indicated: James Berson, Robert H. Breslin, Kas DeCarvalho, Barbara Jackson, John G. Laramee, Richard Pastore, Sav Rebecchi, John G. Simpson, and Keith Stokes. Absent was John Patterson. Also present were: Steven J. King, P.E., Managing Director; Kevin M. Barry, Finance Director; E. Jerome Batty, Secretary; and 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 Stokes.

2. **APPROVAL OF MINUTES:**

Upon motion duly made by Mr. Laramee and seconded by Mr. Berson, the Board:

VOTED: To approve the Public Session minutes of the April 19, 2010 meeting, as presented.

Voting in favor were: James Berson, Robert H. Breslin, Kas DeCarvalho, Barbara Jackson, John G. Laramee, Richard Pastore, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

The Board discussed attending the Rhode Island Economic Development Corporation's Board of Directors meeting on May 24, 2010 which will be held at the Quonset Development Corporation.

3. **STAFF REPORTS:**

Mr. King reviewed the Staff Report with the Board.

Development and Planning:

- The groundbreaking for the new hotel was held May 6, 2010. Site work to begin next week. The hotel is scheduled to be open for business April 2011.

- Preliminary agreement signed today with Maritime Administration as it relates to the TIGER grant.

Construction:

- NOAA building is nearing completion which is scheduled for June.

Mr. Breslin asked about the status of the Atlantic Ethanol agreement. Mr. King explained that the Corporation entered into a development agreement with Atlantic Ethanol that expires on June 19, 2010. Atlantic Ethanol has requested an extension of the agreement; however, there is some question as to their ability to finance the project. Staff will be meeting with Atlantic Ethanol on Wednesday and an update will be provided to the Board.

Port Operations:

- Ship traffic is positive with a total of 308 inbound ships; 10 car carriers holding 12,533 units in the month of April.

Mr. King advised the Board that the Corporation has been in discussions with the Town of North Kingstown on several items:

1. Pilot agreement extension which terminates June 2010
2. Municipal Services agreement (municipal services provided by the Town to the Park)
3. Sewer Connection agreement (Sewer services provided to the Town along Post Road corridor by the Corporation).

Mr. King noted the new PILOT agreement with the Town will be based on a flat rate verses the current calculation rate. The hope is to have the new agreement ready for the June Board meeting for approval.

The Corporation is still negotiating with the Town on the other services; however, Mr. King is hopeful that an agreement will be reached in the next few months and can be presented to the Board for approval. Mr. King noted he has stressed to the representatives of the Town that the Municipal Services agreement and the Sewer agreement need to be in accord and presented to the Board together.

Mr. King explained upon questioning from Mr. Rebecchi, it is estimated that at full build out over the next twenty (20) years, the Town's sewer use will be approximately two hundred thousand (200,000) gallons a day. Mr. King noted the Waste Water Treatment Facility has the capacity to handle the increase.

A discussion ensued on water supply and recharge. At issue was whether there is enough water at the supply source for the increase usage and will the aquifer be recharged. Mr. King explained that no matter who supplies the sewer connections along Post Road, these questions will continue. Mr. King acknowledged that no one knows currently how much water will be available for usage and ultimately this is up to the Water Resources Board and DEM, who are currently working to make these determinations. Once the amount of water available in the Hunt Aquifer is known then the resources need to be divided among the users. However, the Town has a huge issue in that their water supply usage more than doubles during the summer

months causing a drain on the supply. The Town is working on implementing conservation methods. Mr. King explained that once these factors related to availability and usage are known, the Corporation can better assess whether other water supply sources will need to be necessary. Lastly, the Board was advised that the water from the sewer along Post Road does not recharge the wells in East Greenwich as the drainage basins all end up in Narragansett Bay which is the case no matter who services the area. Mr. King added that slowing development in North Kingstown by restricting sewer supply was not the answer to water conservation and usage problems.

4. **COMMITTEE REPORTS:**

A. **Marketing and Business Development Committee:**

Mr. Berson explained that the Marketing and Business Development Committee met on May 5, 2010. Mr. Lavallee of CBRE gave an overview of the NE Real Estate Market at the meeting. Mr. Berson asked Mr. Lavallee to go over the highlights of the 1st quarter 2010 market numbers:

1. **Office Space - Hartford, CT (25 million square feet)**
 - a) Vacancy rate = 17.5%
 - b) Availability rate (not on the market yet) = 21%
2. **Industrial Space – Hartford, CT (71 million square feet)**
 - a) Vacancy rate = 10%
 - b) Availability rate = 16.8%
3. **Suburban Office – Boston, MA (106 thousand square feet)**
 - a) Vacancy rate = 17%
 - b) Availability rate = 23.9%
4. **Industrial Space – Boston, MA (144 million square feet)**
 - a) Vacancy rate = 17.4%
 - b) Availability rate = 23.9%
5. **Office Space – Providence (6.3 million square feet)**
 - a) Vacancy rate = 17.2%
 - b) Availability rate = 20%
6. **Industrial Space – Providence (47 million square feet – June 2009)**
 - a) Vacancy rate = 9.15%
 - b) Availability rate = 11.67%

B. **Strategic Planning Committee:**

Mr. Simpson advised the Board that the Strategic Planning Committee reviewed the first draft of the Sustainable Operating Plan prepared by Staff and consultants; feed back was provided. A final review will be scheduled prior to the next meeting with the hope of presenting the document to the Board in June.

5. **APPROVAL REQUESTS:**

A. **Approval of Contract Extension with CBRE:**

Mr. King stated to the Board that the Corporation is seeking to extend the current listing agreement with CBRE another 3 years. CBRE has been the exclusive listing agent for the Corporation since 2004 and has provided quality work during that time. Mr. King noted that he felt extending the contract rather than going out to bid was the best option due to value of continuity and CBRE's experience.

Upon motion duly made by Mr. Laramée and seconded by Ms. Jackson, the Board:

VOTED: That the Corporation acting by and through its Chair, Vice-Chair, Managing Director or Finance Director, each of them acting alone the "Authorized Officers" is hereby authorized to enter into, execute and deliver an Extension of Exclusive Listing Agreement for a three (3) year extension term with CB Richard Ellis – N.E. Partners, L.P. ("CBRE") (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 as any of the Authorized Officers acting singularly and 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 upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing 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: James Berson, Robert H. Breslin, Kas DeCarvalho, Barbara Jackson, John G. Laramée, Richard Pastore, Sav Rebecchi, and John G. Simpson.

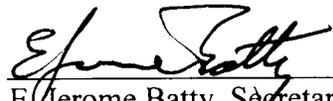
Voting Against were: None

Unanimously Approved.

Mr. Pastore asked about the status of the Alterra Energy deal. Mr. King stated that as it stands now, the contract has been terminated due to failure to pay their option payment. Alterra Energy has been instructed to return to renegotiate when they are better able to fund the project.

There being no further business to come before the Board, upon motion duly made by Mr. Breslin and seconded by Mr. Simpson, the meeting was adjourned at 5:55 p.m.

Respectfully submitted:

By: 

Jerome Batty, Secretary