

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

DECEMBER 20, 2004

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, December 20, 2004, in Public Session, at 4:00 p.m., at the offices of the Rhode Island Economic Development Corporation located at One West Exchange Street, Providence, Rhode Island, pursuant to notice of the meeting to all Directors, and public notice of the meeting, a copy of which is attached hereto, as required by the By-Laws of the Corporation and applicable Rhode Island law.

The following Directors, constituting a quorum, were present and participated throughout the meeting as indicated: Mr. Frank Montanaro, Mr. Keith Stokes, Representative Joseph A. Trillo, Ms. Barbara Jackson, Mr. George Shuster, Mr. Joshua Miller and Senator William Walaska.

Directors absent: Governor Donald L. Carcieri, Senator Kevin Breene, Ms. Alma Green and Representative Melvoid Benson.

Also present were: Executive Director Michael McMahon, members of the Corporation's staff and Attorney Robert I. Stolzman.

Mr. Frank Montanaro presided over the meeting and Attorney Robert I. Stolzman acted as Secretary.

1. **CALL TO ORDER**

Mr. Montanaro called the meeting to order at 4:00 p.m.

2. **APPROVAL OF THE PUBLIC SESSION MINUTES OF THE MEETING HELD ON NOVEMBER 22, 2004 AND THE EXECUTIVE SESSION MINUTES OF THE MEETING HELD ON OCTOBER 25, 2004**

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

VOTED: To approve the Public Session Minutes of the Meeting held on November 22, 2004 and the Executive Session Minutes of the Meeting held on October 25, 2004, as presented to the Board this date.

Voting in favor of the foregoing were: Mr. Montanaro, Senator Walaska, Mr. Stokes, Representative Trillo, Ms. Jackson, Mr. Shuster and Mr. Miller.

Voting against the foregoing were: None.

3. EXECUTIVE DIRECTOR'S REPORT

Mr. McMahon reported that the Corporation is continuing to work on legislation, with particular emphasis on EDC Capital, Smart Growth initiatives, particularly regarding site locations, and bio-tech area issues. He stated that, in addition to identification of sites, there is a serious need for work force development. He noted that there is a shortage of funds for investment in workers. Mr. McMahon stated that both good workers and good sites are necessary in order to retain businesses.

4. QUONSET MATTERS

a. Attorney Stolzman explained that a vote of the Board is necessary in order to implement the legislation recently passed regarding the formation of the Quonset Development Corporation ("QDC") as a separate, subsidiary public corporation of the EDC. He explained that the resolution has three basic parts, the first being an outline of the powers being transferred from EDC to QDC. The second part of the resolution is to authorize QDC to obtain a credit facility of up to \$1,000,000 to take care of day to day management, and the third part of the resolution is to authorize officers to carry out and confirm the new resolutions. Mr. Stolzman explained that at its last Board meeting on December 13, the Quonset Davisville Management Corporation ("QDMC") Board of Directors essentially dissolved the QDMC, and that Governor Carcieri will appoint a new Board of Directors for the QDC, to be effective January 1, 2005. Finally, Mr. Stolzman noted that the resolutions will be certified and recorded in the land evidence records of the Town of North Kingstown.

A motion to approve the resolution was made by Mr. Shuster and the motion was seconded by Mr. Stokes. Prior to the vote, in response to an inquiry of Senator Walaska, Mr. Stolzman stated that the Governor's appointments to the Board of QDC are subject to Senate approval, with the exception of the municipal appointees who are appointed by the Towns of North Kingstown, East Greenwich and Jamestown. A motion having been made and seconded, the following vote was then adopted:

VOTED: See text of Vote at **Exhibit A**.

Voting in favor of the foregoing were: Mr. Montanaro, Senator Walaska, Representative Trillo, Mr. Stokes, Ms. Jackson, Mr. Miller and Mr. Shuster.

Voting against the foregoing were: None.

b. Mr. Grout then presented the matter of a lease renewal for Electric Boat ("EB"). He explained that the new ground lease will run for a 14 year period via

two (2) seven (7) year increments, effective January 1, 2005. Mr. Grout referred the Board members to the transaction details in the Board packages and noted that the new lease covers approximately 94 acres, slightly larger than what EB currently leases. He also explained that, in addition to the lease, EB is exercising its option to purchase a 13.8 acre parcel of real estate, the proceeds of which will be used to demolish certain buildings at the park. The end result will be a better footprint for EB. Mr. Grout noted that the incentives include a jobs credit and that EB currently has over 2,000 employees at its Quonset facility.

Finally, Mr. Grout noted that Quonset is a very attractive location for EB, but that the Board should keep in mind that there is competition from other locations for this business.

Upon motion duly made by Mr. Shuster and seconded by Senator Walaska, the following vote was then adopted:

VOTED: See text of Vote at **Exhibit B.**

Voting in favor of the foregoing were: Mr. Montanaro, Senator Walaska, Representative Trillo, Mr. Stokes, Ms. Jackson, Mr. Miller and Mr. Shuster.

Voting against the foregoing were: None.

c. Mr. Grout stated that the QDMC Board recommends ratification and approval of the new PILOT agreement between the EDC and the Town of North Kingstown. He explained that the Town of North Kingstown's recent real estate revaluation resulted in a decrease in the tax rate from \$21 per \$1,000 to \$14 per \$1,000. It became difficult to adjust for tax provisions in existing commercial leases. The proposed PILOT agreement will allow for a phase-in when a re-evaluation results in a decrease in tax rates by more than 20%. Mr. Grout noted that commercial property values have not increased as much as residential property values.

In response to an inquiry of Senator Walaska, Mr. Grout explained that a municipal services contract will be finalized with the Town of North Kingstown at a later date, but that it was necessary to finalize the PILOT agreement at this time in order to complete negotiations with EB.

Mr. Shuster noted that the proposed resolution is between the EDC and the Town of North Kingstown and suggested that the resolution be revised to provide for an assignment to the QDC in the event the agreement is not signed prior to January 1, 2005.

Upon motion duly made by Senator Walaska and seconded by Mr. Shuster, the following vote was then adopted:

VOTED: See text of Vote at **Exhibit C**, as amended.

Voting in favor of the foregoing were: Mr. Montanaro, Senator Walaska, Representative Trillo, Mr. Stokes, Ms. Jackson, Mr. Miller and Mr. Shuster.

Voting against the foregoing were: None.

5. FOR APPROVAL OF RHODE ISLAND AIRPORT CORPORATION BORROWING

Mr. Stolzman explained that the Board of the Rhode Island Airport Corporation recently voted to approve financing arrangements in order to acquire equipment and vehicles and to re-finance existing lease-purchase agreements in an amount of up to \$1,409,000, and that the EDC Board's authorization is necessary for this matter.

Upon motion duly made by Mr. Stokes and seconded by Mr. Shuster, the following vote was then adopted:

VOTED: See text of Vote at **Exhibit D**.

Voting in favor of the foregoing were: Mr. Montanaro, Senator Walaska, Representative Trillo, Mr. Stokes, Ms. Jackson, Mr. Miller and Mr. Shuster.

Voting against the foregoing were: None.

6. FOR UPDATE ON PENDING LITIGATION

Mr. Stolzman reported that the last piece of the Quonset Point Partners ("QPP") litigation has been resolved, an arbitrator having made a decision favorable to the RIEDC. In the decision, it was found that none of the QPP claims were valid and the case was dismissed.

With respect to the Narragansett Dock Works ("NDW") litigation, Mr. Stolzman noted that the case has been through two full trials, an appeal having been completed in November. Post trial briefs are now being filed, with the EDC's brief due by December 31, 2004 and the NDW brief due by January 31, 2005. He noted that the Judge has already ruled 1) that the EDC is entitled to possession and 2) that the EDC is entitled to recover costs, and that the last part of the litigation is the amount of damages to be paid. As for the amount of damages, Mr. Stolzman stated that NDW had to post a bond in the amount of \$250,000, and he hopes that at least that amount will be awarded.

Prior to adjournment, Mr. McMahon, on behalf of Governor Carcieri, presented citations to the two legislative members present at the meeting, Senator Walaska and Representative Trillo, acknowledging their commitment, dedication and assistance with

the EDC Board. Mr. McMahon stated that both of these members went out of their way to help him when he first joined the Corporation.

There being no further business in Public Session the meeting was adjourned at 4:25 p.m., upon motion by Mr. Shuster and seconded by Mr. Stokes.

Robert I. Stolzman, Secretary

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