

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

February 9, 2009

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, February 9, 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, Kas R. DeCarvalho, Barbara Jackson, John G. Laramée, John A. Patterson, Sav Rebecchi, J. Michael Saul, and John G. Simpson. Absent were: James D. Berson, Richard L. Pastore, and Keith W. Stokes. 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 and members of the public.

1. CALL TO ORDER:

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

2. APPROVAL OF MINUTES:

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

VOTED: To approve the Public Session minutes of the January 12, 2009 meeting, as presented.

Voting in favor were: Kas R. DeCarvalho, Barbara Jackson, John G. Laramée, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Abstaining: Robert H. Breslin

Approved.

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

VOTED: To approve the Executive Session minutes of the January 12, 2009 meeting, as presented.

Voting in favor were: Kas R. DeCarvalho, Barbara Jackson, John G. Laramee, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Abstaining: Robert H. Breslin

Approved.

Mr. Patterson requested verification that the estimates quoted in the Executive Session minutes were correct. Without reopening the session, Mr. King was able to verify for Mr. Patterson that the numbers were indeed correct.

3. STAFF REPORTS:

The Corporation's Managing Director, Mr. King, presented his report to the Board.

Development and Planning:

- Met with Deepwater Wind to understand their requirements and formulate a plan to accommodate their project.
- Atlantic Ethanol has received a determination of conformance with the State Guide Plan and continues its due diligence.
- New website due to launch February 18th.

Construction:

- Installation of utilities and retaining wall proceeds through the winter on Maritime Way.
- Romano Vineyard Way Bridge – 30% design will be ready February 13th.
- Salt Water Marsh restoration continues but has slowed due to the windy weather.
- Bike Path – Town Public Works Department has been involved in all the meetings regarding the project. Some of the fencing has already come down along the northern boundary of the Park.

Operations:

- Snow removal – The Maintenance Department continues with Park-wide snow removal as required.
- Building 7 – The Maintenance Department has conducted vacant room inspections for repairs and maintenance work. Carpets have been cleaned; selected offices will be repaired and made ready for possible rental.

Port Operations:

- Activity at the Port – 4 car ships discharging 5088 new automobiles and 128 rail cars in the month of January.
- Port operations office is now staffed from 0700 to 1630 to accommodate NORAD operations. Shifts are staggered to cover additional hours.

- A letter has been sent to MARAD to pursue designating the Port of Davisville as a Marine Highway Corridor.

Finance and Administration:

- Total revenue is running slightly better than budgeted due to increased Port traffic.
- All Operating expenses are running equal or slightly better to budget.
- The Corporation submitted a list of capital projects to the State for possible stimulus infusion. The total of the project list was two hundred nine (209) million dollars. Notable items included the construction of office incubator space, converting large warehouse space into flex incubator space, and a significant portion was for improvements needed to support Deepwater Wind construction.

Mr. King advised the Board on the Sheehan Commission. The Commission met on three separate occasions to review the QDC project approval process and is now in the process of formulating a report for the Senate. That report will include recommendations to change the legislation that governs the review process. Mr. King assured the Board that when the report is finalized he will review all the changes and their impact on the Corporation.

Mr. Saul reported to the Board regarding issues being reviewed by the Governor's EDC review panel:

- Creating a partnership by merging public and private business sectors.
- Small business stimulus package to get capital back into the market.
- Expedited permitting.
- Competitive Corporate Tax.

He emphasized that the purpose of this panel is to find better ways to drive economic development in Rhode Island and reinvigorate the economy.

Mr. Patterson questioned how the panel's findings might affect the Corporation. Mr. Saul indicated that he did not expect the Corporation to be greatly impacted by any changes brought about by the panel. That being said, Mr. Saul stated that he would like to see a more comprehensive site development strategy for the State of Rhode Island and Quonset would be part of that strategy.

Mr. Saul quickly reviewed the process of approving the allocation of the federal stimulus package funds:

1. Governor's Swat team will manage the funds (EDC to have a seat at that table).
2. State database to manage and rank projects. The ability to sort and evaluate projects versus the funds available.
3. Apply the resources based on the best economic impact for the State:
 - a. Construction job creation.
 - b. Construction job plus permanent job creation.

- c. Job creation plus the economic catalyst to propel the State making it more competitive, i.e.: DeepWater Wind project or the URI Technology Park.

Mr. DeCarvalho expressed concern that changes brought about by these committees' and panels' decisions are going to affect what is happening at Quonset and the good work that has been happening in the Park will go unnoticed. Mr. Saul noted that Mr. King has made a number of presentations so that work will not be overlooked. Mr. Saul also suggested that the review panel should be invited to Quonset for a tour. Mr. Simpson recommended that the Master Land Use and Development Plan be reviewed with the panel. The discussion turned to public relations and how to get positive information out to the public especially with these types of panels and commissions making decisions that may affect the Park.

4. COMMITTEE REPORTS:

Mr. Simpson reported for the Strategic Planning Committee, stating that the Committee's goal now is to create a sustainable operating model that supports the Master Land Use and Development Plan. Mr. Simpson emphasized the need to have a sustainable operating model so that there is sufficient revenue to offset the expenses so that Quonset Business Park® continues to be a high quality Park. The Committee has established ten (10) goals based on financial assumptions that are important to the sustainable model. The Committee will be refining the goals and once the goals have been established, the Committee will be completing the content to create a comprehensive plan so that the Board may better understand the tradeoffs involved in each transaction and how transactions will support the over all operating model.

5. APPROVAL REQUESTS:

A. Approval of Building E319 Lease to Electric Boat Corporation:

Mr. King reviewed Electric Boat Corporation's request to rent an existing warehouse adjacent to the Pier area known as Building 319. The building contains approximately 125,000 square feet and will be used for warehousing components related to submarine construction. The intended use of the building is in conformance with the Master Plan and the North Kingstown Comprehensive Plan. The Lease term is 5 years with one additional 5 year option period at the current rent increased by 15%. The rent is \$3.35 per square foot (\$417,734.96 annually), triple net and pilot. The pilot amount generated by this Lease is approximately \$63,412.00 annually. The Lease Agreement includes an allowance of \$250,000 to tenant for use in fitting up the premises for their use.

Mr. Breslin questioned if the leasing of this warehouse building to Electric Boat Corporation affects NORAD or the Deepwater Wind project in anyway. Mr. King confirmed that there was no affect on NORAD or Deepwater Wind's project. Mr. Saul

asked about Electric Boat Corporation's footprint in the Park in terms of total revenue comparison. Mr. Barry estimated the total to be about 20% of the Park's total revenue.

Upon motion duly made by Mr. Simpson and seconded by Mr. Rebecchi, 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 a Lease Agreement, and other agreements related thereto with Electric Boat Corporation, or an affiliated entity (the "Lease"), substantially in accordance with the Request for Board Authorization presented to the Board (the Lease and related documents are referred to herein collectively as the "Agreements").

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 Agreements 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 Agreements and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreements, including any and all agreements, contracts, certificates, licenses, assignments, and memorandums 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: Robert H. Breslin, Kas R. DeCarvalho, Barbara Jackson, John G. Laramee, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

B. Approval of Land Lease to Alterra Energy Services, Inc.:

Mr. King reviewed the request of Alterra Energy Services, Inc. to rent 7.4 acres of property located in Commerce Park District, just east of Ocean State Job Lot. Mr. King noted that this location is in the heart of the Park. Alterra Energy Services, Inc. is proposing to build a facility for blending, storing, and distributing biodiesel fuel. The facility will include a rail off loading station, a truck loading station, office space, and above ground storage tanks. The tanks will store pure biodiesel and plain diesel fuel which Alterra Energy Services, Inc. would then blend for the end user. The land lease term would be thirty (30) years.

The structure of the Lease is triple net and includes \$19,138 annual pilot to the Town of North Kingstown. Mr. King notified the Board that Alterra Energy Services, Inc. has received a statement of interest from Morgan Creek Real Estate & Financial Services, Inc. Alterra Energy Services, Inc. estimates the investment needed to be approximately 7 million dollars. The Company will blend approximately ten (10) million gallons of biodiesel a year. There will be 5 storage tanks on the property holding 4.2 million gallons of fuel. Mr. King noted that the project benefits from the EPA's new renewable fuels standard (RFS) establishing a domestic biodiesel fuel mandate. The mandate requires the domestic consumption of 500 million gallons of biodiesel in 2009 and expands to 1 billion gallons in 2012.

Mr. Saul added that RIEDC met with Alterra Energy Services, Inc. in an attempt to find funding for the company under the renewable energy fund. At this point, it does not appear that Alterra Energy Services, Inc. will meet the criteria for this funding but RIEDC still supports their efforts pending further due diligence and financials. Mr. Saul noted that there are only 3 other companies in the State that are manufacturing biodiesel so it is very competitive and Alterra Energy Services, Inc. would be the only blending facility.

Mr. Simpson added that the materials he reviewed indicated that only 6 full time jobs would be created by this project. Mr. King confirmed this information, however, he pointed out that this project would also indirectly create jobs in the transportation sector as well. Mr. Simpson questioned the environmental issues involved in this type of facility such as smell and air quality. Mr. King advised that the fuel is contained in 40 foot tall closed tanks and would be surrounded by containment dikes. Mr. King noted that a tank approximately half the size of the proposed tanks was currently located about 100 meters from the QDC facility.

Upon request, Boris Maslov, Ph.D.; President and CEO of C-Fuels, briefed the Board on the facility's security measures:

- On site security personnel.
- 24-hour security including full surveillance cameras.
- Fencing to encompass the facility.
- Automatic shutoff to contain any spillage.

- Meet all EPA and State security standards.
- Emergency response training for the Town.

Mr. Patterson questioned the impact this facility would have on barge traffic. Mr. King indicated none at all at the onset, there is always a possibility that would change in the future. Mr. Patterson also asked about the decision of Alterra Energy Services, Inc. to lease over buying the property. Mr. Lavallee of CBRE indicated that both possibilities were reviewed and leasing was the best decision based on size and location. Mr. Lavallee explained that there are 3 benchmarks that are generally considered in a project; job creation, tax generation, and capital investment. The outstanding item in this project is the fuel tax generation which will run approximately \$.30 per gallon.

Ms. Jackson noted that the project would affect evacuation procedures for the Park. It will be necessary for Alterra Energy Services, Inc. to work with the Town of North Kingstown to develop an acceptable evacuation plan and training for first responders. The cost of the plan and training should be the responsibility of Alterra Energy Services, Inc.

The Board also agreed that Alterra Energy Services, Inc. must provide the Corporation with evidence satisfactory to the Corporation of its financial ability to meet its obligations under the Lease and that the Lease should be signed within six (6) months.

The discussion turned to the environmental issues related to biodiesel storage and Mr. DeCarvalho suggested that the Corporation require Alterra to provide an environmental indemnity. Mr. Batty stated that the Corporation could make environmental indemnity part of Alterra Energy Services, Inc.'s requirements under the Lease.

Upon motion duly made by Mr. Patterson and seconded by Mr. DeCarvalho, 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 a Lease Agreement, and other agreements related thereto with Alterra Energy Services Inc., or an affiliated entity (the "Lease"), substantially in accordance with the Request for Board Authorization presented to the Board (the Lease and related documents are referred to herein collectively as the "Agreements"). Prior to the Corporation entering into a Lease, Alterra Energy Services Inc. shall (i) provide the Corporation with evidence satisfactory to the Corporation, which may be in the form of a firm loan commitment, that Alterra Energy Services Inc. has the financial capacity to complete the project within time periods acceptable to the Corporation and (ii) provide the Corporation evidence that Alterra Energy Services Inc. has reached an agreement with the Town of North Kingstown with respect to the payment of all costs incurred by the Town of North Kingstown in preparing an evacuation plan and training for first responders in the event of an accident at the facility. The Lease will also address environmental issues and

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 Agreements or 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 Agreements and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreements, including any and all agreements, contracts, certificates, licenses, assignments, and memorandums 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: Robert H. Breslin, Kas R. DeCarvalho, Barbara Jackson, John G. Laramée, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

There being no further business to come before the Board, upon motion duly made by Mr. Patterson and seconded by Mr. DeCarvalho, the meeting was adjourned at 6:24 p.m.

Respectfully submitted:

By: 
E. Jerome Batty, Secretary