

**QUONSET DEVELOPMENT CORPORATION
MEETING OF THE AUDIT FINANCE COMMITTEE**

FEBRUARY 13, 2006

A meeting of the Audit Finance Committee of the Quonset Development Corporation (the "Corporation") was held at 4:30 p.m. on Monday, February 13, 2006, at the offices of the Corporation located at 30 Enterprise Drive, North Kingstown, Rhode Island, pursuant to notice to all members of the Audit Finance Committee 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, and John Simpson. Not present was Barbara Jackson. The following Quonset Development Corporation staff members were also in attendance: Mary C. Lake, CFO, Kevin Barry, Controller, Steven King, Chief Operating Officer. Mr. Robert Bromley, Senate Fiscal Analyst was also present.

1. CALL TO ORDER:

The meeting was called to order at 4:30 p.m. by Mr. Crowley.

2. APPROVAL OF AUTHORITY LEVELS MATRIX:

There was a brief discussion of the revised Authority Levels Matrix that was reviewed at the January 9, 2006, Audit-Finance Committee Meeting. Mr. Simpson noted that the recommended changes from that meeting were made to the current proposed revised matrix. Mr. Crowley and Mr. Simpson noted that the revisions made sense to increase the current authority levels and to add signing authority for the Chief Operating Officer to the matrix.

VOTED: Upon motion duly made by John Simpson and seconded by Robert Crowley, it was voted that the revised Authority Levels Matrix be presented to the Board and recommended for approval.

3. REVIEW OF SECOND QUARTER FINANCIALS:

Ms. Lake discussed the second quarter financials and communicated that the results were favorable to budget for many reasons – rental income was higher than budget primarily due to an increased number of cars coming through the port as well as a couple of tenants vacating premises later than expected. Also, expenses were down primarily due to open positions that were not filled until later in the fiscal year. Ms. Lake also noted that some expenses were down due to a milder than anticipated winter season.

Mr. Simpson asked what positions were currently open. Ms. Lake communicated that there was one position in Development Services that was currently being recruited. Mr. Simpson noted that it would be a good idea to consider filling future vacant positions with employees on contract if possible. Mr. Barry communicated that there was one opening in the maintenance department. Ms. Lake noted that there were two openings in the Asset Management department, one of which was being filled by a temporary administrative assistant in the next couple of weeks and the other was on hold for the time being. It was also noted that there was a half time position open for a receptionist at the front desk.

(Steven King, Chief Operating Officer, joined the meeting at 4:46 p.m.)

Mr. Simpson noted that one of the items raised at the Strategic Planning Committee was to form a compensation committee to review the current staffing and compensation levels within the agency. Mr. Simpson noted that this committee would be part of the Audit-Finance Committee.

Mr. Crowley asked if there was an update on the proposed Line of Credit for the agency and Ms. Lake noted that we were pending a legal opinion on how to proceed due to the wording of the QDC legislation.

Mr. Crowley asked Mr. King if there were any changes in the construction projects currently underway at Quonset since the last Committee meeting and Mr. King noted that everything was still on time and on budget.

A proposed agenda for the next meeting in March was discussed. Mr. Simpson said that he would like to begin reviewing the organization chart and start working on the compensation analysis. Ms. Lake and Mr. King said that they could provide the appropriate information for that meeting.

There being no further business to come before the Committee, upon motion duly made by Mr. Simpson and seconded by Mr. Crowley, the meeting was adjourned at 4:55 p.m.

Respectfully submitted:

Mary C. Lake, CFO
Mary C. Lake, CFO 4/4/06