

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

**MAY 15, 2006**

A meeting of the Audit Finance Committee of the Quonset Development Corporation (the "Corporation") was held at 4:30 p.m. on Monday, May 15, 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, Barbara Jackson, and John G. Simpson. The following Quonset Development Corporation staff members were also in attendance: Mary C. Lake, CFO, and Kevin Barry, Controller. Mr. Rick Reed from RI Economic Development Corporation and Mr. Sav Rebecchi, Quonset Development Corporation Board member were also present. Mr. Robert Bromley, from the Senate Fiscal Office and Mr. James Pontarelli from the House Fiscal Office were also present.

**1. CALL TO ORDER:**

The meeting was called to order at 4:40 p.m. by Mr. Crowley.

**2. APPROVAL OF MINUTES:**

Upon motion duly made by Ms. Jackson and seconded by Mr. Simpson the Directors:

**VOTED:** To approve the Public Session minutes of the April 17, 2006 meeting, as submitted to the Directors.

Voting in favor were: Mr. Crowley, Ms. Jackson and Mr. Simpson.

Voting Against were: none

Unanimously Approved.

**3. RATIFICATION OF AUDIT FIRM:**

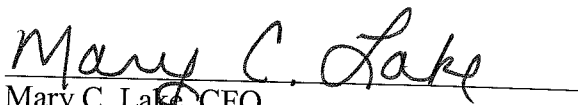
Before beginning the discussion regarding the new audit firm, Mr. Reed quickly noted that the firm of Millbrook Partners would be meeting with the executive management of QDC to discuss compensation later that week and that there was a 30 day turn over for the proposal. Mr. Reed expects that document to be ready for the June meeting to be in place for the beginning of the new fiscal year.

Ms. Lake updated the Committee on the bid for an audit firm for the next three year period beginning with fiscal year end June 30, 2006. Ms. Lake indicated that three firms had bid on the work, including the incumbent, LGC&D, and that one firm, Prescott, Chatellier, Fontaine & Wilkinson had underbid the other two firms by nearly ½. Concerns regarding the level of quality of the audit were discussed. It was discussed that for ease of audit as well as for financial reasons, QDC has used the same audit firm as RIEDC since the two agencies are related. Mr. Reed noted that the firm of Prescott, Chatellier, Fontaine & Wilkinson was noted by the Auditor General as the lowest cost responsible service provider. Mr. Reed also noted that based on concerns for the quality of the audit, the approval of the firm was for only a one year time frame for the fiscal year ending June 30, 2006, to be reviewed after the audit was completed. Committee members requested that Ms. Lake keep them informed of any further concerns and the progress of the audit as the audit progresses.

Mr. Crowley noted that it is with reservation that the Audit-Finance Committee recommends to the Board the ratification of the firm of Prescott, Chatellier, Fontaine & Wilkinson for the June 30, 2006, audit.

There being no further business to come before the Committee, upon motion duly made by Mr. Simpson and seconded by Ms. Jackson, the meeting was adjourned at 5:00 p.m.

Respectfully submitted:

  
Mary C. Lake, CFO