

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

**JUNE 19, 2006**

A meeting of the Audit Finance Committee of the Quonset Development Corporation (the "Corporation") was held at 3:30 p.m. on Monday, June 19, 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, Steven King, COO, and Kevin Barry, Controller.

**1. CALL TO ORDER:**

The meeting was called to order at 3:34 p.m. by Mr. Crowley.

**2. APPROVAL OF MINUTES:**

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

**VOTED:** To approve the Public Session minutes of the May 15, 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. VOTE TO APPROVE REVISED PURCHASING REGULATIONS:**

Ms. Lake updated the Committee on some proposed changes to QDC's purchasing regulations. Ms. Lake noted that the proposed changes were to make operations flow a little more smoothly and to update for the revised authority levels approved at the February 13, 2006, meeting. Mr. Barry also noted that QDC's regulations are still more stringent than the State of Rhode Island's guidelines. Ms. Jackson asked that these revised purchasing regulations either be added to the employee handbook or distributed to all employees.

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

**VOTED:** That the Committee recommend to the Board adoption of the amended and restated regulations governing the procurement of supplies and services (the "Purchasing Regulations") in substantially the form set forth on Exhibit A attached hereto, the purpose of which shall be to, among other things, ensure the equitable, efficient and cost effective procurement of supplies and services on behalf of the Corporation.

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

Voting Against were: None.

Unanimously Approved.

**4. UPDATE ON FY2006 AUDIT:**

Ms. Lake updated the Committee on the status of the FY2006 audit to date. Ms. Lake stated that a staff accountant from the firm of Prescott, Chatellier, Fontaine and Wilkinson had been on-site for two days in May to begin preliminary testing. Ms. Lake informed the Committee that this staff accountant was no longer with the firm. Ms. Lake also stated that the auditors were scheduled to return on or about July 17 to complete the audit.

**5. UPDATE ON NEW MAINTENANCE FACILITY:**

Mr. Steven King, COO, updated the Committee on a new maintenance facility required for QDC. Mr. King noted that the land that the current maintenance facility occupies is under option by Ocean State Job Lot and can be exercised at any time. Mr. King noted that the proposed new facility will be on Cripe Street near the Toray Plastics health facility. Mr. King said that Maguire Group was working on the plans for the facility and that he expected to have a final price not to exceed contract by the August meeting for approval.

Ms. Jackson asked if there was any opportunity to share a maintenance facility with the Town of North Kingstown. Mr. King indicated that this was not an option.

A discussion then ensued about the size of the new facility, which is less than half the size of the current facility at approximately 19,000 square feet. Mr. King noted that the proceeds from the exercise of the Ocean State Job Lot option will partially fund the proposed new maintenance facility.

Mr. King also noted that the current headquarters for the office staff of QDC was also under option by New Boston Partners, LLC and that thought should be given now to a new facility. Mr. King noted that when New Boston Partners, LLC, presents QDC with a letter of intent to lease the current premises, QDC would need to find alternate

office space. Mr. King indicated that the space requirement is for approximately 10,000 square feet.

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 3:57 p.m.

Respectfully submitted:

Mary C. Lake, CFO  
Mary C. Lake, CFO