

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

JANUARY 10, 2011

PUBLIC SESSION MINUTES

A meeting of the Audit Finance Committee of the Quonset Development Corporation (the "Corporation") was held at 4:30 p.m. on Monday, January 10, 2011, at the offices of the Corporation located at 95 Cripe Street, 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 H. Breslin, Jr., Barbara Jackson, and John G. Simpson. Also present were: Steven J. King, P.E, Managing Director; Kevin M. Barry, Finance Director; and members of the public.

1. CALL TO ORDER:

The meeting was called to order at 4:32 p.m. by Ms. Jackson.

2. APPROVAL OF MINUTES:

Upon motion duly made by Mr. Breslin and seconded by Mr. Simpson, the Committee:

VOTED: To approve the public session minutes of September 20, 2010 as presented.

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

Voting Against were: None.

Unanimously Approved.

3. REVIEW OF MID-YEAR FINANCIALS:

Mr. Barry reviewed the mid-year financials with Committee (Exhibit A):

1) Revenues are a little over 9% better than budget as result of several factors

- Amtrak lease**
- Banneker Lease**
- Rhody Transportation Lease**
- Increase in Pier Traffic**
- Utilities running to Budget**
- 90 – 95% Current Receivables**

2) Operating Expenses are running 16% better than budget

- **Fringe Benefits – have decreased since split with EDC and the Corporation is no longer paying EDC an administration fee**
- **Fuel Oil**
- **Electricity**
- **Insurance**
- **Miscellaneous Items**

3) Employee Health Plans

- **Employees now contribute to 15% of the premium to Medical and Dental plans**
- **Company has moved from a Health Savings Account (HSA) to a Health Reimbursement Account (HRA) plan**
- **Employees now pay for the Short Term Disability (STD) premium – the program offers employees the opportunity to get the benefit tax free when needed and allows STD to be taken in conjunction with sick time**

Ms. Jackson questioned if employees could pay for their STD out of their HRA as can be done using the HSA. Mr. Barry indicated that was not one of the benefits to his knowledge but he would check with the Corporation's insurance providers.

Mr. Breslin asked what the employees thought of the HRA program. Mr. Barry noted that the changes seemed to go over well and noted that the company funds the first 75% of employee medical expenses and only if they exceed that amount do the employees pay out of pocket.

Mr. King confirmed that Union employees are also covered under this same plan.

Mr. King noted that the Corporation has cut the “Opt Out” payments to employees (paid to those who do not sign up for the health and dental plans) in half and payments will be eliminated entirely for 2012.

Mr. Breslin asked how many consultants are engaged by the Corporation and how long are their contracts.

Mr. King noted that there were five (5) contracts:

- 1. Legal Representation – contracted by engagement letter only**
- 2. IT - three (3) year contract but renewed yearly with two (2) – one (1) year options**
- 3. Real Estate – one (1) year contract**
- 4. Public Relations - two (2) year contract**
- 5. Accounting – three (3) year contract in conjunction with EDC**

There being no further business to come before the Committee, upon motion duly made by Mr. Breslin and seconded by, Mr. Simpson the

meeting was adjourned at 4:48 p.m.

Respectfully submitted:

By:_____

Kevin M. Barry

Finance Director