

QUONSET DEVELOPMENT CORPORATION MEETING OF THE GOVERNANCE COMMITTEE

JUNE 19, 2006

A meeting of the Governance Committee of the Quonset Development Corporation (the "Corporation") was held at 4:00 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 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, Kas R. DeCarvalho, David Doern, Barbara Jackson, John Patterson, Sav Rebecchi, John Simpson and M. Paul Sams. Also present were W. Geoffrey Grout, Managing Director, E. Jerome Batty, Secretary.

1. Called to Order.

The meeting was called to order at 4:00 p.m. by Mr. DeCarvalho.

2. Review of Rhode Island Code of Ethics.

Mr. DeCarvalho introduced Jason Grammitt, Staff Attorney/Education Coordinator of the Rhode Island Ethics Commission. Mr. Grammitt distributed to all parties in attendance a document entitled "Understanding the Code of Ethics".

Mr. Grammitt stated that the Ethics Commission is a State agency which was established by the State constitution and has legislative authority with respect to the ethics laws. He noted that it is not unusual that there would be conflicts of interest and there is nothing wrong with a conflict of interest so long as it is identified and the party in question recuses himself/herself with respect to such matters.

Mr. Grammitt explained that a conflict exists if it is "reasonably foreseeable" that: (1) a decision I am helping to make, (2) would result in a financial benefit or detriment, (3) to: (a) me; or (b) a member of my family; or (c) my outside employer or my business associate. Business associates are any persons or entities that a board member is joined with to achieve a common financial objective. These would include not only business partners but also people that a board member has hired such as an attorney, accountant, realtor, contractor, etc. Business associates may also include organizations, even if not for profit, for which a board member is an officer or director. Mr. Grammitt also noted that the Ethics Commission's position is that a board member cannot be a "business associate" of a municipal entity.

Mr. Grammitt stated that if recusal is an option then the conservative approach would be to recuse oneself in all instances where there is a question. Although municipal entities are not considered part of the conflict of interest laws, he noted that it may still be appropriate in certain instances to recuse oneself. There may be an appearance of impropriety which would make it appropriate to recuse oneself. He also noted that there does not have to be a conflict of interest to exercise the recusal option and one could recuse oneself for any reason.

Once a board member recuses himself/herself it must be from all aspects of the meeting and once recusal has been taken, one cannot participate in the debate and should remove oneself from the table. The board member may remain in the room unless it is executive session in which case it would be appropriate for the board member to leave the room. The rights of a board member after recusal are the same as any member of the public. In the case of a public hearing, a board member may address the board on a matter that affects a board member personally.

Mr. Grammitt reviewed the procedure for recusal and the statement of conflict of interest form which must be filed in the case of a recusal. He also reviewed the process for requesting an advisory opinion and the financial disclosure forms which must be filed with the Ethics Commission.

With respect to matters involving the Town of North Kingstown, the members of the Board who are also members of the North Kingstown Town Council individually have the responsibility of the individual board member to make a determination as to whether or not recusal is appropriate. He also noted that although the code of ethics does not consider a municipal entity to be a business associate, this could be an issue which would be addressed by the bylaws of the Corporation and the Board could adopt rules that are stricter than the code of ethics.

Mr. Grammitt reminded members of the Board that the Ethics Commission staff is available to respond to questions and there is a designated staff member who is responsible for responding to questions on a daily basis.

There being no further business to come before the meeting, upon motion made by Mr. Rebecchi and seconded by Mr. Sams, the meeting was adjourned at 5:00 p.m.

Respectfully submitted,



E. Jerome Batty, Secretary