

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

BOARD OF DIRECTORS

WEDNESDAY, JUNE 20, 2012, AT 4:00 PM

IN THE MARY BRENNAN BOARD ROOM

T. F. GREEN AIRPORT

2000 POST ROAD, WARWICK, RHODE ISLAND

The meeting of the Rhode Island Airport Corporation (“Corporation”) Board of Directors was called to order by Chair, Kathleen C. Hittner, M.D., at 4:00 pm., in the Mary Brennan Board Room at 2000 Post Road, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

BOARD MEMBERS PRESENT: Kathleen C. Hittner, M.D; Deborah M. Thomas; Robert D. Sangster; Michael F. Ryan.

BOARD MEMBER ABSENT: Joseph M. Cianciolo; Bradford S. Dimeo; Michael A. Traficante.

ALSO PRESENT: Kevin A. Dillon, A.A.E., President and CEO; and those members listed on the attendance sheet attached hereto.

1. Approval of the Minutes:

A motion was made by Mr. Ryan and seconded by Mr. Sangster to

approve the minutes of the Board of Director's Meeting of May 16, 2012. The motion was passed unanimously.

2. Open Forum:

Dr. Hittner asked if anyone present wanted to speak in Open Forum. Mr. Richard Langseth, representing the Greenwich Bay Watershed, referred to a press release he had prepared concerning Mr. Dillon's recent announcement that he will be taking a new position in Connecticut. Mr. Langseth's comments focused on efforts he felt the Board should undertake to solidify the future of T. F. Green Airport and Westerly Airport, including the selection criteria for the interim President and CEO. Mr. Langseth also asked the Board to consider making Peter Frazier, RIAC's General Counsel, its permanent President and CEO.

3. Report from President and CEO:

Mr. Dillon reported that this would be his last Board Meeting before he leaves to take up his new position in Connecticut. Mr. Dillon thanked the Board for their support during his tenure as President and CEO.

Mr. Dillon reported that passenger traffic for May 2012 dropped 9.78% on almost 20% less scheduled capacity. Year-to-date passenger

traffic dropped 2.52%. Mr. Dillon also updated the Board on the Glide Slope issue which had impacted operations.

Mr. Dillon reported that GA operations were up 0.58%. Total fuel numbers were up 10.74%.

Mr. Dillon gave an update on air service marketing efforts. Mr. Dillon reported that discussions are ongoing with JetBlue.

Mr. Dillon gave an update on the Deicer Management System, noting that 90% design documents are being reviewed.

Mr. Dillon reported that three new passenger boarding bridges have been installed.

Mr. Dillon reported that work is continuing on various close out items on the InterLink project.

4. Finance and Audit Committee Report:

Both consent agenda items were discussed individually.

Consent Items:

(a) Consideration of and Action Upon Approval of the Fiscal Year 2013 Budget.

Ms. Thomas reported that the Finance and Audit Committee had met earlier in the day to review the draft Fiscal Year 2013 budget. At that meeting the Committee had discussed recruiting expenses and the recommendation was made to increase the recruiting expense line item by \$30,000. This will bring the line item to \$62,400. Ms. Thomas reported that the recommendation is that the Board approve the Fiscal Year 2013 budget, as amended.

A motion was made by Ms. Thomas and seconded by Mr. Ryan to approve the Fiscal Year 2013 budget, as amended. The motion was passed unanimously.

(b) Consideration of and Action Upon Approval to Bind Insurance Policies that are Effective on June 30, 2012.

Ms. Thomas gave a brief overview of the item. The recommendation is that the Board authorize the President and CEO, or his designee, to bind the insurance policies that are effective June 30, 2012, as recommended by Willis of Massachusetts, Inc., and RIAC management.

A motion was made by Ms. Thomas and seconded by Mr. Ryan to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) is

responsible for the maintenance and operation of airport facilities at the six Rhode Island airports; and

WHEREAS, RIAC carries General Liability Insurance, Aircraft Hull and Liability Insurance, Property Insurance, Automobile Insurance, Inland Marine (Mobile Equipment) Insurance, Crime Insurance, Fiduciary Insurance, Workers' Compensation Insurance, Pollution Insurance, Flood Insurance, Storage Tank Insurance and Director's and Officer's Insurance policies; and

WHEREAS, Willis and RIAC staff recommend adding Cyber Insurance coverage to the program; and

WHEREAS, all policies except for Pollution, Director's and Officer's, Storage Tank and Flood have renewal dates of June 30, 2012; and

WHEREAS, RIAC utilizes the brokerage services of Willis of Massachusetts, Inc. (Willis) to competitively market its Insurance Program; and

WHEREAS, after an extensive marketing process, Willis and RIAC management recommend that the following policies be bound effective June 30, 2012:

Policy Carrier Premium

Property American Guarantee and Liability Insurance Company

(Zurich) \$ 415,639

**General Liability Commerce and Industry Insurance Company (A
Chartis Company) \$ 118,178**

**Automobile The Wausau Underwriters Insurance Company (a Liberty
Mutual Co) \$ 61,968**

Mobile Equipment The Hartford \$ 23,775

**Crime Travelers Casualty and Surety Company of America \$
4,976**

**Fiduciary Travelers Casualty and Surety Company of America \$
5,321**

**Aviation Hull Liability USAU:United States Aviation Underwriters
(USAIG) \$ 50,000**

**Workers Compensation Beacon Mutual Insurance Company \$
332,098**

Cyber ACE American Insurance Company \$ 12,072

Total \$ 1,024,027

**WHEREAS, RIAC has a fiscal year budget which provides funding for
these policies through its Operating & Maintenance (O & M) budget.**

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to bind the insurance policies that are effective June 30, 2012 as recommended by Willis of Massachusetts, Inc. and RIAC management.

The motion was passed unanimously.

5. Action Items:

(a) Consideration of and Action Upon Approval of a Consultant Task Order for Construction Phase Services for the Reconstruction, Marking and Lighting of Taxiway B and Reconstruction of the On-Site Wastewater Treatment System at North Central Airport AND Consideration of and Action Upon Approval of a Construction Contract for the Reconstruction, Marking and Lighting of Taxiway B and Reconstructing of the On-Site Wastewater Treatment System at North Central Airport.

Mr. Dillon gave an overview of the projects. The recommendation is that the Board authorize the President and CEO, or his designee to 1) execute a Construction Contract with J H Lynch & Sons, Inc., and 2) execute a Task Order with HNTB Corporation for construction phase services for the Reconstruction, Marking and Lighting of Taxiway B

and Reconstruction of the On-Site Wastewater Treatment System at North Central Airport, subject to receipt of a federal grant offer.

A motion was made by Mr. Ryan and seconded by Ms. Thomas to approve the following resolutions:

WHEREAS, a competitive bidding process was undertaken according to the Rhode Island Airport Corporation's (RIAC) procurement rules for the Reconstruction, Marking and Lighting of Taxiway B and Reconstruction of the On-Site Wastewater Treatment System (OWTS) project at North Central Airport; and

WHEREAS, in April 2012, RIAC issued an Invitation for Bids (IFB) for this project; and

WHEREAS, three bids were received on May 10, 2012; and

WHEREAS, HNTB Corporation (HNTB), RIAC's Design Consultant for this project, has determined that the bid submitted by J H Lynch & Sons, Inc. (Lynch) in the amount of \$2,496,603 is the lowest responsive bid; and

WHEREAS, RIAC staff agrees with HNTB's determination and recommends award of this contract to Lynch; and

WHEREAS, the project is being proposed in the Fiscal Year 2013

Capital Improvement Program (CIP) budget in the amount of \$3,117,777; and

WHEREAS, the Taxiway B portion of this contract is eligible for 90% (\$2,097,497) reimbursement through the Federal Aviation Administrations (FAA) Airport Improvement Program (AIP), with RIAC's 10% (\$233,056) matching share through General Purpose Funds; and

WHEREAS, the OWTS portion of the contract (\$166,050) will be funded with General Purpose Funds, with reimbursement of eligible elements from the FAA at a later date as entitlement funds become available.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute a Construction Contract with J H Lynch & Sons, Inc. for the Reconstruction, Marking and Lighting of Taxiway B and Reconstruction of the On-Site Wastewater Treatment System at North Central Airport, in an amount not to exceed \$2,496,603, subject to receipt of a federal grant offer.

WHEREAS, the Rhode Island Airport Corporation (RIAC) entered into a Task Order with HNTB Corporation (HNTB) to provide Design and Bid Phase Services associated with Reconstruction, Marking and

Lighting of Taxiway B and Reconstruction of the On-Site Wastewater Treatment System (OWTS) project at North Central Airport; and

WHEREAS, RIAC has negotiated a Scope and Fee with HNTB to provide Construction Phase Services in the amount of \$241,209; and

WHEREAS, this Scope and Fee has been reviewed and approved by the Federal Aviation Administration (FAA); and

WHEREAS, the project is being proposed in the Fiscal Year 2013 Capital Improvement Program (CIP) budget in the amount of \$3,117,777; and

WHEREAS, the Taxiway B portion of this contract is eligible for 90% (\$200,526) reimbursement through the FAA Airport Improvement Program (AIP), with RIAC's 10% (\$22,281) matching share through General Purpose Funds; and

WHEREAS, the OWTS portion of the contract (\$18,402) will be funded with General Purpose Funds, with reimbursement of eligible elements from the FAA at a later date as entitlement funds become available.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute a Task Order with HNTB Corporation. for the Reconstruction,

Marking and Lighting of Taxiway B and Reconstruction of the On-Site Wastewater Treatment System at North Central Airport, in an amount not to exceed \$241,209, subject to receipt of a federal grant offer.

The motion was passed unanimously.

(b) Consideration of and Action Upon Approval of a Consultant Task Order Amendment for the 2020 No-Build Voluntary Land Acquisition Program (Phase 4) at T. F. Green Airport.

Mr. Dillon gave an overview of the program. There was discussion of the changes to the original scope of work. The recommendation is that the Board authorize the President and CEO, or his designee, to execute a Task Order Amendment with W. D. Schock Company, Inc., for Acquisition and Relocation Services associated with Phase 4 of the 2020 No-Build Voluntary Land Acquisition Program at T. F. Green Airport.

A motion was made by Mr. Ryan and seconded by Mr. Sangster to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) entered into a Task Order with W D Schock Company, Inc. (Schock) to perform Acquisition and Relocation Services associated with Phase 4 of the 2020 No-Build Voluntary Land Acquisition Program; and

WHEREAS, initially, the scope of work included the acquisition of two apartment complexes and/or approximately 11 homes; and

WHEREAS, upon review of the Program, it has been determined that there are funds available for the purchase of up to 43 homes; and

WHEREAS, due to the increase in size of this scope, RIAC has requested a revised Scope and Fee from Schock to perform all Acquisition and Relocation Services, to include environmental and demolition of these homes; and

WHEREAS, RIAC has negotiated a Scope and Fee with Schock to provide these additional services in the amount of \$1,515,551; and

WHEREAS, this Scope and Fee has been reviewed and approved by the Federal Aviation Administration (FAA); and

WHEREAS, the project is being proposed in the Fiscal Year 2013 Capital Improvement Program (CIP) budget in the amount of \$12,560,000; and

WHEREAS, this Task Order will be funded 80% (\$1,212,441) reimbursement through the FAA Airport Improvement Program (AIP), with RIAC's 20% (\$303,110) matching share through Passenger Facility Charges.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute a Task Order Amendment with W D Schock Company, Inc. for Acquisition and Relocation Services associated with Phase 4 of the 2020 No-Build Voluntary Land Acquisition Program at T. F. Green Airport in an amount not to exceed \$1,515,551.

The motion was passed unanimously.

(c) Consideration of and Action Upon Approval of an Amendment to the Management Agreement for the General Aviation Airports.

Mr. Dillon gave an overview of the management agreement and the proposed amendment. The recommendation is that the Board authorize the President and CEO, or his designee, to execute an Amendment to the Management Agreement with AFCO AvPORTS Management LLC to: 1) extend the term through June 30, 2017; and 2) incorporate an escalation clause for the management fee based on a change in the Consumer Price Index from the prior year or 3%, whichever is less, beginning with Fiscal Year 2014.

A motion was made by Mr. Sangster and seconded by Ms. Thomas to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) Board of

Directors authorized the President and CEO to execute a Management Agreement (Agreement) with AFCO AvPORTS Management LLC (AvPORTS) in the amount of \$150,000 per year, plus a success based financial incentive, for a two year period to manage, operate, maintain and develop Rhode Island's five General Aviation airports at its February 2011 Board meeting; and

WHEREAS, subsequent to this approval RIAC entered into the agreement with a term through June 30, 2013; and

WHEREAS, AvPORTS has communicated to RIAC that it is having difficulty attracting quality management candidates to oversee this contract based on the remaining short term of the Agreement; and

WHEREAS, AvPORTS is confident that it will be able to attract the right candidate if the term of the Agreement is extended through June 30, 2017 (a five (5) year term; commencing at the start of RIAC's next Fiscal Year on July 1, 2012); and

WHEREAS, based on the extension of term AvPORTS has also requested that the management fee (currently at \$150,000) be escalated beginning in FY 2014 (the first year of the extended term); and

WHEREAS, RIAC staff recommends that the amendment include an escalation clause for the management fee based on a change in the

Consumer Price Index from the prior year or 3%, whichever is less, beginning with Fiscal Year 2014; and

WHEREAS, it will remain the intent of the parties to utilize the term of the Agreement to determine if there is a mutually acceptable arrangement under which AvPORTS will enter into a Lease Agreement with RIAC for the management and development of the General Aviation airports.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute an Amendment to the Management Agreement with AFCA AvPORTS Management LLC to:

- 1. Extend the term through June 30, 2017; and**
- 2. Incorporate an escalation clause for the management fee based on a change in the Consumer Price Index from the prior year or 3%, whichever is less, beginning with Fiscal Year 2014.**

The motion was passed unanimously.

A motion was made by Mr. Ryan, pursuant to R.I.G.L. § 42-46-6(b) to amend the agenda to add a discussion item to the Open Session after the Executive Session related to formulating a President and CEO transition plan. Ms. Thomas seconded the motion. By the following

roll call vote, the motion was passed unanimously:

YEAS: Kathleen C. Hittner, M.D.

Deborah M. Thomas

Robert D. Sangster

Michael F. Ryan

NAYS: None

ABSTAIN: None

6. Executive Session:

At approximately 4:20 p.m., a motion was made by Mr. Ryan and seconded by Ms. Thomas to go into Executive Session for the purposes of discussing the following items:

(a) Motion to Approve the Minutes of the Executive Session Held on May 16, 2012 – R.I.G.L. § 42-46-5(a)(1), (2) and (7); and

(b) Discussion Related to the Acquisition of Real Property for Public Purposes at T. F. Green Airport - R.I.G.L. § 42-46-5(a)(5); and

(c) Investment of Public Funds Where Premature Disclosure Would be Detrimental to the Public Interest (Airport and Air Service

Development) – R.I.G.L. § 42-46-5(a)(7); and

**(d) Discussion Related to Job Performance – R.I.G.L. § 42-46-5(a)(1);
and**

(e) Motion to Return to Open Session.

It was noted for the record, that the affected individuals had been notified in writing that the public body intended to convene in Executive Session in order to discuss their job performance and had declined to have this discussion take place in Open Session.

By the following roll call vote the motion was passed unanimously.

YEAS: Kathleen C. Hittner, M.D.

Deborah M. Thomas

Robert D. Sangster

Michael F. Ryan

NAYS: None

ABSTAIN: None

At approximately 5:25 p.m., a motion was made by Mr. Ryan and seconded by Mr. Sangster to reconvene to the Open Session. The motion was passed unanimously.

7. Post Executive Session Actions and Announcements:

(a) Motion to Seal the Minutes of the Executive Session Held on June 20, 2012.

A motion was made by Mr. Ryan and seconded by Ms. Thomas to seal the minutes of the Executive Session in accordance with R.I.G.L. § 42-46-4. By the following roll call vote the motion was passed unanimously.

YEAS: Kathleen C. Hittner, M.D.

Deborah M. Thomas

Robert D. Sangster

Michael F. Ryan

NAYS: None

ABSTAIN: None

(b) Report on Actions Taken in Executive Session.

During the Executive Session, a motion was made by Mr. Ryan to approve the sealed minutes of the Executive Session held on May 16, 2012. The motion was seconded by Mr. Sangster. The motion was passed unanimously.

(c) Discussion Related to President and CEO Transition Plan.

Dr. Hittner gave an overview of the process that was being formulated to commence an executive search, noting that the Corporation would be utilizing the services of its on-call consulting firm, ADK Executive Search. Dr. Hittner reported that the Board would also be forming a President and CEO Selection Committee, and would be appointing an Interim President and CEO. The Board will hold a special Board Meeting in July to formalize these arrangements.

8. Future Meetings:

The next Board Meeting will be held on Wednesday, July 18, 2012 at 4:00 p.m., in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island.

9. Adjournment:

Mr. Ryan moved to adjourn at approximately 5:29 p.m. Mr. Sangster seconded the motion. The motion was passed unanimously.

Respectfully submitted,

Kathleen C. Hittner, M.D., Chair
Rhode Island Airport Corporation

PUBLIC ATTENDANCE SHEET
RHODE ISLAND AIRPORT CORPORATION
MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, JUNE 20, 2012

NAME AFFILIATION

Brian Schattle RIAC

Peter Frazier RIAC

Patti Goldstein RIAC

Woody Cresswell The Paradies Shops

Michelle Tucci HMS Host

John Drishner HMS Host

Paul Parker The Providence Journal

Richard Langseth Greenwich Bay Watershed

The minutes of the Executive Session of the Board Meeting of June 20, 2012, have been sealed in accordance with R.I.G.L. § 42-46-4.