

**MINUTES OF MEETING**

**RHODE ISLAND AIRPORT CORPORATION**

**BOARD OF DIRECTORS**

**WEDNESDAY, OCTOBER 15, 2014 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, Jon Savage at 4:00 p.m., 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: Jon Savage; Russell Hahn; Deborah Thomas (arrived at 4:09 p.m.); Michael Traficante and Paul Carroll.**

**BOARD MEMBER ABSENT: Bradford Dimeo and John Justo**

**ALSO PRESENT: Kelly J. Fredericks, P.E., 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. Traficante and seconded by Mr. Carroll to**

**approve the minutes of the Board of Director's Meeting of September 18, 2014.**

**The motion was passed by four affirmative votes, with one Board Member abstaining himself from voting. The vote was as follows:**

**YEAS: Russell Hahn**

**Deborah Thomas**

**Michael Traficante**

**Paul Carroll**

**NAYS: None**

**ABSTAIN: Jon Savage**

**2. Open Forum:**

**Mr. Savage asked if anyone present wanted to speak in Open Forum. No one came forward.**

**3. Report from President and CEO:**

**Mr. Fredericks presented the President and CEO Report and reported on the following:**

- **Mr. Fredericks reported passenger travel was down 5.6% for the month and down 6.24% year to date. Seating capacity was down approximately 4%. For the prior month, JetBlue was up 16.87%, US Airways was up 3.88% and Cape Air was up 4% while all other carriers experienced a decline. It was noted that Southwest Airlines carried 10.41% fewer passengers so far this year. Mr. Fredericks noted the rate of capacity reductions are declining and there are scheduled increases in seating capacity starting in January.**

- **Mr. Fredericks reported air cargo was up 1.67% for the month and up 3.62% year to date. It was noted the continuous upturn in cargo is primarily associated with goods being shipped out of T. F. Green Airport.**

- **Mr. Fredericks reported the Go Green Partnership meetings with strategic local businesses and the Providence Chamber of Commerce have been completed. Mr. Fredericks reported the data collection phase for passengers and cargo has been completed and the information will be used to help translate new market needs.**

- **Mr. Fredericks reported a joint presentation with Shannon Airport Authority and RIAC was presented to a carrier at the World Routes Conference and was well received.**

- **Mr. Fredericks reported parking revenue for the prior month was down 5.2% with ticket sales down 7.3%. Mr. Fredericks stated RIAC has a history of managing its revenues and expenses and is prepared to ensure expenses are concurrent with revenues.**
- **Mr. Fredericks provided an update on the general aviation airports and noted it was a good month overall with operations up 2.2%, fuel sales down 6% and AvGas sales up almost 34%. Decreased jet fuel sales at the GA airports are attributed to the closure at Quonset Airport, with some of the sales being recaptured at T. F. Green State Airport. Mr. Fredericks reported that jet fuel sales at Newport Airport were well received and will resume next year.**
- **Mr. Fredericks reported passenger numbers at Block Island and Westerly Airports have exceeded 10,000 which is the threshold for RIAC to receive an additional \$1.7 Million in FAA funding for capital improvement projects system wide.**

**Mr. Fredericks reported a Notice of Availability was posted on the RIAC website to provide information on development opportunities at each of the Rhode Island airports. The Notice includes information the process as well as opportunities for both inside the terminal and airside. A scrolling banner will also be added to the website to showcase this Notice.**

- **Mr. Fredericks provided an update on the proposal submitted to be considered the host community for the 2015 AOPA Fly In Event. Mr. Fredericks stated 40 proposals have been submitted. An update will be provided to the Board as soon as it is available.**
- **Mr. Fredericks reported the General Aviation Working Group member list is being finalized. The purpose of these meetings will be to bridge communications between general aviation users and RIAC. A broad cross-section of pilots and businesses has been invited to participate.**
- **Mr. Fredericks reported that, in response in the growing amount of construction related activities at T. F. Green State Airport, there has been an increased focus on community outreach efforts and that a number of public meetings have already been planned to discuss a myriad of issues including construction, air quality monitoring and the residential sound program and obstruction removal.**
- **Mr. Fredericks reported updated information on the Ebola outbreak including that significant coordination is ongoing with state and federal agencies. The outbreak will continue to be monitored and updates will be provided to the Board.**
- **Mr. Fredericks reported legislation on federal reauthorization will expire September 30, 2015 and is being monitored closely. Mr. Fredericks stated there may be the opportunity to support initiatives**

such as increasing the Passenger Facility Charge (PFC) due to inflation. More information will be provided to the Board as it becomes available.

- Mr. Fredericks reported a conference call was held with the Fitch Rating Agency and he asked Mr. Schattle to provide an overview. Mr. Schattle reported RIAC presented the 2014 Audited Financial Reports to Fitch. Mr. Schattle stated Fitch will review the information and meet with the committee to determine RIAC's rating. Mr. Schattle reported RIAC's current rating is BBB+ with a stable outlook.

- Mr. Fredericks reported the Transparency Legislation will become effective in January 2015 and he asked Mr. Frazier to provide an overview. Mr. Frazier gave an overview of the roles and responsibilities of the Board as part of the Transparency Act noting the Board will need to review and approve updates to RIAC's Code of Ethics and indemnification policy as well as its corporate policies covering travel, charitable contributions, marketing and lobbying. It was also noted that an Executive Compensation Committee, comprised of Board Members, needs to be established to review and approve compensation and job descriptions for senior management of the Corporation. Mr. Frazier reported a public audit, completed by the Auditor General, will be completed every five years at a cost to RIAC not to exceed \$75,000.

- **Mr. Fredericks provided an update on the Airport Expansion Program and noted the demolition of Hangar 1 has been completed. The glycol recovery project is moving forward was on target to meet the October 13th collection deadline and is on target to meet the March 31, 2015 operating deadline. Mr. Fredericks reported a community outreach meeting was held to discuss the dust issues as part of the Winslow Park Project. The ball fields are scheduled to open in July 2015. Mr. Fredericks reported design efforts continue for the relocation of Main Avenue and the Runway 5-23 Expansion Project. These projects are on track to be completed by December 7, 2017.**

- **Mr. Fredericks provided an air service update and stated that average load factors are currently 90% versus 77% in 2005. It was noted that there are currently fewer carriers thereby attributing to the decreased passenger numbers. Mr. Fredericks stated T. F. Green has nonstop service to its top 13 markets of 19 non-stop destinations.**

- **Mr. Fredericks reported RIAC's Air Service Development consultant will be providing an update at the November Board Meeting.**

#### **4. Action Items:**

**(a) Consideration of and Action Upon Approval of a Consultant Task**

## **Order to the Phase 3 – Sound Mitigation Program at T. F. Green Airport.**

**Mr. Fredericks provided an overview of the item noting this Task Order was for the design of 120 eligible properties. To date, 80 properties are participating in the program. This Task Order does not include construction. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute a Task Order with The Jones Payne Group to provide services associated with Phase 3 of the Sound Mitigation Program at T. F. Green Airport in an amount not to exceed \$1,255,000, as contemplated in the Fiscal year 2015 budget, subject to approval by the FAA.**

**A motion was made by Mr. Hahn and seconded by Mr. Traficante to approve the following resolution:**

**WHEREAS, on February 13, 2013, the Rhode Island Airport Corporation (RIAC) entered into a Professional Services Agreement with The Jones Payne Group (JPG) to provide Consultant Services related to the Sound Mitigation Program for T. F. Green Airport; and**

**WHEREAS, to date, four Task Orders in the amount of \$2,583,914 have been issued under this Agreement; and**

**WHEREAS, RIAC staff has negotiated a Scope and Fee with JPG in the amount not to exceed \$1,255,000 to provide public outreach,**

**document control, home assessment,**

**acoustical testing, design, bid and other related services for Phase 3 of the Sound Mitigation Program at T. F. Green Airport; and**

**WHEREAS, the Federal Aviation Administration (FAA) is currently reviewing the Scope and Fee and RIAC expects approval by mid-month; and**

**WHEREAS, the project is approved in the Fiscal Year 2015 Capital Improvement Program (CIP) budget in the amount of \$4,851,000; and**

**WHEREAS, this Task Order will be initially funded from General Purpose Funds and seek a Federal Fiscal year 2015 grant for 90% of this cost.**

**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 The Jones Payne Group to provide services associated with Phase 3 of the Sound Mitigation Program at T. F. Green Airport in an amount not to exceed \$1,255,000, as contemplated in the Fiscal year 2015 budget, subject to approval by the FAA.**

**The motion was passed unanimously.**

**(b) Consideration of and Action Upon Approval to Enter Into a Contract to Renovate the Space Occupied by the Transportation Security Administration.**

**Mr. Fredericks gave an overview of this item and noted that the item will be paid for by the Transportation Security Administration. RIAC will receive a project administrative fee. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute a Contract with Globex Industries, Inc. to renovate the space occupied by the Transportation Security Administration at T. F. Green Airport, in the amount of \$140,000, subject to the TSA's commitment of federal funds for this project.**

**A motion was made by Mr. Hahn and seconded by Mr. Traficante to approve the following resolution:**

**WHEREAS, a competitive bidding process was undertaken according to the Rhode Island Airport Corporation's (RIAC) procurement rules to renovate the space occupied by the Transportation Security Administration (TSA) at T. F. Green Airport; and**

**WHEREAS, on August 28, 2014, RIAC issued an Invitation for Bids (IFB) for this project; and**

**WHEREAS, on September 4, 2014, RIAC held a pre-bid meeting and**

**site visit at T. F. Green Airport for all interested bidders to familiarize themselves with the scope of work and site restrictions; and**

**WHEREAS, on September 16, 2014, RIAC received five sealed bids; and**

**WHEREAS, RIAC staff has determined that the bid submitted by Globex Industries, Inc. in the amount of \$140,000 is the lowest responsible bid; and**

**WHEREAS, this project will be funded in its entirety from federal funds administered by the General Services Administration on behalf of the TSA; and**

**WHEREAS, RIAC will serve as the Program Manager for this project and as such, will bill the government a project administration fee of 15% of the contract value.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Board authorizes the President and CEO, or his designee, to execute a Contract with Globex Industries, Inc. to renovate the space occupied by the Transportation Security Administration at T. F. Green Airport, in the amount of \$140,000, subject to the TSA's commitment of federal funds for this project.**

**The motion was passed unanimously.**

**(c) Consideration of and Action Upon a Board of Directors Delegation Table (Updated).**

**Mr. Frazier gave an overview of this item noting the Delegation Table was implemented to provide direction to the staff on items which require Board approval. Mr. Frazier stated the present request supplements RIAC's staff to purchase properties part of a federally funded capital program. Specifically, authority is sought to allow RIAC to act as the lender for real estate transactions up to \$300,000 when the home is (a) deemed a mandatory acquisition; (b) part of a federally funded capital program; (c) the loan is secured by a recorded mortgage and/or security instrument; and (d) the lending is needed to meet requirements of the Uniform Relocation Act.**

**Mr. Frazier noted that RIAC had already acted as a lender in one prior transaction which satisfied the foregoing criteria. That loan transaction was disclosed to the Board during a prior meeting. Mr. Carroll requested that the ratification of prior RIAC's actions be limited to the foregoing initial loan transaction. Mr. Hahn sought to confirm that RIAC would have a recorded mortgage and/or security instrument in all such transactions.**

**The recommendation is that the Board approves the attached**

**updated Delegation Table and ratifies the previously disclosed qualifying loan transaction.**

**A motion was made by Mr. Carroll and seconded by Mr. Traficante to approve the following resolution as amended:**

**WHEREAS, in April 2011, the Rhode Island Airport Corporation (RIAC) Board of Directors (Board) approved the Delegation table which identifies items by category and the thresholds that require Board approval; and**

**WHEREAS, the Board delegation table authorizes RIAC staff to procure real property which is part of a federally funded project; and**

**WHEREAS, occasionally, for RIAC to meet its obligations under the Uniform Relocation Act, RIAC needs to assist the selling party with the acquisition of a replacement property for which RIAC's financial assistance is secured by a recorded mortgage and/or security interest; and**

**WHEREAS, RIAC staff recommends that it be authorized to provide the foregoing financial assistance for mandatory acquisitions in an amount up to \$300,000 subject to obtaining a qualified property appraisal and recorded security interest and/or mortgage; and**

**WHEREAS, RIAC staff will report to the Board any time it exercises its authority under this provision.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Board approves the attached updated Delegation Table and ratifies the previously disclosed qualifying loan transaction.**

**The motion was passed unanimously.**

**(d) Consideration of and Action Upon Approval to Bind Coverage for Life Insurance, Short Term Disability Insurance and Long Term Disability Insurance.**

**Mr. Schattle gave an overview of this item noting it went to market and four bids were received. The recommendation is that the Board approve the attached resolution authorizing the President and CEO, or his designee, to bind coverage with Lincoln Financial effective November 1, 2014 for Life Insurance, Short Term Disability Insurance and Long Term Disability Insurance based on the total annual premium of \$161,984 which is included in the Fiscal Year 2015 budget, with a two year rate guarantee.**

**A motion was made by Mr. Hahn and seconded by Mr. Traficante to approve the following resolution:**

**WHEREAS, the Rhode Island Airport Corporation (RIAC), with the assistance of its employee benefits broker, Cornerstone Group (Cornerstone), solicited the marketplace for Life Insurance, Short Term Disability Insurance and Long Term Disability Insurance; and**

**WHEREAS, RIAC received four proposals; and**

**WHEREAS, all proposals were based on the current employee census for comparison; and**

**WHEREAS, all proposals contained a two year rate guarantee; and**

**WHEREAS, Lincoln Financial submitted the lowest annual premium for these insurance coverages in the amount of \$161,984; and**

**WHEREAS, Cornerstone recommends binding of the coverage with Lincoln Financial effective November 1, 2014; and**

**WHEREAS, RIAC staff agrees with Cornerstone's recommendation; and**

**WHEREAS, the approved Fiscal Year 2015 Operations and Maintenance budget includes \$197,000 for this insurance.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Board approve the attached resolution authorizing the President and CEO, or his designee, to bind coverage with Lincoln Financial effective November 1, 2014 for Life Insurance, Short Term Disability Insurance and Long Term Disability Insurance based on the total annual premium of \$161,984 which is included in the Fiscal Year 2015 budget, with a two year rate guarantee.**

**The motion was passed unanimously.**

**(e) Consideration of and Action Upon Approval of a Professional Services Agreement for the Operation and Maintenance of the Long Term Air Quality Monitoring System.**

**Mr. Frazier provided an overview of this item noting testing is required through 2017 as part of the Memorandum of Understanding with the City of Warwick. The recommendation is that the Board authorizes the President and CEO, or his designee, to enter into a one year Professional Services Agreement with American Ecotech in the amount of \$141,857, which is included in the Fiscal Year 2015 budget, for the operation and maintenance of the Long Term Air Quality Monitoring System at T. F. Green Airport, with two additional one year terms at the discretion of RIAC.**

**A motion was made by Mr. Traficante and seconded by Mr. Hahn to approve the following resolution:**

**WHEREAS, a competitive bidding process was undertaken according to the Rhode Island Airport Corporation's (RIAC) procurement rules for the operation and maintenance of the Long Term Air Quality Monitoring System at T. F. Green Airport; and**

**WHEREAS, on September 23, 2014, RIAC issued an Invitation for Bids (IFB) for this project; and**

**WHEREAS, three bids were received by the deadline of October 2, 2014; and**

**WHEREAS, RIAC staff determined that the bid submitted by American Ecotech with a year one cost of \$141,857 and an average three year cost of \$143,906 is the lowest responsive bid; and**

**WHEREAS, this project is approved in the Fiscal Year Operating and Maintenance (O&M) budget in the amount of \$159,271.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Board authorizes the President and CEO, or his designee, to enter into a one year Professional Services Agreement with American Ecotech in the amount of \$141,857, which is included in the Fiscal Year 2015 budget, for the operation and maintenance of the Long**

**Term Air Quality Monitoring System at T. F. Green Airport, with two additional one year terms at the discretion of RIAC.**

**The motion was passed unanimously.**

**5. Executive Session:**

**At approximately 4:58 p.m. a motion was made by Mr. Hahn and seconded by Mr. Carroll to go into Executive Session for the purpose of discussing the following items:**

**(a) Motion to Approve the Minutes of the Executive Session held September 18, 2014 § 42-46-5(a)(2),(5) and (7); and**

**(b) Investment of Public Funds Where Premature Disclosure Would be Detrimental to the Public Interest (Air Service Development and Potential Corporate Hangar Lease Negotiations) – R.I.G.L. § 42-46-5(a)(7); and**

**(c) Discussions Related to One Nonpublic Potential Litigation Matter (Construction Dispute) – R.I.G.L. § 42-46-5(a)(2); and**

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

**(e) Motion to Return to Open Session.**

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

**YEAS: Jon Savage**

**Russell Hahn**

**Deborah Thomas**

**Paul Carroll**

**Michael Traficante**

**NAYS: None**

**ABSTAIN: None**

**At approximately 6:47 p.m., a motion was made by Mr. Hahn and seconded by Mr. Carroll to return to the Open Session. The motion was passed unanimously.**

## **6. Post Executive Session Actions and Announcements:**

**(a) Motion to Seal the Minutes of the Executive Session Held on October 15, 2014.**

**A motion was made by Mr. Hahn and seconded by Mr. Carroll 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: Jon Savage**

**Russell Hahn**

**Deborah Thomas**

**Paul Carroll**

**Michael Traficante**

**NAYS: None**

**ABSTAIN: None**

**(b) Report on Actions Taken in Executive Session.**

**During the Executive Session, a motion was made by Mr. Hahn to approve the sealed minutes of the Executive Session held on September 18, 2014. The motion was seconded by Mr. Traficante.**

**The motion was passed as follows:**

**YEAS: Russell Hahn**

**Deborah Thomas**

**Michael Traficante**

**Paul Carroll**

**NAYS: None**

**ABSTAIN: Jon Savage**

**The affected employees whose job performance was discussed in the executive session were given due notice that they could have that discussion held in public session. No one accepted this offer.**

**7. Future Meetings:**

**The next Board Meeting will be held on Wednesday, November 19, 2014 at 4:00 p.m., in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island.**

**8. Adjournment:**

**Ms. Thomas moved to adjourn at approximately 6:49 p.m. Mr. Hahn seconded the motion. The motion was passed unanimously.**

**Respectfully submitted,**

**Jon Savage, Chair**  
**Rhode Island Airport Corporation**

**PUBLIC ATTENDANCE SHEET**  
**RHODE ISLAND AIRPORT CORPORATION**  
**MEETING OF THE BOARD OF DIRECTORS**  
**WEDNESDAY, OCTOBER 15, 2014**

**NAME      AFFILIATION**

**Brian Schattle    RIAC**

**Peter Frazier     RIAC**

**Liberty Luciano   RIAC**

**Patricia Goldstein   RIAC**

**Sherri Ann Penta   RIAC**

**Dan Porter        RIAC**

**Bruce Wilde       RIAC**

**Paul McDonough RIAC**

**Leo Messier RIAC**

**Alan Andrade RIAC**

**Doug Dansereau RIAC**

**Robert Geoff New England Parking**

**Laurie Brayton Senate Fiscal Office**

**Annell Kuelpman ADK**

**Linda Frankl ADK**

**The minutes of the Executive Session of the Board Meeting of October 15, 2014, have been sealed in accordance with R.I.G.L. § 42-46-4.**