

**MINUTES OF MEETING**

**RHODE ISLAND AIRPORT CORPORATION**

**BOARD OF DIRECTORS**

**WEDNESDAY, DECEMBER 17, 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; Michael Traficante; John Justo and Brad Dimeo (arrived at 4:03 p.m.).**

**BOARD MEMBER ABSENT: Paul Carroll.**

**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. Hahn and seconded by Mr. Traficante to approve the minutes of the Board of Director's Meeting of November 19, 2014.**

**The motion passed unanimously.**

## **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 4.88% for the month and down 6.12% year to date. Seating capacity was down approximately 8%. For the prior month, JetBlue was up 21.05% with no change in seating capacity, US Airways was down 2.8% on 14% less seating capacity, Cape Air discontinued its seasonal service in September and Delta was up 6.92% on a 2% seating capacity decrease. It was noted that Southwest Airlines carried 0.71% less passengers on a 3% seating capacity decrease and United carried 48.5% less passengers on 49% less seating capacity. Mr. Fredericks noted the rate of capacity reductions are not expected to improve**

through the end of the year.

- **Mr. Fredericks reported he gave an Airport Update presentation to Governor Chaffee and the Commerce Corporation Board at their monthly Board Meeting on December 15th.**
- **Mr. Fredericks reported air cargo was down 6.53% for the month and up 2.71% year to date. It was noted that the overall upturn in cargo is primarily associated with goods being shipped out of T. F. Green Airport with year to date enplaned cargo up 11.79%.**
- **Mr. Fredericks reported an Air Cargo Study is being performed and a draft report should be completed in late February.**
- **Mr. Fredericks reported significant marketing and promotional efforts are underway in advance of the June 2015 start of service for Condor Airline's Frankfurt, Germany service.**
- **Mr. Fredericks reported Board Chair Jonathan Savage, Mayor Scott Avedisian, Mr. Marcel Valois, Mr. James Bennett, Ms. Goldstein, Mr. Pimental and he met with Shannon Airport in Ireland to discuss opportunities between T. F. Green Airport and Shannon Airport. Mr. Savage stated the visit was very productive and there is tremendous synergy between the two airports.**
- **Mr. Fredericks reported parking revenue for the prior month was**

**down 2.6% with ticket sales down 4.6%. Revenues are down 1.7% year to date and ticket sales are down 6.6% year to date. Mr. Fredericks stated RIAC will promote initiatives to encourage on-airport parking.**

- **Mr. Fredericks provided an update on the general aviation airports and noted it was a good month overall with operations up 13.5%, fuel sales were up approximately 2.2%. Mr. Fredericks noted there were increased passengers at both Westerly and Block Island Airports.**

- **Mr. Fredericks stated a decision on the selected airport to host the 2015 AOPA Fly In Event has not yet been made. 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 met on November 20th and was well attended and productive. The goal of these meetings is to bridge a common perspective between general aviation users and RIAC. The next meeting will be scheduled in late January or early February.**

- **Mr. Fredericks reported the \$1.4 Million dollar rehabilitation of the office space at Newport Airport has been completed and the tenants have been moved to this new facility. Mr. Fredericks stated an event to showcase RIAC's continuous investment in the general aviation airports is being scheduled.**

- **Mr. Fredericks provided the Board Members with an online article from AVweb titled GA's Difficult Climb Back and discussed the decrease in private pilot population.**
- **Mr. Fredericks provided an update on community outreach efforts and noted that RIAC will be providing an airport update to the Warwick City Council in January. Community outreach meetings have been scheduled to discuss the upcoming Obstruction Removal as part of the Runway Expansion Program. It was noted that a 24 hours a day and 7 days a week hotline has been set up for construction questions and complaints. Calls are returned within 48 hours.**
- **Mr. Fredericks reported he and RIAC staff met with Councilwoman Vella-Wilkinson and newly elected Ward 7 Councilwoman Egan-Usler on December 8th to discuss constituent's concerns.**
- **Mr. Fredericks reported T. F. Green Airport was voted the 7th best airport by Conde Nast Magazine due to the ease and convenience of access.**
- **Mr. Fredericks provided the Board with a press release issued by the AAEE regarding local Passenger Facility Charge (PFC) Adjustments. Mr. Fredericks stated the legislation on the federal reauthorization will expire on September 30, 2015 and there may be**

**the opportunity to support initiatives such as increasing the PFC due to inflation. It was noted there has not been an increase in PFCs since 2000. Mr. Fredericks reported more specific information will be provided at the next Board Meeting.**

- Mr. Fredericks reported the drainage work at Quonset Airport has been completed and the runway was reopened prior to the Thanksgiving holiday. Mr. Fredericks commended Mr. Alan Andrade and Mr. Eric Seabury for overseeing this complex project.**

- Mr. Fredericks asked Mr. Frazier to provide an update on the relocation of the Air Monitoring Station. Mr. Frazier reported a 90 day extension on the emergency regulation for temporarily relocation of the station will be implemented to allow the public to comment on the permanent relocation of this station. It was noted this station has continued to monitor the air quality during this relocation and no data has been lost.**

**Mr. Fredericks asked Mr. Schattle to provide an overview of the Year to Date Financial Statement through September 30, 2014. Mr. Schattle reported that new revenue are slightly lower than budgeted amounts primarily due to lower actual enplanement trends versus budgeted expectations. Mr. Schattle noted that RIAC staff is continuing to actively manage its revenue streams and operation expenses resulting in an operating income that is favorable to budget. Mr. Schattle highlighted that utility costs are showing a negative variance**

primarily due to higher electricity rates than the prior year and anticipated in the budget. Mr. Schattle stated RIAC has upgraded exterior lighting to energy efficient lighting to reduce energy consumption and offset some of the increase energy costs.

#### **4. Department Updates:**

##### **(a) Engineering**

##### **(i) Airport Expansion – Paul McDonough**

**Mr. McDonough provided the following updates:**

- Construction on the Runway 16 Safety Area Project is approximately 99% complete. Remaining work on this project includes installation of the fiber optic control for the rotating beacon.**
- The Runway 34 Safety Area and Environmental Improvements Project is approximately 10% complete. This project includes runway, taxiway and utility improvements, ATCT and NAVAID upgrades, EMAS system, Perimeter Road relocation, environmental improvements including new Lake Shore Drive culvert and restoration of flood storage volumes and stream restorations.**
- Demolition of Hangar 1 has been completed. Remaining work includes structural protection for the newly exposed wall. This project is 95% complete.**

- **The Deicer Management System Treatment Facility is 90% complete and the airfield construction, as part of that project, is 95% complete.**
- **Design of the relocation of Main Avenue is 90% complete. Construction on this project is scheduled to begin in June of 2016 and be completed in July of 2016. It was noted Main Avenue will not be closed during this relocation.**
- **Design of the Runway 5 Extension Project is 35% complete. This project includes runway and taxiway extension, utility improvements, ATCT upgrades, EMAS system, Perimeter Road relocation and demolition of the prior Winslow Park site. Construction on this project will begin in 2014 and be completed in 2016. The runway opening is scheduled for December 7, 2017.**

## **(b) Planning**

### **(i) Airport Systems Plan Update and Economic Impact Study Update – Daniel Porter**

**Mr. Porter provided the following updates:**

- **An update was provided on Phase I of the T. F. Green Airport Economic Impact Study. It was noted that the last study was completed in 2005. The three month process for data collection included both passenger and tenant surveys. Due to the recession**

and current airline decreases in seating capacity, there was a decline in monetary impacts; however, there was still an overall positive impact of \$1.2B.

- The Airport System Plan began in October to update the 2004 plan and ensure consistent data. Trends, fuel prices, fleet mix, airport issues and impacts as well as future performance based on improvements are being evaluated. This plan update is scheduled for completion in November 2015.

### **(c) Maintenance and Operations**

#### **(i) PVD Airfield and GA Facilities and Operations – Alan Andrade**

Mr. Andrade provided the following updates:

- An update was provided on the Ebola virus control measures. It was noted there have been no impacts at T. F. Green Airport.

- An overview was provided on aircraft operations at the general aviation airports. Due to necessary repairs on the culvert at Quonset Airport there was a 40% decrease in operations. Both Quonset and North Central Airports saw an increase in AvGas sales while Newport and Westerly saw an increase in Jet A Fuel sales.

- Snow Removal Planning has begun. The average snow fall per season is 42 inches. To date 1.9 inches have fallen. It was also noted

**that an enhanced training program has been developed and implemented for winter equipment/vehicle operation.**

- During a routine inspection on December 2nd at 3:13 a.m., a RIAC Operations Specialist spotted a fuel truck on fire. Due to the responsiveness of Operations and ARFF, the fire was completely extinguished by 3:17 a.m., resulting in no impacts to surrounding aircraft or equipment.**
- Improvements of the outdoor dining area, to increase seating capacity, at Block Island Airport has been completed.**
- Seasonal decorations have been installed in both the interior and exterior of the terminal. Colorful seasonal lighting has also been installed along the tree line entrances to the airport.**

## **5. Action Items:**

**(a) Consideration of and Action Upon Approval of a Task Order to Provide Program Management Services for the 16-34 Safety Area Improvements and the Runway 5-23 Extension Projects at T. F. Green Airport for Calendar Year 2015.**

**Mr. Fredericks provided an overview of the item noting this contract is negotiated each year for the next year's service. Mr. Fredericks stated RIAC is pleased with the services being provided. The**

**recommendation is that the Board authorizes the President and CEO, or his designee, to execute a Task Order with AECOM Technical Services, Inc. to provide Program Management Services for the Runway 16-34 Safety Area Improvements and the Runway 5-23 Extension Projects at T. F. Green Airport through December 31, 2015 in an amount equal to \$608,894**

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

**WHEREAS, on September 21, 2011, the Rhode Island Airport Corporation (RIAC) Board of Directors approved the selection of AECOM to Provide Program Management and Other Related Services for the T. F. Green Airport Improvement Program; and**

**WHEREAS, the Board of Directors approved and RIAC subsequently entered into two Task Orders with AECOM for Program Management Services expected during calendar years 2013 and 2014 in the amount of \$604,228 and \$635,435 respectively; and**

**WHEREAS, RIAC has negotiated a Scope and Fee with AECOM in the amount of \$608,894 for Calendar Year 2015; and**

**WHEREAS, the Federal Aviation Administration (FAA) has approved the total budget for these services in an amount not to exceed \$2,700,000 funded from Passenger Facility Charges; and**

**WHEREAS, this amount is included in the project budgets for the Runway 16-34 Safety Area Improvements and the Runway 5-23 Extension projects.**

**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 AECOM Technical Services, Inc. to provide Program Management Services for the Runway 16-34 Safety Area Improvements and the Runway 5-23 Extension Projects at T. F. Green Airport through December 31, 2015 in an amount equal to \$608,894.**

**The motion was passed unanimously.**

**(b) Consideration of and Action Upon Proposed Lease Amendment with the Rhode Island Commerce Corporation (Acting by and Through Its Agent and Attorney in Fact, Quonset Development Corporation).**

**Mr. Fredericks provided an overview of this item stating this will be an amendment to the lease that was entered into last year. Mr. Schattle reported that this amendment is to add an additional facility to the leasehold. The facility requires certain improvements and repairs which will be funded through the Quonset Development Corporation and reimbursed by RIAC from future revenue generated**

**by the lease of the facility. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute a lease amendment with the Rhode Island Commerce Corporation acting by and through its agent and attorney in fact, Quonset Development Corporation, in substantially the form presented.**

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

**WHEREAS, the Rhode Island Airport Corporation (RIAC) has the responsibility of developing revenue to support its general aviation airport system from certain real estate parcels at the Quonset State Airport (Revenue Producing Parcels) leased to RIAC by the State of Rhode Island; and**

**WHEREAS, the Revenue Producing Parcels are managed on behalf of RIAC by the Quonset Development Corporation (QDC); and**

**WHEREAS, RIAC has previously leased to the Rhode Island Commerce Corporation (Commerce RI), acting by and through the QDC, portions of the Revenue Producing Parcels for subsequent sublease to EB, as approved at RIAC's August, 2013 Board Meeting; and**

**WHEREAS, Commerce RI, through the QDC, desires to amend its lease agreement with RIAC to add the property known as Building 932**

**at Quonset to its leasehold, and subsequently amend its sublease with Electric Boat (EB) to include Building 932; and**

**WHEREAS, attached hereto is a QDC Request for Board Authorization which contains the material terms of the proposed lease between QDC and the EB; and**

**WHEREAS, attached hereto is a draft of the proposed lease amendment between RIAC and Commerce RI, acting by and through the QDC; and**

**WHEREAS, EB will complete approximately \$300,000 of roof repairs to Building 932 in exchange for a \$12,500 per year rent credit, not-to-exceed \$300,000 over the term of the lease; and**

**WHEREAS, QDC will effect pre-delivery repairs and improvements to Building 932 estimated at approximately \$250,000; and**

**WHEREAS, the work will include items such as asbestos removal, plumbing repairs, painting, selective demolition, lighting replacements and sprinkler upgrades, with these expenditures being reimbursed to the QDC by RIAC from future revenue generated by the lease of Building 932; and**

**WHEREAS, the QDC has affirmed that the rent that EB will pay under the sublease is within the reasonable range constituting fair market**

**value; and**

**WHEREAS, the QDC's Board has reviewed and approved the foregoing said lease; and**

**WHEREAS, RIAC's professional staff has reviewed the terms of the proposed lease**

**amendment and recommends that the lease amendment with for Commerce RI, acting by and through the QDC, be approved in substantially the form presented.**

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

**That the Board authorizes the President and CEO, or his designee, to execute a lease amendment with the Rhode Island Commerce Corporation acting by and through its agent and attorney in fact, Quonset Development Corporation, in substantially the form presented.**

**The motion was passed unanimously.**

**(c) Consideration of an Action Upon Quasi-Public Corporations Accountability and Transparency Act.**

**Mr. Fredericks gave an overview of this item noting the General Assembly enacted this Act with an effective date of January 1, 2015. Mr. Frazier noted that in addition to approving certain required corporate policies, the Board was required to establish a committee to address certain executive compensation issues. However, in lieu of creating a separate committee, the Board is empowered to amend the mission of the Finance and Audit Committee to accomplish meeting this requirement. Ms. Thomas asked about physical inventory following reconciliation as described in the Internal Accounting and Administrative Controls. Although this inventory is undertaken, it is not specifically referenced in the policy. The policy may be amended in the future to add this provision. As part of the Information Technology portion of the policy, Ms. Thomas requested a full update be provided to the Board regarding cyber security at a future meeting. Ms. Thomas noted the Personnel Policy references pay grade updates on an annual basis and requested clarification on this item. Ms. Penta stated the last salary study was completed in 2007 and a new study is typically completed every eight years. The purpose of the study is to keep pay grades current in the market. Increases in pay grades are based on cost of living adjustments. These pay grades are referenced during hiring and promotions.**

**A motion was made by Mr. Hahn that the Board of Directors approve the eight new or updated corporate policies substantially in the form presented today and that the mission of the Finance and Audit committee be expanded to include the executive compensation**

issues mandated to be considered under Rhode Island General Laws section 42-155-5. Mr. Traficante seconded this motion.

The motion was passed unanimously.

**(d) Consideration of and Action Upon Approval of Meeting Schedules for 2015.**

A motion was made by Mr. Hahn and seconded by Ms. Thomas to approve the 2015 Meeting Schedule as presented to the Board. The motion was passed unanimously.

**6. Executive Session:**

At approximately 5:04 p.m. a motion was made by Mr. Dimeo and seconded by Ms. Thomas to go into Executive Session for the purpose of discussing the following items:

**(a) Motion to Approve the Minutes of the Executive Session held on November 19, 2014 § 42-46-5(a)(1),(2) and (7); and**

**(b) Discussions Related to One Nonpublic Pending Litigation Matter (Bogosian vs. RIAC) – R.I.G.L. § 42-46-5(a)(2); and**

**(c) Investment of Public Funds Where Premature Disclosure Would be Detrimental to the Public Interest (Air Service Development) – R.I.G.L.**

**§ 42-46-5(a)(7); and**

**(d) Discussions 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**

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

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

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

**YEAS: Jon Savage**

**Russell Hahn**

**Deborah Thomas**

**Bradford Dimeo**

**Michael Traficante**

**John Justo**

**NAYS: None**

**ABSTAIN: None**

**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.**

**Mr. Fredericks left the meeting at 5:52 p.m.**

**At approximately 5:57 p.m., a motion was made by Ms. Thomas and seconded by Mr. Dimeo to return to Open Session.**

**The motion passed unanimously.**

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

**(a) Motion to Seal the Minutes of the Executive Session Held on November 19, 2014.**

**A motion was made by Mr. Dimeo 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 as follows:**

**YEAS: Jon Savage**

**Russell Hahn**

**Deborah Thomas**

**Bradford Dimeo**

**Michael Traficante**

**John Justo**

**NAYS: None**

**ABSTAIN: None**

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

**During the Executive Session, a motion was made by Mr. Traficante to approve the sealed minutes of the Executive Sessions held on November 19, 2014. The motion was seconded by Mr. Hahn.**

**The motion was passed as follows:**

**YEAS: Jon Savage**

**Russell Hahn**

**Deborah Thomas**

**Bradford Dimeo**

**Michael Traficante**

**Michael Traficante**

**John Justo**

**NAYS: None**

**ABSTAIN: None**

**8. Future Meetings:**

**The next Board Meeting will be held on Wednesday, January 21, 2015**

at 4:00 p.m., in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island.

**9. Adjournment:**

Mr. Hahn moved to adjourn at approximately 5:58 p.m. Ms. Thomas 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, DECEMBER 17, 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**

**Timothy Pimental RIAC**

**Joseph Ottaviano RIAC**

**Joseph Ottaviano RIAC**

**Carla Diggett    RIAC**

**Vincent Scarano    RIAC**

**David Cloutier    RIAC**

**Jeffrey Goulart    RIAC**

**Nicole Williams    RIAC**

**Robert Geoff    New England Parking**

**Jean Morjillo    Hoyle Tanner**

**David Wollin    Adler Pollock & Sheehan**

**Woody Creswell    The Paradies Shops**

**Michele Tucci    HMS Host**

**John Dresser    HMS Host**



**The minutes of the Executive Session of the Board Meeting of December 17, 2014, have been sealed in accordance with R.I.G.L. § 42-46-4.**