

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

BOARD OF DIRECTORS

WEDNESDAY, JANUARY 20, 2016 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; Deborah Thomas; Michael Traficante; Paul Carroll; Christopher Little and Heather Tow-Yick.

BOARD MEMBER ABSENT: Russell Hahn.

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 to approve the minutes of the

Board of Director's Meeting of December 16, 2015 with a correction to be made on page 15. The motion was seconded by Ms. Thomas. The motion was 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 stated that as part of his President and CEO Report he provides statistics of performance in a comparative fashion from the prior year as part of his monthly report. Mr. Fredericks reported that going forward, performance information will continue to be provided but it will be done in a different format to ensure key performance indicators are provided to the Board in a dashboard format to measure performance, identify trends and identify potential corrective measures.**

Mr. Fredericks stated that the Key Performance Indicators (KPI) will fall under the general topics of Core, Safety and Security, Service/Quality, Financial/Commercial, Environmental and General Aviation. Mr. Fredericks reported a meeting has been set up with the Governor's Chief of Staff, Lisa

Vura-Weiss on January 26th to get input on the level and type of information the Governor's Office would like to receive. Mr. Fredericks stated a draft will be provided to the Board for their review and will be brought to the February meeting for discussion, review and approval. Mr. Fredericks cautioned the delivery dates on some of the KPIs may be dependent on the timing and availability of the information and may be unaudited and subject to change or could possibly need to be reported on a quarterly basis.

- Mr. Fredericks reported passenger travel was up 1.84% on 1% more seating capacity. Year to date, passenger travel improved from being down 0.18% to being down 0.2% demonstrating a positive turn in the industry and equates to 664 passengers for this year compared to last year. Load factor for the month was 82.79. JetBlue was down .97% with no change in seating capacity with a load factor of 84.5%. Southwest was up 4.51% on no change in seat capacity with a load factor of 83.76%. Delta was down 8.21% on 3% less seating capacity with a load factor of 79.85%. American Airlines was up 1.3% on 5% more seat capacity with a load factor of 81.09%. United was down 4.03% on 10% increased seating capacity with a load factor of 86.97%. TACV brought 1,738 new passengers to PVD and produced a load factor of 69% for the month with 63% inbound and 75% outbound.**

- Mr. Fredericks reported cancellations are now being tracked and 77 flights were cancelled in December representing 5,984 seats.**

- **Mr. Fredericks reported the market share for each airline is as follows: Southwest Airlines 48.4%, American 23.6%, Delta Airlines 11.6%, JetBlue 8.2%, United 6.7%, Charter .9% and TACV .6%.**
- **Mr. Fredericks reported air cargo was up 1.14% for the month of December and down 1.07% year to date.**
- **Mr. Fredericks reported the Seabury Group will be scheduled to provide an Air Service update to the Board in March.**
- **Mr. Fredericks reported parking revenues for the month of December were up 11.7% and ticket sales were up 3%. Mr. Fredericks reported off airport parking revenues were down 5.2% and off airport ticket sales were down 21.1%.**
- **Mr. Fredericks provided an update on the general aviation airports and noted that operations were down 4.3% from 5,468 landing and take offs in December 2014 versus 5,252 in 2015. Mr. Fredericks reported that data collection options as it relates to accuracy in operations will be reviewed. Mr. Fredericks reported Avgas sales were up 21.6% and jet fuel was up 53% with total fuel sales up 45.6%.**
- **Mr. Fredericks provided an update on the demand for development of T-Hangars at some of the general aviation facilities. Mr. Fredericks stated current permit requirements in Rhode Island require the proposed T-Hangars to have cement foundations and may also**

require fire suppression. Due to these requirements RIAC may not be able to achieve an appropriate price point for monthly rental to compare to surround states.

- **Mr. Fredericks provided an update on the 747 that is planned to be refurbished at Quonset Airport to replicate Air Force One. It was noted that no formal agreement has been reached and payments are in arrears. Mr. Fredericks stated that if a definitive plan is not formalized and payments not made the aircraft will be removed at the owner's expense.**

- **Mr. Fredericks provided an update on the Quonset Air Museum (QAM) and noted that the majority of the aircraft have been shrink wrapped for winter and a few of the aircraft remain in the building. Mr. Fredericks noted private funding is being sought by the QAM staff and they continue to look for long term funding through donations. It was noted legislation was introduced last week by Representatives Costa, Craven, Shekarchi and Trillo to provide \$4 Million in state funding for a new facility.**

- **Mr. Fredericks reported he continues to have regularly scheduled separate monthly meetings with Mayor Scott Avedisian and Deputy Chief of Staff Ms. Lisa Vura-Weiss, the new liaison to RIAC, who will be focusing on transportation and economic development.**

- **Mr. Fredericks reported he also continues to reach out to Warwick**

Council Members and other elected officials on a regular basis to update them on airport issues.

- **Mr. Fredericks reported he, Ms. Goldstein, Mr. Frazier, Mr. Andrade and Mr. Warcup met with the Westerly Town Manager and Council on December 19th to discuss obstruction removal projects at Westerly Airport. Mr. Fredericks stated tours of the airport to view the facility and obstruction projects were provided.**

- **Mr. Fredericks provided an update on the FAA re-authorization and noted the six month extension expires on March 31st. It was noted that new language is being introduced in Congress in February. Mr. Fredericks stated RIAC continues to track this item and updates to the Board will be provided as they become available.**

- **Mr. Fredericks commended Mr. Messier, Mr. Cahill and Mr. Ottaviano for doing a phenomenal job enforcing curbside passenger regulations while providing a convenient, accessible and customer friendly environment.**

- **Mr. Fredericks reported the PVD Pups program continues to be well received by passengers and guests in the terminal and has exceeded. Mr. Fredericks stated the program continues to grow and there is a PVD Pup in the terminal every day.**

- **Mr. Fredericks commended Mr. Andrade and Mr. Wilde for their**

continuing efforts in improving the appearance of the terminal for passengers.

- **Mr. Schattle reported the refunding bonds closed last week with interest rates resulting in a net present value savings of approximately \$12 Million.**
- **Mr. Fredericks reported RIAC was notified a week ago that Cape Air would stop service. Mr. Fredericks gave an overview regarding Cape Air's closing and discussed the impact the shortage of pilots had on the airline. Mr. Fredericks stated this shortage of pilots also affected the decision for Island Airlines to not start service at PVD and noted that Island Air has since filed for bankruptcy. There was discussion on the new requirements for flying hours for pilots and wages. There was additional discussion on grants and impacts due to the airline no longer servicing Block Island. Mr. Fredericks stated updates will be provided to the Board as they become available.**

4. Department Updates:

(a) Engineering

(i) Airport Expansion

Mr. McDonough provided the following updates:

- **Work on the relocation of Main Avenue began in August and is now**

50% complete and scheduled to switchover to the new roadway in May 2016. It was noted that existing Main Avenue is open during construction.

- **Design of the Runway 5 extension, which includes the Runway 5 and Taxiway M extension, utility improvements, ATCT upgrades, EMAS system, Perimeter Road relocation, demolition of the site of the prior Winslow Park and FAA ILS equipment replacement is 100% complete. Bid openings for this project are scheduled for April 2016 with construction scheduled for summer 2016 through fall 2017. This project is scheduled for completion on December 7, 2017. Mr. Traficante asked the cost of this extension. Mr. Fredericks reported the cost for the extension is approximately \$42 Million and the overall cost the program is \$87 Million.**

- **The press conference announcing the fulfillment of the Congressional Mandate on December 21st with Senator Reed and FAA Administrator Amy Corbett received positive press.**

- **Work on the relocation of Main Avenue began in August and is now 50% complete and scheduled to reopen in May 2016. It was noted that existing Main Avenue will remain open during relocation construction.**

(b) Operations and Maintenance

(i) PVD Airfield and GA Facilities and Operations

Mr. Andrade provided the following updates:

- **An Allegiant Air aircraft diverted to PVD on December 30th due to a mechanical problem. The airline is not a signatory airline and when it came to deplaning and supporting the passengers, the T. F. Green Airport community came together and did a fantastic job. The aircraft was remotely parked on a ramp away from the airport terminal. The FBO ground support, terminal tenants, RIPTA, Standard Parking and RIAC staff all chipped in to assist in bussing the passengers to the main terminal where food was provided and overnight accommodations and transportation were arranged. The coordination effort was highly praised by both the passengers and the airline flight crew. It was also noted that a passenger awaiting transportation in the terminal, after hearing Mayor Avedisian's welcome message, wrote a letter to the Mayor praising the airport and staff.**
- **Two new recruits, Officer Jerry Ditomaso and Officer Brian Tedesco, have graduated the Rhode Island Police Academy and will be joining the RIAC Police Department. Officer Brian Tedesco was the valedictorian for this class of 43. It was noted these officers are the first new hires in the department in over 13 years.**
- **RIAC Police Officers posted a picture on the PVD Facebook page holding a #DStrong sign to show their support.**

- **The extensive LED Lighting Project that included interior and exterior lighting at the terminal and garages has been recognized by National Grid and will be nominated for the New England Efficiency Partnerships Award.**
- **Mr. Porter was commended for his continuing efforts to reach a power purchase agreement for the solar power generation at the airports. It was noted that this project is on track to be completed this year and will generate credits to our overall electricity costs.**
- **A local company has received a grant from the Department of Energy to establish a BETA site for testing of a new concept involving Power Over Ethernet to power lighting and other electronic devices. RIAC is in negotiations with this company to utilize this power source for LED lighting in the Quonset Airport terminal hangar.**
- **Block Island Airport is working and engaging with the local community to advertise the destinations and appeal of the local community. This partnership activity will be expanding to all of the general aviation airports.**
- **The 3rd Annual Southwest 5K road race is scheduled for June 12th and the route will include both the airfield and Winslow Park.**

5. Action Items:

(a) Consideration of and Action Upon Approval of a Consultant Task Order for the Voluntary Land Acquisition Program at T. F. Green Airport.

Mr. Fredericks gave an overview of this item and noted that the selection was based on qualifications as required by the Federal Aviation Administration. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute a Task Order with W. D. Schock Company, Inc. in the amount of \$406,730, which is included in the Fiscal Year 2016 Capital Improvement Program Budget, for Acquisition and Relocation Services associated with the Voluntary Land Acquisition Program at T. F. Green Airport.

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

WHEREAS, on September 4, 2015, the Rhode Island Airport Corporation (RIAC) issued a Request for Proposals for Land Acquisition, Demolition and Relocation Services and received two proposals by the October 6, 2015 deadline; and

WHEREAS, the Selection Committee, comprised of Dan Porter, VP Planning and Environmental; Eric Seabury, Manager of Engineering; David Cloutier, AVP Business Development and Commercial Programs and Jeffrey Goulart, AVP Financial Administration,

reviewed and independently rated the proposal and unanimously selected W.D. Schock Company Inc. (Schock) to perform these services; and

WHEREAS, RIAC entered into a new Professional Services Agreement with Schock and staff negotiated the first Task Order thereunder with Schock in the amount of \$406,730 to perform Acquisition, Demolition and Relocation Services for an additional eight homes; and

WHEREAS, this Task Order was approved by the Federal Aviation Administration (FAA); and

WHEREAS, RIAC staff submitted a grant application to the FAA on December 31, 2015; and

WHEREAS, RIAC will up-front the cost of this project until the grant is issued; and

WHEREAS, the Fiscal year 2016 Capital Improvement Program includes these costs as part of the Noise Mitigation/Land Acquisition project.

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 W. D. Schock Company, Inc. in the amount

of \$406,730, which is included in the Fiscal Year 2016 Capital Improvement Program Budget, for Acquisition and Relocation Services associated with the Voluntary Land Acquisition Program at T. F. Green Airport.

The motion was passed unanimously.

(b) Consideration of and Action Upon Health and Dental Insurance Coverages.

Mr. Little stepped away from the table and recused himself from the vote.

Ms. Penta gave an overview of this item noting that the plan is renewed every February. It was noted that the rates of coverage are locked in for one year but the plan is on a month to month basis. There was discussion on the high claims for prior years that resulted in significant premium increases. Ms. Penta stated claims trended better than the prior year resulting in premium increase below budgeted expectations. Ms. Thomas asked if under the current plan design RIAC would be subject to the Cadillac Tax and if there is a sense of the financial impact to RIAC due to that tax. Ms. Penta stated under the current insurance coverage plans RIAC could be subject to the tax but noted that the Cadillac Tax has been delayed until 2020. Ms. Penta stated that RIAC plans to address the terms of healthcare and possible tax impacts at the next union contract

negotiations. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute an Insurance Contract Renewal with Blue Cross/Blue Shield of Rhode Island for both health and dental insurance coverage effective February 1, 2016.

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

WHEREAS, the Rhode Island Airport Corporation (RIAC) is currently under contract with Blue Cross/Blue Shield of Rhode Island (Blue Cross) to provide health and dental insurance for RIAC's employees and their families; and

WHEREAS, this Contract renews each February 1st, at which time the premiums are adjusted; and

WHEREAS, RIAC, with the assistance of its health insurance consultant, Cornerstone Group (Cornerstone), negotiated an average 4.00% premium increase for health coverage and an average 3.04% premium increase for family or individual dental coverage; and

WHEREAS, Cornerstone requested competitive quotes for both healthcare and dental; and

WHEREAS, the additional quotes were not substantially equivalent to the current plan; and

WHEREAS, the increase in health insurance falls below the 5.1% average Blue Cross annual rate increase for 2016, as approved by Rhode Island Health Insurance Commissioner for large groups (groups with more than 50 employees); and

WHEREAS, RIAC's fiscal year 2016 Operating and Maintenance budget assumed a 15% increase effective February 1, 2016.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute an Insurance Contract Renewal with Blue Cross/Blue Shield of Rhode Island for both health and dental insurance coverage effective February 1, 2016.

The motion was passed by five affirmative votes, with one Board Member recusing from voting. The vote was as follows:

YEAS: Jonathan Savage

Deborah Thomas

Michael Traficante

Paul Carroll

Heather Tow-Yick

NAYS: None

RECUSAL: Christopher Little

6. Executive Session:

At approximately 4:56 p.m. a motion was made by Mr. Carroll and seconded by Mr. Traficante 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 December 16, 2015 § 42-46-5(a),(2) and (7); and

(b) Investment of Public Funds Where Premature Disclosure Would be Detrimental to the Public Interest (Air Service Development and GA airport development) – R.I.G.L. § 42-46-5(a)(7); and

(c) Discussions Related to One Potential Non-Public Litigation Matter (Construction Dispute) and One Public Litigation Matter (Bogosian vs. RIAC) – R.I.G.L § 42-46-5(a)(2); and

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

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

(f) Discussions Related to a Potential Collective Bargaining Issue – R.I.G.L. § 42-46-5(a)(2); and

(g) Motion to Return to Open Session.

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

YEAS: Jon Savage

Deborah Thomas

Michael Traficante

Paul Carroll

Christopher Little

Heather Tow-Yick

NAYS: None

ABSTAIN: None

At approximately 7:36 p.m., a motion was made by Mr. Carroll and seconded by Mr. Little 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 January

20, 2016.

A motion was made by Mr. Carroll and seconded by Mr. Traficante 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

Deborah Thomas

Michael Traficante

Paul Carroll

Christopher Little

Heather Tow-Yick

NAYS: None

ABSTAIN: None.

(b) Report on Actions Taken in Executive Session.

During the Executive Session, a motion was made by Ms. Thomas and seconded by Ms. Tow-Yick to approve the sealed minutes of the Executive Session held on December 16, 2015.

The motion was passed unanimously.

During the Executive Session Mr. Fredericks announced he has accepted the position of President and CEO of Ontario Airport in California and would be resigning as President and CEO of the Rhode Island Airport Corporation effective March 1, 2016.

During the Executive Session a motion was made by Ms. Thomas and seconded by Ms. Tow-Yick to appoint Mr. Frazier as the Interim President and CEO of RIAC.

The motion was passed unanimously.

Mr. Savage stated RIAC staff has been instructed to issue a Request for Proposals to begin a national search for a President and CEO of RIAC to continue the growth and national recognition.

8. Future Meetings:

The next Board Meeting will be held on Wednesday, February 17, 2016 at 4:00 p.m., in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island.

9. Adjournment:

Ms. Tow-Yick moved to adjourn at approximately 7:38 p.m. Mr. Little

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, JANUARY 20, 2016

NAME AFFILIATION

Brian Schattle RIAC

Peter Frazier RIAC

Patricia Goldstein RIAC

Alan Andrade RIAC

Liberty Luciano RIAC

Sherri Ann Penta RIAC

Doug Dansereau RIAC

Paul McDonough RIAC

Bruce Wilde RIAC

Dan Porter RIAC

Nicole Williams RIAC

Jeffrey Goulart RIAC

Steve Cahill RIAC

Randy Costa RIAC

Robert Goff New England Parking

Jen Milette Allied Court Reporters

Woody Creswell Paradies Shops

Jim Borah Borah and Associates

Paul Parker Projo

Chatele Sarrasin House Fiscal Staff

The minutes of the Executive Session of the Board Meeting of January 20, 2016 have been sealed in accordance with R.I.G.L. § 42-46-4.