

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

BOARD OF DIRECTORS

THURSDAY, SEPTEMBER 29, 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; Russell Hahn; Deborah Thomas; Michael Traficante and Heather Tow-Yick.

BOARD MEMBERS ABSENT: Christopher Little and Gregory Pizzuti.

ALSO PRESENT: Peter Frazier, Interim President and CEO; and those members listed on the attendance sheet attached hereto.

1. Approval of the Minutes:

A motion was made by Mr. Savage to approve the minutes of the

Board of Director's Meeting of July 20, 2016. The motion was seconded by Ms. Tow-Yick.

The motion was passed unanimously.

2. Open Forum:

Mr. Savage asked if anyone present wanted to speak in Open Forum.

Mr. Langseth introduced himself as a citizen of Warwick and stated he wanted to discuss the President and CEO selection. Mr. Langseth stated he saw the article in the paper that RIAC was down to a finalist and he was not able to find evidence that the Committee met to approve the selection on the Secretary of States website. Mr. Savage explained the vote was on today's agenda for discussion and approval. Mr. Langseth stated he hopes the Board will be open and he believes Mr. Frazier is the right person. Mr. Savage thanked Mr. Langseth for his input.

3. Report from the Interim President and CEO:

Mr. Frazier presented the Interim President and CEO Report and reported on the following:

- Mr. Frazier noted that the KPI's and Fiscal Year 2017 Action Items Status Report updates had been provided to the Board Members.**

- **Mr. Frazier stated passenger numbers for the month of August were up approximately 1.55% notwithstanding a significant computer glitch impacting one carrier. Our first 2 months for FY17 had separate computer driven impacts, so we are presently slightly behind budget for the fiscal year. We were up 2.69% year to date. Mr. Frazier reported seating capacity increases expected in October and November of approximately 10.4% and 8.1% respectively. Mr. Frazier reported FY16 enplanements were up 2.5% over the prior year.**
- **Mr. Frazier reported on-airport parking revenues were up 3.2% for August.**
- **Mr. Frazier reported the tri-annual fullscale emergency exercise was very successful. There was great coordination between the Rhode Island Emergency Management Agency, the Rhode Island Department of Health, the City of Warwick and the entire first responding teams and hospital teams. Mr. Frazier reported the exercise lasted from 9:00 P.M. to 12:00 A.M. and many RIAC staff assisted.**
- **Mr. Frazier reported we celebrated the 20th Anniversary of the Bruce Sundlun Terminal last Friday. Staff passed out commemorative cookies and T. F. Green luggage tags. It was a fun event and the public enjoyed the live music. Mr. Frazier thanked Ms. Goldstein, Ms. Luciano and Ms. Seabury for their great team spirit. Mr. Frazier reported T. F. Green had approximately 90 million passengers pass through its facilities over the last 20 years and there is a lot of pride**

from the employees.

- Mr. Frazier reported Ms. Denise Nelson, Vice President, Institute of Sustainable Infrastructure, is here with Mr. Wenham of C&S, RIAC's designer for the RW5 extension project, to present the Envision Award. Mr. McDonough accepted the award on behalf of RIAC. Ms. Nelson explained the Institute of Sustainable Infrastructure's mission.

Ms. Nelson stated they encourage sustainable projects and noted they look at a project's impacts to the environment and economy.

Mr. Wenham reported this project is going very well and this is the first project using the envision system as well as the first airport in the country to win the gold award. Mr. Frazier explained we could not have accomplished this sustainability award without the expertise of C&S and the fact that RIAC embraces the concept that "green" is more than just our name. The RIAC Board thanked everyone.

- Mr. Frazier reported the MS Jet pull was Saturday afternoon. The money raised for this event goes to charity and there was a great turnout.

- Mr. Frazier reported the Atwood Grill property has been demolished.

- Mr. Frazier reported the LAZ property closes at midnight tonight and the gates will go down and there will be no further entries after that time.

- **Mr. Frazier reported there is an honor flight scheduled for tomorrow morning at 5:30 AM on Southwest Airlines. There will be 24 veterans flying out including 2 brothers ages 95 and 97. Of the 24, one served in the Korean War and 23 in World War II.**

4. Finance and Audit Committee Update.

Ms. Thomas reported the Committee met on September 28, 2016, at which the SVP of Finance and Commercial Enterprise, Mr. Schattle, reported on the progress for refunding the 2006 special facility bond and the TIFIA bond.

The Committee also heard from Mr. Scott Bassett, Audit Partner from RSM on the RIAC engagement, regarding the audit findings. There were no audit differences or passed audit adjustments arising from the audit of RIAC's results. There were no significant deficiencies or material weaknesses noted in internal controls. Mr. Bassett indicated that, subject to the finalization by the State of GASB 68, RSM was prepared to issue an unqualified opinion on the 2016 RIAC financial statements.

The Committee also received a detailed overview of the financials from Nicole Williams, CFO. The highlights included the CPE ending at \$12.86 vs a budget of \$13.30. The Committee discussed and asked questions about various amounts and disclosures, cash balances

and debt refinancing. After much discussion, the Committee recommended approval of the draft fiscal year 2016 audited financial statements and related reports, substantially in the form presented, and requests consent from the Board.

Consent Item:

(a) Consideration of and Action Upon Draft Fiscal Year 2016 Audited Financial Statements and Related Reports.

Ms. Thomas asked Ms. Williams to provide an update on the Draft Fiscal Year 2016 Audited Financial Statements and Related Reports. Ms. Williams reported the copies of the draft Audit Financial Statements provided to the Board, highlighting a successful year. It was noted the operating revenue was up \$1 million. Ms. Williams reported RIAC closed the year with positive results. Airline costs were down and the Cost Per Enplanement (CPE) was at \$12.86 compared to a budgeted amount of \$13.30.

A motion was made by Mr. Hahn and seconded by Mr. Savage to approve the Draft Fiscal Year 2016 Audited Financial Statements and Related Reports, in substantially the form presented.

The motion was passed unanimously.

5. Pension Committee Update.

Mr. Savage reported the Committee met prior to the Board meeting and the advisors reported the pension fund is strong. There was a recommendation from the investment advisor to substitute an existing small cap with another small cap. Mr. Frazier pointed out that to do so will also result in a lower cost. Mr. Savage reported the Committee recommended approval of replacing the Fidelity Advisor Small Cap Fund with the Principal Small Cap S&P 600 Index R5 Fund, substantially in the form presented, and requests consent from the Board.

Consent Item:

(a) Consideration of and Action Upon Replacing Fidelity Advisor Small Cap Fund with the Principal Small Cap S&P 600 Index R5 Fund.

A motion was made by Ms. Tow-Yick and seconded by Mr. Traficante to approve replacing the Fidelity Advisor Small Cap Fund with the Principal Small Cap S&P 600 Index R5 Fund, in substantially the form presented.

The motion was passed unanimously.

6. Action Items

(a) Consideration of and Action Upon Approval of Lease Agreement

for the Continued Use of Aircraft Hangars at T. F. Green Airport.

Mr. Frazier reported the first year's rent will be just under \$500,000. The amount is higher than prior rents as they are converting from ground leases to full leases for ground and structures. The recommendation is that the Board authorizes the Interim President and CEO, or his designee, to execute a new Lease Agreement with Textron, Inc. for a period of five years, with an additional mutual option term of five years, in substantially the form presented.

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

WHEREAS, Textron, Inc. (Textron) is a current month-to-month tenant at T. F. Green Airport in three Rhode Island Airport Corporation (RIAC) owned hangars located at 570, 566 and 550 Airport Road; and

WHEREAS, RIAC and Textron have been in discussions with respect to a Lease Agreement for continued occupancy of three aircraft hangars and associated facilities at T. F. Green Airport; and

WHEREAS, RIAC staff and Textron have agreed to the following lease schedule; and

WHEREAS, the initial lease term is for a period of five years, with an

additional mutual option term of five years; and

WHEREAS, the annual rent will be escalated on August 1st of each year of the initial lease term and the optional term by the greater of the increase in the Consumer Price Index for All Urban Consumers (CPI-U), Northeast Region, or three percent (3%); and

WHEREAS, Textron has agreed to pay a monthly fuel flowage fee calculated at three percent (3%) of Textron's delivered price per gallon of Jet-A aviation fuel, less any applicable State or Federal taxes; and

WHEREAS, RIAC has agreed that if it allows another similarly situated tenant at the Airport to dispense aviation fuel at a lower fee rate than Textron's rate shall be adjusted to match the lower rate; and

WHEREAS, attached is a draft lease for your review.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the Interim President and CEO, or his designee, to execute a new Lease Agreement with Textron, Inc. for a period of five years, with an additional mutual option term of five years, in substantially the form presented.

The motion was passed unanimously.

(b) Consideration of and Action Upon Approval of a Construction Contract for a New Electrical Ductbank at Quonset Airport AND Consideration of and Action Upon Approval of a Consultant Task Order to Provide Construction Administration and Resident Engineering Services for the Installation of the New Electrical Ductbank at Quonset Airport

Mr. Frazier reported that this project will be at zero cost to RIAC for improvements at Quonset Airport. Mr. Hahn noticed the significant differences in the bid amounts. Mr. Frazier explained RIAC was mindful of that and RIAC had met with the low bidder who acknowledged the scope of work. The recommendation is that the Board authorizes the Interim President and CEO, or his designee, to execute a Construction Contract with Kobo Utility Construction Corporation in the amount of \$543,524, which will be 100% funded by the Rhode Island Air National Guard, for the installation of the new electrical ductbank to be used to connect Runway 16 glideslope to Runway 34 localizer at Quonset Airport AND that the Board authorizes the Interim President and CEO, or his designee, to execute a Task Order with Parsons Brinkerhoff, Inc. in an amount of \$123,550, which will be 100% funded by the Rhode Island Air National Guard, to provide Construction Administration and Resident Engineering Services for the installation of the new electrical ductbank at Quonset Airport.

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

WHEREAS, on July 8, 2016 the Rhode Island Airport Corporation (RIAC) issued an Invitation for Bids for a new ductbank to connect the runway 16 glideslope to the runway 34 localizer at Quonset Airport; and

WHEREAS, on July 29, 2016, RIAC received six sealed bids; and

WHEREAS, Kobo Utility Construction Corporation (Kobo) submitted the lowest responsive and responsible bid in the amount of \$543,524; and

WHEREAS, Parsons Brinkerhoff, Inc. (Parsons), RIAC's Design Consultant for this project, reviewed the bids and recommends award of this Construction Contract to Kobo; and

WHEREAS, RIAC staff agrees with Parsons recommendation and provided the Rhode Island Air National Guard (RIANG) with the recommendation to award; and

WHEREAS, the RIANG also agrees with the recommendation to award to Kobo; and

WHEREAS, the project was not included in the Fiscal Year 2017 Capital Improvement Program (CIP) budget as the RIANG had not received funding at that point; and

WHEREAS, this project will be 100% funded by the RIANG.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the Interim President and CEO, or his designee, to execute a Construction Contract with Kobo Utility Construction Corporation in the amount of \$543,524, which will be 100% funded by the Rhode Island Air National Guard, for the installation of the new electrical ductbank to be used to connect Runway 16 glideslope to Runway 34 localizer at Quonset Airport.

AND

WHEREAS, On March 1, 2013, the Rhode Island Airport Corporation (RIAC) entered into a Professional Services Agreement (PSA) with Parsons Brinkerhoff, Inc. (Parsons) to provide On-Call Airfield Engineering Services; and

WHEREAS, to date, three Task Orders totaling \$758,081 have been issued under this PSA; and

WHEREAS, RIAC staff negotiated a Scope and Fee with Parsons in

the amount of \$123,550 to provide Construction Administration and Resident Engineering Services for the installation of the new electrical ductbank at Quonset Airport; and

WHEREAS, the Rhode Island Air National Guard (RIANG) reviewed the Scope and Fee and approved the funding for the Task Order; and

WHEREAS, the project was not included in the Fiscal Year 2017 Capital Improvement Program (CIP) budget as the RIANG had not received funding at that point; and

WHEREAS, this project will be 100% funded by the RIANG.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the Interim President and CEO, or his designee, to execute a Task Order with Parsons Brinkerhoff, Inc. in an amount of \$123,550, which will be 100% funded by the Rhode Island Air National Guard, to provide Construction Administration and Resident Engineering Services for the installation of the new electrical ductbank at Quonset Airport.

The motion was passed unanimously.

(c) Consideration of and Action Upon Approval of an Amended Vehicular Circulation Easement Between the Rhode Island

Department of Transportation, the Rhode Island Airport Corporation and Michael D'Ambra

Mr. Hahn recused himself from this item and stepped away from the table.

Mr. Frazier reported this item would provide an easement to Mr. D'Ambra for a fire lane and paving for a new hotel next to the Interlink. The easement was an extension of an earlier easement. The easement was offered at no cost but D'Ambra will be responsible for annual maintenance and significant site improvements. Both parties will have reciprocal access rights. RIDOT supports the grant of this easement. The recommendation is that the Board authorizes the Interim President and CEO, or his designee, to execute an Amended Vehicular Circulation Easement between the Rhode Island Department of Transportation, the Rhode Island Airport Corporation and Michael D'Ambra.

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

WHEREAS, the Rhode Island Department of Transportation (RIDOT) granted a non-exclusive, irrevocable and perpetual Vehicular Circulation Easement to Michael D'Ambra (D'Ambra) providing access to approximately 1,900 square feet of land immediately adjacent to the Interlink facility; and.

WHEREAS, RIDOT subsequently leased the land, subject to the Easement, to the Rhode Island Airport Corporation(RIAC) under the Fifth Amendment to Lease and Operating Agreement by and between RIDOT and RIAC; and.

WHEREAS, D'Ambra has requested that the Easement area be enlarged to extend to the rear portion of the parcel, in conjunction with and support of the proposed hotel development on his property; and

WHEREAS, D'Ambra will be required to make any necessary improvements to the Easement area, continue to maintain the Easement area and provide the State and RIAC with both indemnification and requisite insurance for the Easement Area; and

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WHEREAS, the value of the additional Easement Area is offset by the cost of the improvements to, and continued maintenance of, the Easement area, and in support of the hotel development.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the Interim President and CEO, or his designee, to execute an Amended Vehicular Circulation Easement between the Rhode Island Department of Transportation, the Rhode Island Airport Corporation and Michael D'Ambra.

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

YEAS: Jonathan Savage

Michael Traficante

Deborah Thomas

Heather Tow-Yick

NAYS: None

RECUSAL: Russell Hahn

(d) Consideration of and Action Upon Approval of a Construction Contract Change Order for Additional Construction Work Related to the Runway 16-34 Safety Area Improvements Project at T. F. Green Airport

This item was deferred until after executive session.

7. Executive Session:

At approximately 5:15 p.m. a motion was made by Mr. Traficante and seconded by Ms. Thomas to go into Executive Session for the purpose of discussing the following items:

The Board will seek to go into Executive Session for the following stated purposes:

(a) Motion to Approve the Minutes of the Executive Session held on July 20, 2016 § 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)– 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 (Airport Valet vs. RIAC)– R.I.G.L § 42-46-5(a)(2); and

(d) Discussion Regarding Individual Candidate Qualifications (Job Performance) - R.I.G.L. § 42-46-5(a)(1); and

(e) Motion to Return to Open Session.

At approximately 5:50 p.m., a motion was made by Ms. Tow-Yick and seconded by Ms. Thomas to return to Open Session.

The motion passed unanimously.

8. Post Executive Session Actions and Announcements:

(a) Motion to Seal the Minutes of the Executive Session Held on September 29, 2016.

A motion was made by Mr. Traficante and seconded by Ms. Tow-Yick 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

Michael Traficante

Deborah Thomas

Heather Tow-Yick

Russell Hahn

NAYS: None

ABSTAIN: None

(b) Report on Actions Taken in Executive Session.

During the Executive Session a motion was made by Ms. Tow-Yick and seconded by Mr. Traficante to approve the sealed minutes of the Executive Session held on July 20, 2016.

The motion was passed unanimously.

9. President and CEO Selection Committee Report.

Mr. Savage reported the Committee met prior to the Board meeting. He reviewed the formation of Selection Subcommittee and broad scope of the international search. RIAC hired Spencer Stuart to lead the search. The response to the search was overwhelmingly positive. Mr. Savage explained we (RIAC and the State) enjoy a tremendous reputation in the aviation community. Mr. Savage, for the entire board, thanked and commended Mr. Peter Frazier, Interim President and CEO, for serving RIAC with extraordinary distinction and in a remarkable fashion as well as being one of two finalists. Mr. Savage announced that after the exhaustive search, the selected candidate is Mr. Iftikhar Ahmad. He has more than 20 years' experience in airport management and leadership. Mr. Ahmad presently runs New Orleans Airport and has a long track record of air service increases.

10. Board Action Items:

(a) Consideration of and Action Upon Appointment of the New President and CEO and Contract.

A motion was made by Ms. Tow-Yick and seconded by Mr. Hahn on the appointment of the new President and CEO and contract.

The motion was passed unanimously.

6(d) Consideration of and Action Upon Approval of a Construction Contract Change Order for Additional Construction Work Related to the Runway 16-34 Safety Area Improvements Project at T. F. Green Airport.

Mr. Frazier reported a \$260,000 Change Order is needed to finish the project. The recommendation is that the Board authorizes the Interim President and CEO, or his designee, to execute a Construction Contract Change Order with Cardi Corporation in the amount of \$260,000 with appropriate reservations of rights, which is included in the Capital Improvement Program budget for this project, for additional construction work required for the Runway 16-34 Safety Area Improvements project at T. F. Green Airport.

A motion was made by Ms. Tow-Yick and seconded by Ms. Thomas to approve the following resolution:

WHEREAS, the Rip-Rap stone facing on the geosynthetic soil reinforcement embankments at the end of Runway 34 rolled down the slope and impacted the Air Operations Area (AOA) fence; and

WHEREAS, the proposed solution includes the removal of existing rip-rap, installation of a 5-foot high toe wall, installation of additional Rip-Rap to stabilize the slope and reinstalling the AOA fence; and

WHEREAS, the Rhode Island Airport Corporation (RIAC) staff has negotiated with the Contractor (Cardi Corporation) a Construction Change Order (CCO) in the amount of \$\$260,000; and

WHEREAS, the costs associated with this CCO are included in the Capital Improvement Program (CIP) budget for this project.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the Interim President and CEO, or his designee, to execute a Construction Contract Change Order with Cardi Corporation in the amount of \$260,000 with appropriate reservations of rights, which is included in the Capital Improvement Program budget for this project, for additional construction work required for the Runway 16-34 Safety Area Improvements project at T. F. Green Airport.

The motion was passed unanimously.

11. Future Meetings:

The next Board Meeting will be held on Wednesday, October 19, 2016 at 4:00 p.m., in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island.

12. Adjournment:

Mr. Hahn moved to adjourn at approximately 6:19 p.m. Mr. Traficante 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
THURSDAY, SEPTEMBER 29, 2016**

NAME AFFILIATION

Patricia Goldstein RIAC

Brian Schattle RIAC

Alan Andrade RIAC

Alicia Seabury RIAC

Sherri Ann Penta RIAC

Doug Dansereau RIAC

Nicole Williams RIAC

Jeffrey Goulart RIAC

Annette Jacques RIAC

Leo Messier RIAC

Eric Seabury RIAC

Randy Costa RIAC

Timothy Pimental RIAC

Bruce Wilde RIAC

David Cloutier RIAC

Dan Porter RIAC

Carla Ottaviano RIAC

Joe Ottaviano RIAC

Robert Simoes RIAC

Jeff Wiggin RIAC

Robert Goff New England Parking

Joseph Barra Robinson & Cole

Joel Antolini SAPG

Mike Lopez SAPG

Woody Creswell Paradies

Matt Wenham C&S

Denise Nelson Institute for Sustainable Infrastructure

Bill Fischer Northern Communications

Chris Conley PB

John Howell Warwick Beacon

Carol Kozma Projo

Richard Langseth Constituent

Iftikhar Ahmad Constituent

Angela Ahmad Constituent

Azmari Ahmad Constituent

Zalmai Ahmad Constituent

**The minutes of the Executive Session of the Board Meeting
September 29, 2016 have been sealed in accordance with R.I.G.L. §
42-46-4.**