

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE

WEDNESDAY, FEBRUARY 16, 2005

3:00 P.M.

**IN THE MARY BRENNAN BOARD ROOM, T. F. GREEN AIRPORT
WARWICK, RHODE ISLAND**

The meeting of the Rhode Island Airport Corporation (“Corporation”) Finance and Audit Committee was called to order by Chairman, Joseph Cianciolo, at 3:00 p.m. in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

COMMITTEE MEMBERS PRESENT: Joseph Cianciolo, James Forte.

COMMITTEE MEMBER ABSENT: Joseph Larisa.

ALSO PRESENT: Laurie Cullen, Executive Vice President; Brian Schattle; Senior Vice President of Finance and Administration and CFO; Bill Steinkamp, Senior Vice President of Operations and Maintenance; and those individuals listed on the attendance sheet attached hereto.

1. Report from Chief Auditor/Financial Analyst:

(a) Discussion of Current and Future Audits.

Mr. Dansereau gave a brief overview of the audits currently in progress and reported that there would be a more detailed discussion of the audits that have recently been completed in Executive Session.

2. Discussion Items:

(a) Discussion of December 2004 Financial Statements.

Mr. Schattle gave an overview of the December 2004 Financial Statements, focusing specifically on operating expenses and revenues. Mr. Schattle reported that included in the December results are amounts received from audits of two agencies. Mr. Forte asked if the amounts had actually been collected, and Mr. Schattle indicated that the accrual was done in December 2004 and that collection was made in January. There was also detailed discussion of bad debt expenses, specifically the US Airways bankruptcy filing. Mr. Schattle also reported that costs associated with snow removal were high as a result of the recent snowstorms. There was discussion of the unfavorable variance in legal services and it was noted that this was related to services provided by outside legal counsel to RIAC as part of the airport parking litigation. Mr. Schattle gave a brief overview of non-operating revenue and expenses focusing specifically on PFC's and CFC's.

(b) Discussion of Bond Financing.

Mr. Schattle discussed bond financing with the Committee, focusing on the proposed timetable. Mr. Cianciolo reported that RIAC had issued an RFP for an underwriter and there would be a Committee that would interview the shortlisted firms and they would make a recommendation to the Board. It was anticipated that this selection would be presented to the Board in March.

Mr. Schattle gave a brief update on the 10-year CIP. Ms Cullen reported that along with Mr. Brewer she had made a presentation on the CIP to Southwest Airlines. Discussion focused on specific projects and the MII approval process.

Ms. Cullen gave an update on the EDS project and specifically the TSA LOI. There was also discussion of the recent trip to Washington to garner support for the TSA funding.

Mr. Schattle gave an overview of the 2006 budget process, and gave an update on department staffing.

4. Action Item:

(a) Consideration of and Action Upon Engagement of Legal Counsel for the T. F. Green Airport Environmental Impact Statement (EIS).

Ms. Cullen reported that in September 2003 the Corporation issued an RFP for General Counsel and in December 2003 the Board approved a contract with the firm of Tillinghast, Licht, Perkins Smith & Cohen, LLP, to provide general counsel services. At that time the Board also recognized that the seven firms that responded to the RFP for legal services specialize in areas of law that would benefit the Corporation on specific projects, and authorized the Corporation to utilize the services of these firms as the needs arises. Ms. Cullen explained that Ropes and Gray, LLP is one of the seven qualified firms and in light of the legal and procedural complexities associated with the environmental and operational review of the EIS, it is necessary that RIAC engage legal counsel with relevant environmental and airport experience to ensure that the EIS proceeds in a timely and efficient manner. Ms. Cullen reported that the recommendation is that the Committee authorize the President and CEO to engage Ropes and Gray, LLP. as the legal counsel to provide legal services to support the T. F. Green EIS federal environmental review process.

A motion was made by Mr. Forte and seconded by Mr. Cianciolo to approve the following resolution:

WHEREAS, in September 2003, the Corporation issued a Request for Proposals (RFP) for General Counsel in accordance with the requirements of the RIAC procurement rules, to which seven (7) firms submitted qualifications packages; and

WHEREAS, the Selection Committee voted unanimously to retain the firm of Tillinghast, Licht Perkins Smith and Cohen, LLP, for General Counsel; and

WHEREAS, the Board also recognized that the seven (7) firms that responded to the RFP for legal services specialize in areas of law that would benefit the Corporation on specific projects, and authorized the Corporation to utilize the services of said firms as the need arises; and

WHEREAS, Ropes and Gray, LLP, is one of the seven qualified firms that were recognized as having expertise in the special areas of legal services.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Finance and Audit Committee authorizes the President and CEO to engage Ropes and Gray, LLP, as the legal counsel to provide legal services to support the T. F. Green Airport federal environmental review process.

The motion was passed unanimously.

5. Executive Session:

(a) Discussion Related to Potential Litigation (Audits) – R.I.G.L. § 42-46-5(a)(2).

(b) Discussion Related to Personnel (Non-Union Compensation Plan and Staffing) – R.I.G.L. § 42-46-5(a)(1).

At approximately 3:40 p.m., a motion was made by Mr. Forte and seconded by Mr. Cianciolo to go into Executive Session. By the following roll call vote, the motion was passed unanimously.

YEAS: Joseph Cianciolo

James Forte

NAYS: None

At approximately 4:01 p.m. a motion was made by Mr. Forte and seconded by Mr. Cianciolo to return to the Open Session. The motion was passed unanimously.

6. Future Meetings:

The next meeting date will be announced.

7. Adjournment:

Mr. Cianciolo moved to adjourn at approximately 4:02 p.m. Mr. Forte

seconded the motion. The motion was carried by acclamation.

Respectfully submitted,

**Joseph Cianciolo, Chair
Finance and Audit Committee of
the Rhode Island Airport Corporation**

ATTENDANCE SHEET

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE MEETING

FEBRUARY 16, 2005

NAME AFFILIATION

Mel Einhorn RIAC

Doug Dansereau RIAC

Jason Doyle RIAC

Robert Goff New England Parking

**MINUTES OF THE EXECUTIVE SESSION
OF THE RHODE ISLAND AIRPORT CORPORATON
FINANCE AND AUDIT COMMITTEE MEETING
FEBRUARY 16, 2005**

1. At approximately 3:40 p.m., a motion was made by Mr. Forte and seconded by Mr. Cianciolo to go into Executive Session. The motion was passed unanimously.

2. Committee Members and Corporation Personnel discussed ongoing audits.

3. Committee Members and Corporation Personnel discussed the non-union compensation plan and staffing and Mr. Einhorn was asked to set up a timetable for the non union salary and bonus payout. This timetable will be presented to the Board for approval.

At approximately 4:01 p.m. a motion was made by Mr. Forte and seconded by Mr. Cianciolo to return to the Open Session. The motion was passed unanimously.

YEAS: Joseph Cianciolo

James Forte

NAYS: None

Respectfully submitted,

Joseph Cianciolo, Chair

Finance and Audit Committee of the Rhode Island Airport Corporation