

UNOFFICIAL

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE

TUESDAY, MAY 17, 2005

2:00 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 2:05 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; Peter Frazier, Chief Legal Counsel; Doug Dansereau, Chief Auditor and Financial Analyst; Jason Doyle, Corporate Controller; and those individuals listed on the attendance sheet

attached hereto.

1. Approval of the Minutes:

A motion was made by Mr. Forte to approve the minutes of the Finance and Audit Committee Meeting of April 27, 2005. The motion was seconded by Mr. Cianciolo. The motion was passed unanimously.

2. Report from Chief Auditor:

Mr. Dansereau provided a summary of audits that have recently been completed or are currently in progress. There was specific discussion of the parking access cards audit and a recommendation on the use of passwords. Mr. Cianciolo asked that this issue be discussed with Mr. Brewer. Mr. Cianciolo asked who has responsibility for monitoring the parking cards for the airlines and Mr. Dansereau explained that this is handled by both the airlines and New England Parking. There was also discussion of the audit of the Airport Support Fund which is due to be finalized in June or July 2005. Discussion focused on the management by EDC and the terms of the current agreement. Mr. Dansereau was asked to find out when the management contract expires.

3. Report from Senior Vice President of Finance and Administration and CFO:

Mr. Schattle moved to the discussion items.

4. Discussion Items:

(a) Discussion of March 2005 Financial Statements.

Mr. Schattle gave an overview of the March 2005 Financial Statements, and indicated that last month's trends have continued. Mr. Schattle explained that RIAC had applied for reimbursement from FEMA of snow expenses incurred during the state of emergency and the Corporation was recently informed that the request has been approved and has been sent to the Rhode Island Emergency Management Agency (RIEMA). RIAC will follow up with RIEMA to find out how much money will be disbursed to RIAC. There was also discussion of operating expenses and revenues.

(b) Discussion of the Fiscal Year 2006 Budget.

Mr. Schattle gave an update on the preparation of the 2006 budget and reported that it is essentially complete. Mr. Schattle noted that there were several changes made to the draft and it will be ready for final presentation in June. Mr. Schattle stated that the CIP is also substantially complete It has been broken down into three categories; general expenses, items potentially funded by the MII, and items funded by monies from drug forfeitures that are used to upgrade

police equipment. Monies have also been allotted to the GA airports and will be used primarily for terminal facilities at Quonset and North Central and for safety projects.

5. Action Item:

(a) Consideration of and Action Upon 2005 Airport Project and Revenue Bond Issue.

Mr. Schattle reported that Committee approval is needed to complete the bond issue.

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

WHEREAS, the Rhode Island Airport Corporation (“RIAC”) is a public corporation, governmental agency and instrumentality of the State of Rhode Island and Providence Plantations (the “State”) organized and existing under Chapter 64 of Title 42 of the Rhode Island General Laws, as amended (the “Act”) as a subsidiary public corporation of the Rhode Island Economic Development Corporation (the “EDC”); and

WHEREAS, RIAC has the power pursuant to Section 42-64-2(g) and Section 42-65-5 of the Act “...to furnish proper and adequate airport facilities within the State...;” and

WHEREAS, RIAC is undertaking the 2005 Airport Bonds Project, consisting principally of improvements to Airport facilities (the “2005 Airport Bonds Project”) and refunding of all or a portion of the 2000 Series B Bonds (the “Refunding”); and

WHEREAS, RIAC intends to finance the 2005 Airport Bonds Project by requesting the EDC to issue up to \$104,285,000 Airport Revenue Bonds (2005 Series) and the Refunding by requesting the EDC to issue Airport Revenue Bonds in an amount necessary to refund all or a portion of the 2000 Series B Bonds (the “2005 Bonds”) and Pursuant to the Master Indenture of Trust among the EDC, RIAC and the U.S. Bank National Association, as Trustee (the “Trustee”) (the “Master Indenture”), a Seventh Supplemental Trust Indenture among RIAC, the EDC and the Trustee (the “Seventh Supplemental Indenture”) and a Loan Agreement between RIAC and the EDC (the “2005 Loan Agreement”), pursuant to which the EDC will loan the proceeds of the sale of the 2005 Bonds to RIAC for a portion of the 2005 Airport Bonds Project and the Refunding; and

WHEREAS, the EDC has previously selected Merrill Lynch & Co., as underwriter for the issuance of the 2005 Bonds (the “Underwriter”); and

WHEREAS, the Underwriter working with their counsel and other representatives of RIAC, the EDC and the State, have prepared a draft

of the Preliminary Official Statement (the “POS”) for use in connection with the sale of the 2005 Bonds, which document contains information relating to the 2005 Airport Bonds Project and the Refunding and RIAC and which the EDC has requested be approved and authorized by RIAC; and

WHEREAS, there have been prepared and submitted to this meeting of the Finance and Audit Committee (the “Committee”) drafts of the POS, the Report of the Airport Consultant relating to the Airport Project prepared by Ricondo & Associates, Inc., the Seventh Supplemental Indenture, and the 2005 Loan Agreement between RIAC and the EDC, and the Committee has determined that such documents appear to be in appropriate form and contain terms satisfactory to the Committee.

NOW, THEREFORE, BE IT RESOLVED BY THE FINANCE AND AUDIT COMMITTEE OF RIAC AS FOLLOWS AND SUBJECT TO BOARD APPROVAL:

1. RIAC hereby approves the 2005 Airport Bonds Project and hereby requests the EDC to issue up to \$104,285,000 Airport Revenue Bonds to finance the 2005 Airport Bonds Project and to issue Airport Revenue Refunding Bonds in an amount necessary to finance the Refunding.

2. RIAC hereby approves and authorizes the use by the EDC, in

connection with the sale and distribution of the 2005 Bonds, of the POS, including the Report of the Airport Consultant, in substantially the form presented to this meeting, and authorizes the President/CEO or any officer of RIAC to execute the POS on behalf of RIAC; and RIAC further authorizes the use by the EDC, in connection with the sale of the 2005 Bonds, of a final Official Statement, substantially in the form of the POS, with such changes therein as may be approved by the President/CEO, the Chairperson, the Vice Chairperson or the Treasurer of RIAC, acting singly.

3. The form, terms and provisions of the Seventh Supplemental Indenture and the 2005 Loan Agreement and hereby approved, and the President/CEO or the officers of RIAC, signing singly are hereby authorized and directed to execute, acknowledge and deliver the Seventh Supplemental Indenture and the 2005 Loan Agreement in substantially the forms presented to the meeting, and following execution thereof, the directors, officers, agents and employees of RIAC are hereby authorized and directed to take all such other action, and to execute and deliver all such other documents, as may be necessary or appropriate to carry out and comply with the terms and provisions of such documents.

4. The President/CEO or the Chairperson of RIAC, acting singly or in their absence, the Treasurer, of RIAC, is hereby authorized to approve the sale price of and interest rate for the 2005 Bonds, provided that the interest rate for the Refunding Bonds will be adequate to produce

a present value savings of approximately five percent (5%) of the principal amount of the 2000 Series B Bonds being refunded.

5. RIAC is authorized to enter into an agreement with a municipal bond insurer to obtain municipal bond insurance for the 2005 Bonds, and the President/CEO or any of the officers of RIAC, acting singly is hereby authorized and directed to execute and deliver an agreement with such bond insurer to provide such insurance.

6. The officers of RIAC are hereby authorized and directed to execute and deliver all such other documents, including but no limited to a Bond Purchase Contract and a Continuing Disclosure Agreement, and to take all such other action as may be necessary or appropriate in order to give effect to this resolution.

The motion was passed unanimously.

5. Executive Session:

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

(b) Discussion Related to Investment of Public Funds (Contract Renewals, Intermodal and Budget Assumptions) – R.I.G.L. § 42-46-5(a)(7).

At approximately 2:38 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 3:27 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 of the Finance and Audit Committee will be announced.

7. Adjournment:

Mr. Cianciolo moved to adjourn at approximately 3:30 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
MAY 17, 2005**

NAME AFFILIATION

Mel Einhorn RIAC

Patti Goldstein RIAC

Dave Edwards RIAC

Joe DaSilva RIAC

Liberty Luciano RIAC

Alicia Spearing RIAC

Steve Tibbetts Hawthorne

Robert Goff New England Parking

**MINUTES OF THE EXECUTIVE SESSION
OF THE RHODE ISLAND AIRPORT CORPORATON
FINANCE AND AUDIT COMMITTEE MEETING
MAY 17, 2005**

1. At approximately 2:38 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.

2. Mr. Dansereau gave an overview of several audit reports and reported on the potential settlement amounts.

3. Committee Members and Corporation Personnel discussed a tenant payment issue at Westerly Airport. Mr. Schattle gave an overview of the issue and reported that the staff is working with the

tenant on an acceptable agreement for payment of monies owed.

5. Committee Members and Corporation Personnel discussed potential litigation with a consultant employed to work on the Master Plan/EIS project. Mr. Frazier reported that the consultant went over budget and had worked out of scope. Mr. Frazier stated that his research and fact investigation were ongoing.

6. Committee Members and Corporation Personnel discussed the City of Warwick sewer assessment and Mr. Schattle noted that he had met with representatives from the City and negotiations were continuing on this issue.

7. Mr. Frazier gave an overview of an age discrimination employment allegation.

8. Mr. Frazier gave an overview of a potential litigation issue at Newport Airport in connection with the clearing of obstructions from abutting properties. Negotiations on this issue are ongoing.

9. Mr. Schattle reported that there are three contract renewals for off airport parking facilities. There was discussion on the feasibility of increasing the fees charged to these vendors. Comparisons from other airports were discussed with the Committee. Further research will be done on this issue.

10. Committee Members and Corporation Personnel discussed the 2006 budget assumptions.

At approximately 3:27 p.m. a motion was made by Mr. Forte and seconded by Mr. Cianciolo to return to the Open Session. By the following roll call vote, 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