

UNOFFICIAL

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE

WEDNESDAY, JUNE 15, 2006

12:30 P.M.

IN THE BRIEFING CENTER, 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 12:30 p.m., in the Briefing Center, 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; Michael Traficante.

BOARD MEMBER PRESENT: Robert D. Sangster.

ALSO PRESENT: Mark P. Brewer, A.A.E., President and CEO; Brian C. Schattle, Senior Vice President of Finance and Administration and CFO; Marci Greenberger, A.A.E., Senior Vice President of Operations and Maintenance; Peter A. 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.

Mr. Cianciolo welcomed Mr. Sangster to the Committee Meeting.

1. Approval of the Minutes:

A motion was made by Mr. Forte and seconded by Mr. Cianciolo to approve the Minutes of the Finance and Audit Committee of May 17, 2006. 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.

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

Mr. Schattle gave a brief update on the financing for the Intermodal project. The Special Facility Revenue Bonds and the TIFIA Loan are scheduled to be completed by the end of June.

4. Action Items:

(a) Consideration of and Action Upon Approval of the Fiscal Year 2007 Budget.

Mr. Brewer gave a brief overview of the budget process and reported that Mr. Schattle would present the information on the specific line items. Discussion focused on revenues and operating expenses. Committee Members thanked Mr. Schattle, Mr. Doyle and the RIAC staff for their work in preparing the budget.

A motion was made by Mr. Forte and seconded by Mr. Cianciolo to approve the FY 2007 budget in substantially the form presented to the Committee, subject to the approval of the Board. The motion was passed unanimously.

(b) Consideration of and Action Upon Approval of the Fiscal Year 2007 Insurance Policies and Premiums.

Mr. Schattle gave an overview of the various insurance policies and reported that the recommendation is that the Committee authorize the President and CEO, or his designee, to take the steps necessary to bind on RIAC's behalf the insurance program (policies and premiums) recommended by RIAC's insurance broker and insurance advisor, and approved by RIAC management, provided that the overall program falls within the aggregate Fiscal Year 2007 budget, and subject to Board approval. There was also discussion of the Directors and Officers Insurance, and specifically the level of coverage. Mr.

Schattle reported that he will provide a schedule of coverage to Board Members.

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 responsible for the maintenance and operation of airport facilities at the six Rhode Island airports; and

WHEREAS, RIAC carries Airport Owners and Operators Liability Insurance, Airport Owners and Operators Excess Premises Liability Insurance, Aircraft Hull and Liability Insurance, Property Insurance, Automobile Insurance, Inland Marine (Mobile Equipment) Insurance, Crime Insurance, Workers' Compensation and Employer's Liability Insurance and Directors and Officers Insurance policies; and

WHEREAS, RIAC's insurance policy periods are from June 30, 2005 through June 30, 2006, with the exception of Directors and Officers Insurance, which is September 30, 2005 through September 30, 2006; and

WHEREAS, the RIAC Board of Directors has previously approved RIAC entering into an agreement with Aon Risk Services to provide insurance brokerage services at the January 26, 2005 Board of

Directors meeting; and

WHEREAS, the RIAC Board of Directors has previously approved RIAC entering into an agreement with Albert Risk Management Consultants to provide insurance advisory services at the March 20, 2006 Board of Directors meeting; and

WHEREAS, RIAC has a fiscal year budget which provides funding for these policies through its Operating & Maintenance (O & M) budget.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee authorizes the President and CEO, or his designee, to take the steps necessary to bind on RIAC's behalf the insurance program (policies and premiums) recommended by Aon Risk Services and Albert Risk Management Consultants, and approved by RIAC Management, provided that the overall program falls within the aggregate Fiscal Year 2007 budget, and subject to Board approval.

The motion was passed unanimously.

(c) Consideration of and Action Upon Award of a Professional Services Agreement for Oracle 11i Migration and Systems Integration.

Mr. Schattle gave an overview of the upgrade and systems integration

project and reported that the recommendation is that the Committee authorize the President and CEO, or his designee, to execute a Professional Services Agreement with GCR & Associates, Inc., to provide consulting services for the Oracle 11i Migration and Systems Integration project, subject to Board approval.

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

WHEREAS, the current version of the Rhode Island Airport Corporation's (RIAC's) Oracle financial systems is being de-supported in December, 2006; and

WHEREAS, RIAC owns perpetual licenses for Oracle financial systems, thus management has decided to upgrade from Oracle 10.7 to 11i; and

WHEREAS, this project will include the migration of existing Oracle finance applications to Oracle 11i with increased functionality and "seamless" integration with upgraded Airport Business Manager (ABM) and Airport Project Manager (APM); and

WHEREAS, RIAC established a project management team to review its current systems, develop recommendations for enhancements, develop a Request for Proposals (RFP), and manage the implementation of recommended action items; and

WHEREAS, RIAC issued a Request for Proposals (RFP) in March 2006 for Oracle Migration and Systems Integration services and conducted a selection process pursuant to RIAC's Procurement Rules; and

WHEREAS, a Selection Committee was formed to evaluate the responses to the RFP; and

WHEREAS, the Selection Committee received two proposals and recommends GCR & Associates, Inc. to provide these services; and

WHEREAS, funding for this project is included in the proposed Fiscal Year 2007 Capital Improvement Program (CIP).

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee approve the attached resolution authorizing the President and CEO, or his designee, to execute a Professional Services Agreement with GCR & Associates, Inc. to provide consulting services for the Oracle 11i Migration and Systems Integration project in an amount not to exceed \$606,474 plus reimbursable expenses, subject to Board approval.

The motion was passed unanimously.

(d) Consideration of and Action Upon Amending and Updating the

Rules and Regulations for Ground Transportation at T. F. Green Airport.

Mr. Frazier reported that in conjunction with the approved and ongoing Intermodal Project, RIAC has contractual obligations under the Concessions Agreement with the car rental agencies doing business at the airport to update and/or amend the Ground Transportation Regulations. In addition, RIAC has clarified and updated the Ground Transportation Regulations with respect to access fees to ensure consistency with current national and RIAC practices that are permitted by existing concession and access contracts or permitted by the Rhode Island General Laws, and has reorganized and reworded provisions to ensure the clarity of the regulations. Mr. Frazier noted that the recommendation is that the Committee approve the Rules and Regulations for Ground Transportation at T. F. Green Airport in substantially the form presented to the Committee, subject to Board approval.

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 authorized under R.I. Gen. Laws § 1-2-1.1 to regulate vehicular traffic accessing its airport facilities including, without limitation, T. F. Green State Airport (Airport); and

WHEREAS, RIAC has existing Rules and Regulations for Ground Transportation at T. F. Green Airport (Ground Transportation Regulations); and

WHEREAS, in conjunction with the approved and ongoing Intermodal Project, RIAC has contractual obligations under the Amended and Restated Concession and Lease Agreements (Concession Agreement) with the car rental agencies doing business at the Airport to update and/or amend the Ground Transportation Regulations; and

WHEREAS, the amendments necessitated by the Concession Agreement include:

- require that, commencing with the date of the operational opening of the Warwick Intermodal Station, all rental car companies must pick up and drop off their Airport customers only at the Warwick Intermodal Station (Section 7.2.1);**
- prohibit rental car companies from making arrangements for their customers to be picked up or dropped off at the Airport, whether by valet, shuttle, or Courtesy Vehicle, at any location other than the Warwick Intermodal Station;**
- provide that rental car companies may operate premium service only under certain conditions and with certain potential penalties (Section 7.2.3);**

- provide that rental car companies may drop off and pick up customers with disabilities only in a designated area (Section 7.2.4);
- to provide that any rental car company, prior to the date of the operational opening of the Warwick Intermodal Station, may impose the CFCs on all customers who directly or indirectly use the Airport, including customers who previously fell within the “local market exception.”

WHEREAS, RIAC has clarified and updated the Ground Transportation Regulations with respect to access fees to ensure consistency with current national and RIAC practices that are permitted by existing concession and access contracts or permitted by the R.I. General Laws; and

WHEREAS, RIAC has reorganized and reworded provisions to ensure the clarity of the Ground Transportation Regulations; and

WHEREAS, a copy of the revised and updated Ground Transportation Regulations are attached and have been presented to this Committee for review.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee hereby recommends that the Rules and

Regulations for Ground Transportation at T. F. Green State Airport be approved in substantially the form presented at this Committee meeting, subject to Board approval.

The motion was passed unanimously.

5. Executive Session:

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

At approximately 1:10 p.m., a motion was made by Mr. Cianciolo and seconded by Mr. Forte to go into Executive Session. By the following vote, the motion was passed unanimously.

YEAS: Joseph Cianciolo

James Forte

NAYS: None

ABSTAIN: None

At approximately 1:30 p.m., a motion was made by Mr. Forte to reconvene to the Open Session. The motion was seconded by Mr. Cianciolo. The motion was passed unanimously.

6. Future Meetings:

The next meeting of the Finance and Audit Committee will be announced.

7. Adjournment:

Mr. Forte moved to adjourn at approximately 1:31 p.m. Mr. Cianciolo seconded the motion. The motion was carried by acclamation.

Respectfully submitted,

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

**ATTENDANCE SHEET
RHODE ISLAND AIRPORT CORPORATION
FINANCE AND AUDIT COMMITTEE MEETING
JUNE 15, 2006**

NAME AFFILIATION

Joe DaSilva RIAC

Steve Tibbetts Landmark Aviation

Robert Goff New England Parking

**MINUTES OF THE EXECUTIVE SESSION
OF THE RHODE ISLAND AIRPORT CORPORATION
FINANCE AND AUDIT COMMITTEE MEETING ON JUNE 15, 2006**

1. At approximately 1:10 p.m., a motion was made by Mr. Cianciolo and seconded by Mr. Forte to go into Executive Session. The motion was passed unanimously.

2. Mr. Schattle gave an update on accounts receivable issues.

At approximately 1:30 p.m., a motion was made by Mr. Forte to reconvene to the Open Session. The motion was seconded by Mr. Cianciolo. By the following roll call vote the motion was passed unanimously.

YEAS: Joseph Cianciolo

James Forte

NAYS: None

ABSTAIN: None

Respectfully submitted,

Joseph Cianciolo, Chairman

**Finance and Audit Committee of
the Rhode Island Airport Corporation**