

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

PRESIDENT AND CEO SELECTION COMMITTEE

MONDAY, APRIL 11, AT 8:00 A.M.

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) President and CEO Selection Committee was called to order by Chair, Jonathan Savage, at 8:13 a.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.

COMMITTEE MEMBERS PRESENT: Jonathan Savage; Deborah M. Thomas; Heather Tow-Yick and Christopher Little.

COMMITTEE MEMBER ABSENT: None.

ALSO PRESENT: Sherri-Ann Penta, Director of Human Resources; and those members listed on the attendance sheet attached hereto.

1. Approval of the Minutes:

A motion was made by Mr. Little to approve the minutes of the President and CEO Selectin Committee of March 24, 2016. The

motion was seconded by Ms. Thomas. The motion was passed unanimously.

2. Update Related to Executive Search For President and CEO.

Ms. Penta stated the firms of SpencerStuart, Boyden, Aviation Career Services and the Mercer Group will be interviewed today. Ms. Penta noted that each firm will have 30 minutes for a presentation followed by 15 minutes for questions and answers. Ms. Penta noted that following the presentations the Committee will discuss the firm's qualifications in Executive Session. Ms. Penta stated the Committee will make a recommendation to the Board of Directors on April 13th and select the search firm at that time.

3. Interviews of Executive Search Firms:

(a) SpencerStuart.

Mr. Michael Bell thanked the Committee for the opportunity to present and stated he is based in the SpencerStuart Miami office and co-leads the firm's global aviation, aerospace and defense practice. Mr. Bell introduced Mr. Jerry Noonan and Mr. Bailey Hallingby. It was noted that Mr. Noonan is based in the Boston office and leads the Spencer Consumer Practice. Mr. Hallingby is based in the Miami office and is a member of the firm's global aviation and aerospace sectors. Mr. Bell provided a handout to the Committee members.

Mr. Bell provided an overview of SpencerStuart's qualifications, multi-disciplinary approach to seek candidates, expertise in the industry, their track record, broad reach and local and regional knowledge. Mr. Bell stated SpencerStuart is the largest and most developed executive search firm in the industry with over 40 successful CEO searches. Mr. Bell stated they have done quite a bit of work in midsize airports that share the same issues and opportunities as RIAC.

Mr. Bell stated they have a diverse client base that consists of airport owners, airport developers and managers and see the industry from a lot of different perspectives. Mr. Bell also note that Spencer has a strong relationship with the airlines serving T. F. Green. Mr. Bell stated Spencer has twice been selected to represent the global airport industry in the recruitment of the CEO of the global industry association.

Mr. Bell stated they have a strong presence in the New England region and have done work with major organizations in Rhode Island (RI) and their understanding of the local community will help them ensure candidates are the right fit and allow them to sell the appeal of RI.

Mr. Bell stated they recommend a broad base recruitment strategy with a mix and diversified array of other industries. Mr. Savage asked

Mr. Bell to expand on that philosophy and provide examples. Mr. Bell stated they would diagnose the needs of the corporation to drive the search and stated the potential search strategy and candidate pools would include airports, business, governmental and economic development organizations from the Rhode Island/ New England region, adjacent and relevant industries and aviation other than airports. Mr. Bell provided an example of the CEO placement in Denver and noted the successful candidate was recruited from American Airlines in Brazil. There was discussion on retention and relocation to Rhode Island. Mr. Bell provided additional examples of airport CEO placements from candidates outside or adjacent to the airport industry. Mr. Tow-Yick asked the firm's top three strategies in gender and ethnic diversity placement. Mr. Bell provided examples and noted that four of their last five placements have been diversity placements.

Mr. Bell provided an overview of their distribution of work in both the industry and the region and provided specific information on major airport clients. There was discussion on industry changes to privatization. Mr. Little asked what the normal retention time in the industry is. Mr. Bell stated it varies widely and averages 5 to 7 years.

Mr. Bell provided an overview of likely attractors and detractors and how the opportunity will be seen. Mr. Bell noted there is good government support, success in international service, a large catchment area and strong prior CEOs.

Mr. Bell gave an overview of the existing organization model. Mr. Savage asked about the roles of COO and broader COO roles. Mr. Bell gave an overview of the role of a COO and a PLN COO and noted that PLNs are typically seen in larger airports or in a structure where a COO is being groomed to become the CEO. Mr. Savage asked which COO role would be more appropriate for this organization. Mr. Bell stated he believes a COO would be more functional in an airport of this size and will allow for the CEO to more directly engage.

Mr. Bell stated SpencerStuart is very interested in working with RIAC to represent them and be their partner and thanked them for the opportunity to present to them.

(b) Boyden

Mr. Tim McNamara introduced himself to the Committee and stated he prepared a presentation to answer questions addressed by Mr. Penta on behalf of the Committee.

Mr. McNamara stated Boyden is the oldest search firm and was founded in 1946 and has 70 offices located in more than 40 countries with a focus in every industry and consult to a variety of Fortune 500 companies. Mr. McNamara noted Boyden has a global transportation sector that specializes in all modes of tourism, hospitality and transportation. Mr. Little asked who the individuals that would be

responsible for this search are and for information on their backgrounds. Mr. McNamara stated he and Ms. Linda Kurshner would be directly responsible for this search and provided information on his background in the industry.

Mr. McNamara gave an overview of the challenges and opportunities for the candidate pool for the RIAC CEO. Mr. McNamara noted there is a strong demand and greater competition for talented CEOs. Mr. McNamara provided examples of known airport CEO searches that are ongoing or will be commencing in the near future. Mr. McNamara stated to broaden the reach the search should be opened to non-traditional and broadened to include aviation and hospitality consulting firms, aviation entities, equity firms, airlines and the private sector.

Mr. McNamara gave an overview of the profile for the CEO and noted that the profile would include the following: strong communication and interpersonal skills, political instincts, understanding of economic development, a track record of successful domestic travel, ability to market to the airlines, experience with external stakeholder management, exceptional business and finance acumen, in check ego and a healthy sense of humor and a high level of integrity and ethics.

Mr. McNamara provided general comments and observation on the organizational structure. Mr. Savage asked what the typical time

period would be for a structural analysis and how it would fit with the CEO search and if one should be done prior to the other. Mr. McNamara stated a typical analysis would take 60 days and should be completed after the CEO has been placed to allow for their participation in the structure of the organization.

Mr. McNamara gave an overview of the compensation structure and gave examples of pay scales and bonus programs at other airports. Mr. McNamara stated candidates will be aware of the compensation packages at other airports and suggested a base of \$300,000 to \$400,000 with an incentive program included.

Mr. McNamara gave an overview of benefits of selecting Boyden and noted two senior search professionals will work on this placement, they are not airport myopic, a highly ethical search will be completed, they will not undertake an executive search for a competing client and they have never failed to successfully complete a search and place a candidate that stayed in the position and met expectations. Mr. McNamara stated an in depth candidate assessment of the candidates will be completed and an analysis of core competencies, strengths, short comings and a gap analysis will be provided to RIAC.

Mr. McNamara provided a list of representative clients outside the aviation industry to highlight the broad section of CEO and civil searches. Mr. McNamara discussed issues that could impact the success of a CEO search.

Mr. McNamara stated he would like to publicly thank Ms. Penta for her cooperation and interactions and for being highly responsive to all requests and questions.

Mr. McNamara thanked the Committee for having him there and stated he has a strong passion to help with the search for the CEO and to help build a team here to ensure long term success.

(c) Aviation Career Services

Mr. Eric Mercado and Ms. Lisa Gahm introduced themselves to the Committee and provided information on the company background. Mr. Mercado noted the company is minority owned and was started in 2010 with a strong focus on diversity and inclusion and are in the process of becoming a DBE. Mr. Mercado also provided information on connections to the industry through aviation groups and organizations. Mr. Mercado gave an overview on how the firm utilizes aviation subject matter experts to see where the industry is going. Ms. Gahm noted the New England organization that she is connected with to maintain industry connections.

Ms. Gahm gave an overview on comparable organizational structures and noted that the most comparable airport structure has two direct reports to the CEO. Ms. Gahm gave an overview of a proposed organizational structure focus and succession plan. Ms. Tow-Yick asked what would be gained and what would be lost with the

proposed structure. Ms. Gahm stated better control and command structure would be gained with less reports to the CEO and Mr. Mercado stated it would gain focus and a leadership role. Mr. Mercado stated the drawback is that it would be initially challenging for internal staff but there would be no loss of staff, they would become more efficient with a greater opportunity for success.

Ms. Gahm gave an overview of the candidate profile and stated there are three areas to focus on related to the airport industry for a candidate pool. Aviation leaders, consultants, the FAA, airlines and non-aviation related leaders. Ms. Gahm stated there would also be a cultural fit and a desire to be part of the community. Mr. Little asked what they perceive to be the strength and weaknesses to attract a candidate. Ms. Gahm stated the lifestyle here is positive and the negatives are the expense of the area and the snow climate for some. Mr. Mercado provided a modified job description to the Committee that could be modified when developing the final profile position.

Mr. Mercado gave an overview the recruitment plan and noted applicants will apply online and the recruiters will look at both in and out of the airport industry for candidates and the position will be advertised as such to cast a wide net. Ms. Tow-Yick asked what the ideal pipeline would be to seek these candidates. Mr. Mercado stated the position will be advertised for four weeks to allow the candidates to review the specifications and outreach will also be made to potential candidates. The pool will then be narrowed down to 15

individuals who will be asked supplemental questions and assessments on personality and leadership will be conducted. Ms. Tow-Yick asked for further information on a prior placement where the candidate left the position after 13 months. Mr. Mercado stated the candidate was recruited to another airport and received a huge swing in salary. Mr. Mercado noted the client was happy with their service.

Mr. Mercado discussed the compensation structure and creative ways to balance the cost of living and region by increasing the starting range and a bonus structure based on performance and longevity.

Mr. Mercado discussed recruitment focus outside the aviation industry through a targeted outreach and utilizing their partner Swift Services as well as taking a different approach to the brochure and marketing the region. Ms. Thomas asked what sets them apart. Mr. Mercado stated they develop a relaxed, professional and ethical relationship with the candidates and the client. Mr. Mercado stated their 12 week process is realistic and they have only had to extend that timeline once for an additional week. Mr. Mercado stated their knowledge of the industry, understanding of the industry and focus on the development pool also sets them apart. Mr. Mercado noted they will also provide an assessment of leadership tailored to fit the organization. Mr. Little stated in the proposal there is an exception for the right to terminate the agreement for convenience and asked

for clarification. Mr. Mercado stated that term was added as it was found in other agreements and included the right for both parties. Mr. Mercado noted that right has never been exercise and they have a record of 100% placement.

(d) The Mercer Group

Mr. Clark Wurzberger introduced himself and provided information on his and the firm's background. Mr. Wurzberger noted the Mercer Group is one of the largest firms in the country with consultants in 18 offices and have led hundreds of executive recruitment searches. Mr. Wurzberger stated he prepared brief responses to the questions posed by the Committee and provided that handout to the Committee members. Mr. Wurzberger stated his previous experience at RIAC includes the recruitment of Mr. Kevin Dillon and Mr. Leo Messier. Mr. Wurzberger stated he is familiar with the state system and the key members of the executive staff.

Mr. Wurzberger discussed the position profile and noted the profile would include highly development communication skills, speak effectively in all settings, approachable, action and results oriented, previous experience working in airport systems, high professional standards, history of productive working relationships, active in professional associations and quality references from superiors, peers and subordinates.

Mr. Wurzberger stated for RIAC there should be a very specified, detail oriented position profile with

ideal qualities, attributes, and skills with an effective outreach component.

Mr. Wurzberger reviewed a proposed recruitment timeline and stated he will email proactively for this position recruiting in the aviation industry and will start a broad advertising approach followed by an active sourcing campaign. Mr. Wurzberger stated 20 qualified candidates are typically interviewed and a list of 8-12 semi-finalists will be recommended for the Committee to review. Ms. Thomas asked about the process to determine valid interest in the position. Mr. Wurzberger stated the cover letter and the 90-120 minute phone interview will determine the validity of interest in the position. It was noted that the question for the phone interview will be developed with the Committee's input. Mr. Wurzberger also noted that the reputation of the candidates in the industry will also demonstrate the values of the candidates. Mr. Wurzberger stated three to six finalists will then be scheduled to interview before the Committee. Mr. Little asked if there will be a strong applicant pool for this position. Mr. Wurzberger stated proactive sourcing will be very important and the dynamics of the area have not changes much. It was also noted that increased compensation will attract more applicants.

Mr. Wurzberger provided a proposed schedule of meeting with the Committee that would begin in two weeks and noted that with the proposed timeline a new CEO would be selected by Labor Day. Mr. Wurzberger stated the Mercer Group's will continue to work on the

placement until the Committee is satisfied with the appointment. Mr. Little asked for Mr. Wurzberger's observations of the compensation structure. Mr. Wurzberger suggested, due to the cost of living, a base pay of \$300,000 with a defined bonus opportunity. Mr. Wurzberger stated the initial focus will be to define RIAC's needs so the position profile will become specific for recruiting and screening.

Mr. Wurzberger stated his location in California will not be a disadvantage as teleconferences can be scheduled to provide updates and save money.

4. Executive Session:

At approximately 11:42 a.m., a motion was made by Ms. Tow-Yick and seconded by Ms. Thomas 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 March 24, 2016 - R.I.G.L. § 42-46-5(a)(1) and (5); and

(b) Discussion Regarding Bid Proposals Where Premature Disclosure Would Adversely Affect the Public Interest - R.I.G.L. § 42-46-5(a)(7); and

(c) Motion to Return to Open Session.

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

YEAS: Jonathan Savage

Deborah Thomas

Heather Tow-Yick

Christopher Little

NAYS: None

ABSTAIN: None

At approximately 12:13 p.m., a motion was made by Mr. Savage and seconded by Mr. Little to return to the Open Session. The motion was passed unanimously.

5. Post Executive Session Actions and Announcements:

(a) Motion to Seal the Minutes of the Executive Session held on April 11, 2016.

A motion was made by Ms. Tow-Yick and seconded by Mr. Little 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: Jonathan Savage

Deborah Thomas

Heather Tow-Yick

Christopher Little

NAYS: None

ABSTAIN: None

6. Future Meetings:

The next President and CEO Selection Committee Meeting will be announced

7. Adjournment:

Mr. Little moved to adjourn at approximately 12:14 p.m. The motion was seconded by Mr. Savage. The motion was passed unanimously.

Respectfully submitted,

Jonathan Savage, Chair
Rhode Island Airport Corporation

PUBLIC ATTENDANCE SHEET
RHODE ISLAND AIRPORT CORPORATION
PRESIDENT AND CEO SELECTION COMMITTEE
MONDAY, APRIL 11, 2016

NAME AFFILIATION

Paul Parker Providence Journal

Robert Goff New England Parking

Michael Bell Spencer Stuart

Bailey Hallingby Spencer Stuart

Jerry Noonan Spencer Stuart

Tim McNamara Boyden

Eric Mercado Aviation Career Services

Lisa Gahm Aviation Career Services

Clarke Wurzberger Mercer Group

The minutes of the Executive Session of the President and CEO Selection Committee Meeting of April 11, 2016, have been sealed in accordance with R.I.G.L. § 42-46-4.