

MINUTES OF MEETING
RHODE ISLAND AIRPORT CORPORATION
BOARD OF DIRECTORS
THURSDAY, MARCH 9, 2023 AT 8:45 AM
IN THE MARY BRENNAN BOARD ROOM
RHODE ISLAND T. F. GREEN INTERNATIONAL AIRPORT
2000 POST ROAD, WARWICK, RHODE ISLAND

The meeting of the Rhode Island Airport Corporation (RIAC) Board of Directors was called to order by Chair, Jon Savage at 8:45 a.m., in accordance with the notice duly posted pursuant to the Open Meetings Act (R.I.G.L. §42-46-1 et seq.).

BOARD MEMBERS PRESENT: Jonathan Savage, Michael Traficante, Deborah Thomas, Christopher Little and Gregory Pizzuti.

BOARD MEMBERS ABSENT: Jeffrey Bogosian and Jonathan Roberts.

ALSO PRESENT: Iftikhar Ahmad, President and CEO, and those members listed on the attendance sheet attached hereto.

1. Approval of the Minutes:

A motion was made by **Mr. Traficante** to approve the minutes of the Board of Director's Meeting of February 9, 2023. The motion was seconded by **Mr. Pizzuti**.

The motion was passed unanimously.

2. Open Forum:

Mr. Savage asked if anyone present wanted to speak in Open Forum. One individual came forward.

Ms. Iadeluca noted she would like to speak.

Ms. Iadeluca noted we have seen a terrific response to the new proposal for the Food & Beverage program. Her concern, and that of her members, is that they have zero protection to continue to work here. The Request for Proposals (RFP) includes encouragement for her people to be hired, but there is no certainty of that happening. Her members are asking what will happen, but she does not know. They are asking if they can go to another location because they cannot continue with the unknowns. She is asking RIAC to please consider a master concessioner agreement. She notes that she knows the airport is looking for local flavor, which is a great idea, however, when there are eight to ten separate individual operators, who will be policing them. **Ms. Iadeluca** noted she does not see a shared space of people who are competing with each other as a win-win. She added that a multiple operator system does not work. There was a large strike at San Francisco International Airport (SFO), which involved 30 plus operators. She cannot imagine making one call in the face of a situation as being less preferable to making ten calls. Her members, including some employees here today, are concerned. She does not like telling them that she does not know what will happen. **Mr. Savage**

provided a brief informational thanking Ms. Iadaluca for coming in and bringing these relevant points to the Board's attention. RIAC appreciates the feedback and we will factor in your comments.

3. Report from the President and CEO:

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

- **Mr. Ahmad** stated Breeze Airways is moving forward with their base start at PVD. Today, you will see an action item for \$3.5 million worth of work to be spent on renovating infrastructure for the team. This includes JetBlue, Breeze Airways and United Airlines.
- **Mr. Ahmad** stated later in the meeting that **Mr. Pimental** will provide an update on the new escape lounge concept during the terminal renovation update. This new concept includes relocation to a more visible and roomier space.
- **Mr. Ahmad** stated two mandatory pre-proposal meetings for the Parking Revenue Operator and Shuttle Bus were held on February 23 and March 1. On February 23, there were 10 attendees from seven distinct entities for the shuttle bus service and seven attendees from three distinct entities for the public parking revenue operator. On March 1, there were two attendees from two distinct entities for the bus shuttle service and three attendees from two distinct entities for the public parking revenue operator. **Mr. Ahmad** noted this is a good response to the parking RFP. This is a good response to the RFP on parking concessions and the Block Island restaurant is ongoing.
- **Mr. Ahmad** stated two mandatory pre-proposal meetings for the food and beverage RFP's were held on February 24 and March 3. On February 24, there were 20 attendees from 13 distinct entities and on March 3, there were 34 attendees from 20 distinct entities. **Ms. Morgan** will provide an update on this later in the meeting.
- **Mr. Ahmad** stated the Block Island diner RFP was published on February 23. The first of two mandatory pre-bid meetings and site tours was held on March 6 at 11:00 am. There were two companies in attendance, The Cracked Mug and Southeast Light Delights. **Ms. Morgan** will provide an update at the April board meeting.
- **Mr. Ahmad** stated in April, RIAC will be submitting construction grants for six upcoming projects in the total estimated amount of \$100 million. These projects include the PVD Taxiway C Realignment and Rehabilitation, PVD Southside Site Work and Grading, Block Island Terminal Apron Expansion, Westerly Wildlife Fence Installation, Replacement and Repair, North Central Tie-Down Apron Reconstruction and Quonset Runway 16-34 Reconstruction.
- **Department Updates**

(a) Operations Update

Ms. Morgan noted the presentation shown is a detailed forecast and sensitivity analysis compared with actual passenger enplanements. Actual passenger enplanements have exceeded the forecast for December at 2% with a year to date increase of 15% from last fiscal year. **Mr. Ahmad** noted December 2019 included the Sunday after Thanksgiving, which was unique. This past December there were a lot of cancellations and a drop in load factors. In January, the numbers reached up to 80% of what they were in 2019. There is a softening in load factors which is problematic because airlines are trying to cover their costs. **Mr. Ahmad** noted that seven marketing firms are being approved at the meeting today and they are going to start robust campaigns. The objective of these marketing firms will be to increase load factors to the 85% range. January load factors are at 72% with Southwest at 69%. RIAC can bring service, but needs help with the load factors. Further discussion will take place in future board meetings, but he wanted the Board to be aware. Service must get used or the airlines will decrease seats. **Ms. Morgan** noted passenger activity in December increased by 5.2% for arriving passengers and at 3.4% for departing passengers, with a total increase of 4.3% from last year. Fiscal year to date increased to 19.5% for arriving passengers and 18.9% for departing passengers, with a total increase of 19.2% from last year. **Ms. Morgan** noted she will be moving on to the overtime update. Fiscal year to date shows a decrease of 23.6%. December monthly overtime was slightly up year over year. Operations saw an uptick for training, runway painting and snow equipment preparation. There was also an increase due to a December 11th snow event and a vacancy in finance.

(b) Airport Financial Report Update

Ms. Williams noted the month of December 2022, which is the mid-point of FY23 completed with the overall operating revenues up approximately 16.06%, which is \$4.7 million ahead of the prior year and \$5.4 million ahead of budget. Revenue streams such as concessions, including Food & Beverage and News & Gift, have continued to recover and are up approximately 26%. Fuel flowage fees are up 28% from the prior year to approximately 60%, due to increased volume and pricing. Overall operating expenses were up approximately \$1.4 million over the prior year, largely driven by scheduled payroll increases at the beginning of the fiscal year and the increase in contractual services such as baggage handling, janitorial and security as passenger activity and operations have increased over the prior year. **Ms. Williams** notes supplies & materials were up approximately 25% primarily as a result of increased pricing for janitorial, airfield materials and supplies, and fuel. The operating loss for the General Aviation Airports was approximately \$248K FYTD through December. The amount was calculated without counting the GA debt service of \$480,000. For non-operating revenue and expenses, Passenger Facility Charges were up \$400,000 as a result of the increase in the passenger activity levels.

(c) Infrastructure Update

Ms. Damicis noted 11 FAA Airport Improvement Program Grants for 2023, representing \$133 Million of budgeted projections, are being prepared. This month, bids

will be received for six construction projects. The projects are OQU Runway 16-36, PVD Taxiway C, PVD Southside Grading and Utility Improvements, BID Apron Expansion, SFZ Apron Rehab, and WST Wildlife Fence. **Ms. Damicis** noted they will be applying for grants for the PVD Environmental Assessment, Easement acquisitions at PVD and OQU, and Reimbursable agreements to support FAA navigational aid design for OQU Runway 16-34 and PVD Taxiway C. This year applications are due in early May, and we expect grant offers to be issued in August. **Mr. Traficante** requested and received a copy of the presentation slide. **Mr. Pizzuti** noted \$133.5 million is a lot of construction and he asked how this compares to past years. **Mr. Ahmad** noted that in 2016 there were 22 projects over a span of five years and now there are 39 projects in just one year. He added that this is a significant increase, but they are utilizing several different methods now such as trying to get more funding from different sources and increasing investments at the General Aviation airports. **Mr. Ahmad** concluded that the Engineering group is keeping up with the projects and have not seen large change orders or delays.

(d) Escape Lounge

Mr. Pimental noted he is providing an update on PVD's only all-inclusive premium passenger lounge, Escape Lounge (Lounge). In May of 2019, CAVU, formerly MAG USA opened the lounge after an RFP process and several months of construction. The lounge is located below Gate 22 in 1,880 square feet of space that became available after the decommissioning of a ground level boarding gate and hold room. CAVU invested approximately \$1.5 million to create the Lounge and the associated kitchen and support space. As part of RIAC's 10-year agreement, the Lounge provides 7% of gross sales or a minimum annual guarantee of \$70,000, whichever is greater. Passengers from any airline can access the lounge via a walk-up fee of \$45. The Lounge also has a partnership with American Express, which provides certain cardholders free access. They also provide Military, AAA, and airport employee discounts. Amenities include: unlimited hot and cold food and beverages, plush and relaxing seating with ample power outlets, high-speed Wi-Fi, and up-to-the-second flight information. **Mr. Pimental** noted PVD is currently one of 14 Lounges in 12 US airports. Despite the physical space and capacity limitations, the Lounge currently averages approximately 100 guests per day and is becoming more popular among PVD regulars. With the removal of the former Federal Tavern from the food and beverage program, as a result of RIAC's effort to right size the amount of space in that program with current market conditions, a unique opportunity has developed. RIAC has begun working with CAVU to examine what would be needed to relocate the Lounge from its existing location to a premier spot in the concourses that is central to all gates and affords the highest levels of visibility and foot traffic. The current access to this space is via landside. Modifications will be required to create access to the concourses but, the former Federal Tavern space is 4,870 square feet and features a floor to ceiling glass curtain wall that overlooks the concourse and portions of the airfield, an open floorplan with high ceilings, a fully equipped kitchen and bar, ample internal storage space, and existing wood finishes. **Mr. Pimental** noted this new space has all the makings of a new lounge and as details progress with this opportunity, the Board will be kept updated. **Mr. Pimental** noted he would like to thank Mr. Kraemer, General Manager of the PVD Escape Lounge, who is in attendance this morning.

(e) FlightLevel Update

Mr. Cloutier noted at RIAC's February Board of Director's meeting, he provided a presentation detailing FlightLevel Rhode Island's success in marketing their developments at the Quonset and Westerly State Airports. In response, the Board asked that FlightLevel provide an update on the General Aviation system demand in Rhode Island, their marketing efforts in filling the new hangar space, and whether the demand seen in RIAC's General Aviation system would warrant revisiting the potential to sell fuel at the Block Island State Airport. **Mr. Cloutier** introduced Mr. Eichleay to address the Board's requests.

Mr. Eichleay noted he is pleased to provide an update on Quonset State Airport hangar development, which is close to a \$6 million dollar investment when completed. The first hangar is done and occupied with Cessna's and cirrus's. The second 6,400 square foot hangar will be done in two to three months. The entire project, including the third and fourth hangars, both 11,873 square feet, should be completed by the end of the calendar year due to delays in receiving hangar parts. The third hangar has a large open span that will be used primarily for corporate jets. The fourth hangar is contracted for Heliservice Inc. which is a German company that will be providing offshore helicopter services for Orsted. This will be a project maintenance hangar that will have first class offices, space for hydraulics and anything needed for helicopter services and they will be the anchor tenant of the project. As the footings are in place for all of the hangars, the hangar should go up quickly once the steelwork arrives. **Mr. Eichleay** noted that the entirety of the Quonset hangar space is 75% subscribed. The remaining hangar space will be used for transient activity, such as those that only need a hangar for two or three nights because they cannot accommodate that now. Most of these transients come from New England. The tenant for the 6,400 square foot hangar lives in Texas and is only here five months out of the year. When the tenant is gone, that space is used for transient activity. A small portion of tenants are coming from the hangar interest list. The Board has been interested in the development of this list and FlightLevel has kept good track of it. However, they had to go deep in the bench as even those who put down large deposits and displayed 100% interest backed out because of the monthly cost.

Mr. Eichleay noted moving on to Westerly State Airport development, FlightLevel is in close contact with the Preserve Sporting Club and resort. They will be offering flights between Westerly and their sister property in Boca Raton. They are limited on which aircraft they can use due to the runway length. There are two hangars to accommodate this company and extra space. The Westerly folks are excited that we are going to introduce jet fuel as well. **Ms. Thomas** noted she wanted to confirm her understanding that the airport is limited in economic development because of the limitations on runway length. **Mr. Eichleay** explained from an aviation standpoint, they need specific jets on the current runway and their insurance will not allow jets to go on 4,000 foot runways. The charter companies get special permits to operate there. However, this is pretty limiting factor. **Mr. Pizzuti** asked what the runway length is at other airports. **Mr. Cloutier** noted Quonset State Airport is 7,500 feet. **Mr. Eichleay** added North Central State Airport is 5,001 feet, Newport State Airport is short with the displacement and Block Island State Airport is 2,500 feet and limited to small aircraft with the exception of some turbo props.

Mr. Eichleay noted he will now revisit the prospect of fuel at Block Island State Airport. Since the last analysis he presented, nothing has improved from a cost and expense perspective and implementation still does not make sense on so many levels.

The increase in inflation and cost of labor have made up for other costs that may have decreased. The fuel farm would be operating at a significant loss. Insurance was called to discuss pollution and it was revealed that Block Island is designated by the EPA as having a sole source aquifer. A Spill Prevention Control and Countermeasure plan must be in place to remediate a spill and ensure companies will be able to provide clean up. **Mr. Eichleay** noted a disaster like this could be catastrophic. The insurance company told FlightLevel that coverage for a fuel farm at Block Island State Airport may not even be obtainable. Additionally, all parties will be looking for indemnification, including RIAC. **Mr. Savage** questioned how gas stations on the island handle these types of situations. **Mr. Eichleay** responded he is unsure, however, self-serve administration of gas to a car does not have the same potential dangers of AvGas, which is leaded and far more dangerous. This factor is an impediment on the possibility of a fuel farm. **Mr. Savage** inquired about the analysis on just a fuel truck, rather than the farm. **Mr. Eichleay** noted the investment for a truck would not be as significant, however, the loss is greater. Fuel trucks require truck-to-truck refueling, barge operation to move the truck and a lease agreement with who will be providing the AvGas. The insurance issue still applies, as well as the labor cost. This analysis shows there is great liability, risk, and zero financial upside. **Mr. Savage** noted there may be a customer service upside since there are pilots flying in and out that would benefit from this fuel source, but the financial upside is indeed zero. **Mr. Eichleay** noted that clientele buying gas on Block Island are price sensitive. They will get fuel landside to save money.

(f) **Concessions Update**

Ms. Morgan noted after several unsuccessful attempts to procure a master concessionaire for the airport's food and beverage program, RIAC issued a Notice of Intent (NOI) on February 14. Many proposers pre-registered and attended the mandatory pre-bid meetings held on February 24 and March 3. RIAC anticipates interviews will commence on or around mid-April 2023, with board selection in May 2023. The solicitation attracted proposers from local, regional, and national establishments, as can be seen on the slide. The first pre-bid meeting returned 20 attendees from 13 diverse establishments. The second pre-bid meeting returned 34 attendees from 20 district establishments. **Ms. Morgan** noted as of March 2, there were 107 bid packages downloaded from www.FlyRI.com/Procurement. Due to the overwhelming interest, RIAC will conduct a third and final pre-bid meeting on Friday, March 10. New Englanders are excited about this opportunity. Some have expressed this excitement through emails. **Ms. Morgan** quoted one individual, added this has been a dream of mine to start something like this since before I started my farm, and I would love to make that dream come true. **Mr. Ahmad** noted the Rhode Island Hospitality Group has been asked to send a mass email to all restaurants to their membership which could hopefully happen that week. In addition, he noted that all pre-bid meeting attendees' questions will be answered by RIAC in writing and distributed to everyone at one time.

4. **Action Items:**

- (a) **Approval to execute Professional Services Agreements with Covalent Logic, Figmint, Fuseideas, Karsh Hagan, Luminous Agency, K&R Solutions Group/Black Helicopter, and Quotient Group for five-year terms with work performed under task orders on an as-needed basis**

up to the annual budgeted amount.

Ms. Morgan noted RIAC issued a Request for Proposals in November for On-Call Marketing and Creative Services. RIAC received seven proposals from both local and national firms that each have unique areas of expertise. Three firms have airport marketing experience. Each agency provided a marketing plan, specific to Rhode Island T. F. Green International Airport, for its existing airlines, other services and products, as well as, recently announced new airline service. RIAC staff recommends awarding on-call contracts to all firms to create bandwidth and diversity of thought in RIAC's marketing efforts from both national and local firms. RIAC will be meeting with these firms to determine who is best suited to launch a robust, exciting and invigorated summer marketing campaign highlighting all PVD has to offer. We will provide a further update on these efforts during the May Board Meeting.

A motion was made by **Mr. Little** and seconded by **Mr. Traficante** to approve the recommendation.

The motion was passed unanimously.

- (b) **Approval to execute a contract with Breeze Airways to reimburse an amount not to exceed \$3.5 million to support the construction necessary for the realignment activities for multiple airlines.**

Ms. Morgan noted RIAC is excited to make terminal improvements that create more efficient airline operations. It is a common industry practice for airports to reimburse airlines for renovations to their operational space. The costs will be amortized over a 20-30 year period and included in rates and charges. Breeze Airways will be establishing a leasehold in the Belly Cargo Facility to store and maintain airplane parts, as well as, office space and additional gates in the terminal. To ensure contiguous gates, this will also include relocating JetBlue and United Airlines to different gates creating more efficient overall operations. Breeze Airways will undertake the construction and the necessary relocations in accordance with procurement guidelines and subject to monthly reimbursement by RIAC. **Mr. Ahmad** noted that Breeze Airways will do the work. This will be amortized for 20 to 30 years and the airlines who are at the airport at that time, will pay for this. The airlines here currently pay capital costs for the space that RIAC built for, say, US Airways at the time. .

A motion was made by **Ms. Thomas** and seconded by **Mr. Traficante** to approve the recommendation.

The motion was passed unanimously.

5. Executive Session:

At approximately 9:29 a.m., a motion was made by **Mr. Little** and seconded **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 February 9, 2023 § 42-46-5(a), (5) and (6); and
- (b) Session pertaining to the following litigation matters (§ 42-46-5(a)(2)):
 - a. John Kramer, Anthony P. Fox, Timothy T. Fox, Linda J. Jokl, Peter Jokl, Sara McGinnes, Ruth S. Perfido, Peter H. Greenman, Arthur Jacob, Sharon Lehman, John Lehman, and Piera M. Cote Robson vs. HTX Helicopters, LLC, d/b/a Heliblock and Rhode Island Airport Corporation, C.A. No. WC-2018-0491 (§ 42-46-5(a)(2))
 - b. Harriet Kniffer, Jacqueline Abberton, Robert Rutter, Patricia Rutter, Frances Kelly v. Rhode Island Airport Corporation, State of Rhode Island Department of Transportation, WC-2016-0121; and
- (c) Motion to return to open session.

By roll call vote the motion was passed unanimously.

Mr. Traficante left the meeting at 10:26 am.

At approximately 10:30 a.m., a motion was made by **Ms. Thomas** and seconded by **Mr. Little** to return to Open Session.

The motion was passed unanimously.

6. Post Executive Session Actions and Announcements:

- (a) Motion to seal the minutes of the Executive Session held on March 9, 2023; and

A motion was made by **Ms. Thomas** and seconded by **Mr. Pizzuti** to seal the minutes of the Executive Session in accordance with R.I.G.L. § 42-46-7.

The motion was passed unanimously.

- (b) Report on actions taken in Executive Session.

During the Executive Session, a motion was made by **Ms. Thomas** and seconded by **Mr. Traficante** to approve the sealed minutes of the Executive Session held on February 9, 2023.

The motion was passed unanimously.

7. Future Meetings:

The next meeting is scheduled for Thursday, April 13, 2023 at 8:30 a.m., in the Mary Brennan Board Room, Rhode Island T. F. Green International Airport, Warwick, Rhode Island.

8. Adjournment:

Ms. Thomas moved to adjourn at approximately 10:31 am. **Mr. Little** 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, MARCH 9, 2023

<u>NAME</u>	<u>AFFILIATION</u>
Alicia Seabury	RIAC
Sapha Mabrouk	RIAC
Brittany Morgan	RIAC
John Goodman	RIAC
Jessica Damicis	RIAC
Nik Persson	RIAC
Nicole Williams	RIAC
Nedjyne Victor	RIAC
Tim Pimental	RIAC
Liz Lussier	RIAC
David Cloutier	RIAC
Don Stubbs	RIAC
Joseph Rodio, Jr.	Rodio & Ursillo
Nancy Iadeluca	Unite Here Local 26
Michele Tucci	Grove Bay
Jen Renzi	Grove Bay
Woody Creswell	Paradies
Daniel Procaccini	APS Law
Steve Nelson	APS Law
Peter Eichleay	FlightLevel
Richard Cramer	CAVU

PUBLIC ATTENDANCE SHEET
RHODE ISLAND AIRPORT CORPORATION
MEETING OF THE BOARD OF DIRECTORS
THURSDAY, MARCH 9, 2023

NAME

AFFILIATION

Sal Corio

Rhode Island Pilots Association

Chris Shea

Rhode Island Current

The minutes of the Executive Session of the Board Meeting on March 9, 2023 have been sealed in accordance with R.I.G.L. § 42-46-7(c).