

PENINSULA AIRPORT COMMISSION

MINUTES

November 17, 2017

PRESIDED: George Wallace

The regularly scheduled meeting of the Peninsula Airport Commission was held on Thursday, November 17, 2017 at 8:00 a.m. in the Commission Room at the Newport News/Williamsburg International Airport.

Commissioners present were:

Rob Coleman, Steve Mallon, George Wallace and David Wasson.

(Commissioner Walter Jubien, Jr. and Commissioner Sharon Scott were not in attendance).

Executive Director

Mr. Michael Giardino

Assistant Executive Director

Ms. Melissa Cheaney

Director of Air Service, Marketing and P.R.

Ms. Jessica Wharton

Legal Counsel

James S. McNider, III

Hon. Walter D. Kelley, Jr.

Executive Assistant

Ms. Rhonda Wissinger

Public in Attendance

Kristen Bell-York County Resident

Jeff Wassmer-York County

Tyler Park-Hourigan Construction

Dave Ress-The Daily Press

Joe Fudge- The Daily Press

Viveca Munger-Legal Assistant

Mr. Wallace welcomed and introduced the new Executive Director, Michael Giardino, and reported that the Commission was very glad to have him here. Mr. Giardino stated he was glad to be here.

COMMENTS FROM THE PUBLIC

There were no comments from the public at this time.

APPROVAL OF MINUTES OF COMMISSION MEETING HELD OCTOBER 26, 2017

RESOLVED, that the Peninsula Airport Commission approve the minutes of the Commission meeting held October 26, 2017.

Commissioner Rob Coleman made the motion to adopt the October 26, 2017 minutes and Commissioner David Wasson seconded the motion.

Voting yes were:

Rob Coleman, Steve Mallon, George Wallace, and David Wasson.

ASSISTANT EXECUTIVE DIRECTOR

Ms. Cheaney, Assistant Executive Director, reported that we are excited for the start of the Holiday season and that we are ready to serve customers at maximum capacity. The parking lots are ready to go and staff is ready to greet customers.

DIRECTOR OF AIR SERVICE, MARKETING AND PUBLIC RELATIONS

Ms. Jessica Wharton, Director of Air Service, Marketing and Public Relations, gave the following report:

- Passenger numbers for the month of October were decreased by 1.4%. There were a total of 7 cancellations. Richmond passenger numbers had not yet been reported. Norfolk passenger numbers were increased by 9.5%.
- Block leave for Fort Eustis soldiers will begin December 20, 2017. We will have media coverage with Wavy Channel 10. They will be highlighting the USO and the troops going home for the holidays.
- Media Interviews- we have had Inside Business and the Oyster Pointer interview our new Executive Director and he will be featured in the January or February edition of the Oyster Pointer.

DIRECTOR OF FINANCE & ADMINISTRATION

Ms. Renee Ford, Director of Finance & Administration was not in attendance, therefore, Executive Director, Michael Giardino, gave the following report:

- Amadeus Airport IT Americas-there was software/hardware acquired by the Commission to start up new service with a new air carrier. We are still in a pending status with the air carrier and the equipment is not needed at the moment; however we continue to receive invoices for this equipment. Ms. Ford has prepared payment for these invoices and there were some questions raised by the Commissioners in regards to the payment. We have explored the invoices and the procurement is for the software/hardware that was to be used for new Airline Service that has now been placed on hold. The software is considered proprietary software and cannot be returned. The total amount owed is \$158,750 and can be broken into 3 payments. The vendor is willing to forgo the payment on the Notice to Proceed and we can possibly resolve this issue that way. Commissioner Steve Mallon recommends that we continue dialogue with the vendor and also continue dialogue with the Airline and see if we can reach a solution in 30-60 days. Commissioner Mallon also stated he had voted against this purchase previously and that the contract for purchase had been entered into by the former Director. Commissioner Rob Coleman agreed with Commissioner Mallon and wanted to know if software was specifically for Elite. Ms. Melissa Cheaney, Assistant Executive Director, stated that it is Universal Equipment but has specific aspects that work with Elite. Commissioner Coleman stated that he was concerned that we signed a contract for services and good and he doesn't want the Airport to get a reputation for backing out of contracts. He hopes the Air Service Development team will work with Elite and he is open to waiting the 30 days and hopefully getting the situation resolved by the end of the year. He also wants to continue the dialogue with the software company. Mr. Giardino reported that Jared Alexander, Operations Manager, had spoken to the vendor but that he will contact the vendor himself and will also speak to the Airline. He should have an answer by the next meeting. Commissioner Wallace stated that Mr. Giardino will look into it and we will discuss it further at the next meeting. Commissioner Mallon said the he fully supports the acquisition of this equipment and baggage handling equipment if we have a user (airline) for the equipment. Mr. Giardino reported that air service is our top priority and that we are ready to go with any air carrier.
- Ms. Renee Ford, Director of Finance and Administration is working on closing out the fiscal audit. We are addressing issues brought up by the audit. Ms. Ford will give a more detailed report at the next meeting.

Commissioner Rob Coleman recommended that we consider putting closed session at the end of the agenda as a courtesy to others so that they may leave if needed instead of staying to hear the Executive Director's report at the end of closed session. Commissioner Mallon also thought it would be a good idea to move the Executive Director report up on the agenda to be heard before closed session.

CLOSED MEETING

BE IT RESOLVED, that the Commission enter into a Closed Meeting pursuant to the Virginia Freedom of Information Act; Section 2.2-3711.A. pertaining to:

Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel.

Specifically, the closed meeting shall be held to discuss legal issues relating to the VDOT audit and the People Express Airlines, Inc. loan.

Commissioner Steve Mallon made the motion, seconded by Commissioner David Wasson to hold a closed meeting.

Voting yes were:

Rob Coleman, Steve Mallon, George Wallace and David Wasson.

The Commission entered into a Closed Meeting at 8:15 a.m. and reconvened in Open meeting at 9:47 a.m. Upon reconvening, it was

RESOLVED, that to the best of the Commission's knowledge, only public business matters lawfully exempt from open meeting requirements, and only such public business matters as were identified in the motion by which the Closed Meeting was convened, were heard, discussed or considered in Closed Meeting.

Voting yes were:

Rob Coleman, Steve Mallon, George Wallace and David Wasson.

RESOLVED, that pursuant to Virginia Code section 2.2-4344.A(2) permitting the retention of legal services without competition, Walter D. Kelley, Jr., Esquire and the law firm of Hausfeld LLP shall be and hereby are retained as counsel to the PENINSULA AIRPORT COMMISSION, and the Executive Director is authorized and directed to issue a purchase order/contract at a rate of \$850/hour for Mr. Kelley, with ancillary paralegals and other associated attorneys at their standard billing rates, plus out of pocket expenses.

RESOLVED, that pursuant to Virginia Code section 2.2-4344.A(2) permitting the retention of legal services without competition, James S. McNider, III, Esquire and the law firm of James S. McNider, III P.L.C. shall be and hereby are retained as counsel to the PENINSULA AIRPORT COMMISSION, and the Executive Director is empowered to issue a purchase order/contract at a rate of \$375/hour for Mr. McNider, with ancillary paralegals and other associated attorneys at their standard billing rates, plus out of

pocket expenses.

Commissioner Rob Coleman made the motion and Commissioner Steve Mallon seconded the motion.

Voting yes were:

Rob Coleman, Steve Mallon, George Wallace, and David Wasson

EXECUTIVE DIRECTOR 'S REPORT

Mr. Michael Giardino, Executive Director, gave the following report:

DECEMBER REGULAR MEETING DATE

With the current regular meeting date falling on December 28, 2017, the week of the Holiday, we are asking Commissioners if they would like to keep the current date, or move the meeting up by one week to December 21, 2017. The Commissioners decided to move the regular meeting up by one week to Thursday, December 21, 2017 at 8:00 a.m.

RESOLVED, that the regularly scheduled meeting for the month of December be moved from Thursday, December 28, 2017 to Thursday, December 21, 2017 at 8:00 a.m.

Commissioner Steve Mallon made the motion and Commissioner Rob Coleman seconded the motion.

Voting yes were:

Rob Coleman, Steve Mallon, George Wallace, and David Wasson

ACTION PURSUANT TO RECOMMENDATION 27 OF VDOT'S JUNE 2, 2017 SUPPLEMENTAL REVIEW

Mr. Giardino reported that the Wellness Benefits that were provided to employees were not taxed and tax should have been collected on them. Mr. Giardino recommends that the PAC pay the taxes for employees, however; this would not apply to Executive Management, and they would still be required to pay their taxes. Mr. Jim McNider, legal counsel, confirmed that the Wellness Program was a taxable program. VDOT recommended we correct W-2's of employees. By doing so, this will move them from tax exempt income to taxable income. Some employees may not have the means to go back and pay for this. We misled employees to indicate these benefits were tax-exempt when they are taxable benefits. The Executive Director feels because the mistake was our mistake, it is unfair to ask employees to pay for our mistake. The Executive Director, however, does not think this should apply to Executive employees who are

better able to pay for their taxes. Commissioner Mallon asked what the cost to the PAC would be and Mr. McNider estimated about \$4,000-\$5,000. Commissioner Coleman said that he would like to know what the total amount is that the PAC would be paying for the taxes and would like to be able to discuss it with the other Commissioners and Executive Director. He would like to defer to the next meeting and be able to approve the exact amount. Mr. Giardino stated that no action would be taken until he reports at the next meeting.

EXTENSION OF NEWPORT NEWS SCHOOL BOARD LEASE OF OLD TERMINAL BUILDING

The Newport News Public School board lease of the old terminal building, which houses the Aviation Academy, is set to expire on December 31, 2017. Mr. Giardino reported that before the new lease is signed, we may want to amend the lease and there may be some items that will need to be changed. He recommends to possibly give an extension of the lease instead of signing a new lease to allow some time for him to review it. Commissioner Mallon recommends extending the lease for 90 days to give staff and current legal counsel time to review the lease. Commissioner Mallon stated that we had previously discussed enhancing the school as well. He recommends extending the lease for 90 days from expiration (December 31, 2017) and we will work with the school board in the meantime on a new lease. Mr. Jim McNider, legal counsel asked if we could make an amendment to extend the lease by 6 months to expire with the end of the Newport News Public School fiscal year, June 30, 2018. Commissioner Coleman stated that Newport News Public schools were also in the process of finding a new Superintendent and hopefully that search would be completed by then. Commissioner Mallon agreed to the amendment to extend the lease by 6 months to expire with the end of the Newport News Public Schools fiscal year on June 30, 2018.

RESOLVED, that the Newport News Public school board lease of the old terminal building which houses the Aviation Academy be extended for 6 months to expire with the end of the Newport News Public Schools fiscal year on June 30, 2018, and the PAC authorizes the chairman to sign the agreement extending the lease.

Commissioner Steve Mallon made the motion and Commissioner Rob Coleman seconded the motion.

Voting yes were:

Rob Coleman, Steve Mallon, George Wallace, and David Wasson

Mr. Giardino, Executive Director, thanked the Chairman and Commission for the opportunity to serve the airport. He is very encouraged after meeting with staff and he believes the facility is top notch, the airfield is in great shape and inspections have passed with honors. We are poised and ready to get more air service and to serve the airport and the community.

ADJOURNED

There being no further business, the meeting was adjourned at 10:09 a.m.

NEXT MEETING

The next regular meeting of the Peninsula Airport Commission will be held on Thursday, December 21, 2017 at 8:00 a.m. in the Commission Room.