

PENINSULA AIRPORT COMMISSION

MINUTES

Novmeber 21, 2017

PRESIDED: Steve Mallon

The special meeting of the Peninsula Airport Commission was held on Tuesday, November 21, 2017 at 9:30 a.m. in the Commission Room at the Newport News/Williamsburg International Airport.

Commissioners present were:

Rob Coleman, Steve Mallon, Sharon Scott and George Wallace.

(Commissioners Walter Jubien, Jr. and David Wasson were not in attendance).

Executive Director

Mr. Michael Giardino

Assistant Executive Director

Ms. Melissa Cheaney

Director of Air Service, Marketing & P.R.

Ms. Jessica Wharton

Legal Counsel

James S. McNider, III

Hon. Walter D. Kelley, Jr.

Executive Assistant

Ms. Rhonda Wissinger

Public in Attendance

Hon. Aubrey Layne-Secretary of Transportation

Ken Coody-VDOT

Stephen Cobb, Esq.-OAG

Jonathan Hyslop-Furniss, Davis, Rashkind & Saunders, P.C.

Randall Burdette-DOAV

Mike Swain-DOAV

Cliff Burnette-DOAV

Kristen Bell-York County Resident

Marilyn Whitley-Newport News Citizen

Brian Skinner-York County

Gordon Gentry, Jr.-TowneBank

Alan Archer-City of Newport News

Rob Ostermaier-The Daily Press

Dave Ress-The Daily Press
Matt Gregory-Wavy 10
Niko Clemmons-WVEC
Viveca Munger-Legal Assistant

Commissioner Steve Mallon opened the meeting and welcomed the Honorable Secretary Aubrey Layne. Secretary Layne thanked the Commission for having him and stated that he had contacted Mr. Giardino, Executive Director, about some ideas of moving forward with the airport. He first wanted to congratulate the Commission for hiring Mr. Giardino and stated that was a significant fiduciary responsibility. He wants the State to take part in helping Mr. Giardino be successful. Secretary Layne also would like to congratulate the Commission on taking the fiduciary training requested by the state. The FOIA (Freedom of Information Act) training and COIA (Conflict of Interest Act) training as well as the other changes that were necessary to restore public trust. Secretary Layne reported that we wouldn't be here today if those things had not been accomplished. We try to make sure we are looking out for the public interest. The sooner we can put this behind us the better. Reports in the Daily Press and news put a cloud over us. Not only here but for the Commonwealth as well. Everyone in the room has responsibility, including the Commonwealth. Some of the actions the Commission has taken and how taxpayer money was used were unauthorized and did not comport with acceptable fiduciary responsibility. Attorneys had some perceived or potential conflicts in dealing with this, as did the bank. The State also had not been paying attention to reports that were not filed and it was not caught on the State's end for two years. If you look at who's at fault, there is enough to go around for everyone and the only loser here is the public.

As we stand here today, no one really knows exactly what the money was used for, but I do know that if we don't put this behind us it will continue to keep us from moving forward. Secretary Layne asked the Commission to come to a "meaningful settlement". If it does go the legal route, it may take years to come to an agreement or judicial resolution. Secretary Layne stated that if a meaningful settlement can be reached, the State would immediately restore the Commission back to receiving its State Entitlement funds. Going forward the funds would be restored back to the Commission just as it is with other airports receiving funds. Secretary Layne feels this would be in the best interest of everyone and that he is really trying to get the parties to come together because the sooner we can put this behind us the better it is for everyone involved, including the State.

This is the reason that he wanted to come before the Commission today and Mr. Steve Cobb of the Attorney General's office is here today as well. There will be a new governor, new legislature, and a new Secretary of Transportation in the next 60-70 days and Secretary Layne would like to have this resolved before then if possible. After that time period, Secretary Layne will no longer be the Secretary of Transportation but will be the Secretary of Finance and will no longer have the direct role he has now. He is not here to say what opinion is right. That is irrelevant if we can get this resolved and move on. Secretary Layne stated that he would like to answer any questions the Commission may have.

Commissioner Sharon Scott asked what is considered a meaningful settlement? Secretary Aubrey Layne stated that a meaningful agreement to him would be where all parties can reach an agreement. There are risks on both sides but having the

Commission have an unrestricted draw down and being able to get cash flow moving again is important. He is not going to say what percentage to reach but if we can reach an agreement the State will say that's a reasonable agreement. It may not say what's right or wrong but it will give us the ability to move forward based on the acts the Commission has taken so far. The State has had some hand in this and thought this is what they could offer to help. There are business and reputational risks to consider here as well. Commissioner Scott stated she appreciates both personally and professionally Secretary Layne coming down to speak with us. She stated that this situation has had an impact not only on the airport but the City of Newport News as well, and she agrees that we need to come to some kind of resolution. Secretary Layne stated that the actions that we have taken and the more open we have been to the public have been able to lead us now to the time where it is right to resolve this.

Commissioner Rob Coleman agrees that the longer the cloud is hanging over the community and the airport the longer it will take us to restore the confidence and trust from the community and also to be able to provide quality air service here. We have already seen the impact of one air carrier delaying coming here because of this. Hopefully, the actions we have taken, and us moving forward, will let us be able to attract more carriers. Secretary Layne reported that the State will stand by us whatever we do, it is our decision to make. He wanted to discuss what the pros and cons and risks are. The State is also impacted by this. They invested in Dulles with United to get service at other airports. He is trying to move air transportation service forward as well.

Commissioner Mallon stated he could speak for the Commission in that we are fully committed to bring this to a resolution. We are dealing with legal timelines and processes and procedures to be the steward of public trust to recover or come to a meaningful and acceptable resolution with all parties involved for the inappropriate use of funds. Secretary Layne stated he would send the same message to the other parties involved. There is plenty of fault to go around and he doesn't see much good coming from this dragging on.

Commissioner Scott stated that the Commission appreciates Secretary Layne letting us know what is acceptable before the new administration comes in and that this doesn't go into the next administration. We appreciate you telling us the steps that we need to take to restore funding to the airport. It is important to the vitality of the airport. Secretary Layne stated that when the new legislature comes in there are various bills that have been submitted that are very restrictive in general. The more we can deal with this without the legislature becoming involved the better the airports can monitor themselves. There is the political risk of what happens with new legislative session coming up. The budget cycle will be a difficult year. Secretary Layne is not advocating what we do, but to the extent the State can help us they will. He is concerned about the airport being viable in the future. Secretary Layne thanked everyone for coming in for this Special Meeting.

CLOSED MEETING

BE IT RESOLVED, that the Commission entered 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, to discuss legal issues relating to the VDOT audit, the People Express Airlines, Inc. loan, and the foregoing designated business.

Commissioner Sharon Scott made the motion, seconded by Commissioner Rob Coleman to hold a closed meeting.

Voting yes were:

Rob Coleman, Steve Mallon, and Sharon Scott.

The Commission entered into a Closed Meeting at 9:58 a.m. and reconvened in Open meeting at 11:16 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, Sharon Scott and George Wallace.

(Chairman George Wallace arrived at 10:20 a.m.)

Chairman Wallace thanked Secretary Layne for his attention to this issue. We appreciate him explaining and disclosing this situation to us. We have no resolution yet but will be sending our attorney's back to get a response from the attorneys of Towne Bank to try to reach an amicable and fair settlement. Chairman Wallace will be calling a special meeting of the Commission on November 28, 2017 to take necessary action to bring this to conclusion. Commissioner Scott is hoping Towne Bank considers our original settlement proposal.

ADJOURNED

There being no further business, the meeting was adjourned at 11:18 a.m.

NEXT MEETING

The next meeting of the Peninsula Airport Commission will be held on Tuesday, November 28, 2017 at 8:00 a.m. in the Commission Room.