

PENINSULA AIRPORT COMMISSION

MINUTES

April 27, 2017

PRESIDED: George Wallace

The regularly scheduled meeting of the Peninsula Airport Commission was held on Thursday, April 27, 2017 at 8:00 a.m. in the Airport Banquet Room at the Newport News/Williamsburg International Airport.

Commissioners present were:

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

Interim Executive Director

Mr. Sanford Wanner

Assistant Executive Director

Ms. Melissa Cheaney

Director of Air Service, Marketing and P.R.

Ms. Jessica Wharton

Director, Finance and Administration

Ms. Renee Ford

Legal Counsel

Mr. James S. McNider, III

Executive Assistant

Ms. Rhonda Wissinger

Public in Attendance

Andrew Harris-WYDaily
Ted Hemmert-York County/Hilton Garden Inn
Alvin Dimaiuat-PAC
David Crofts-VDOT
Ron Marker-VDOT
Brad Gales-VDOT
Viveca Munger-Assistant to James McNider
Tyler Park-Hourigan Construction Company
Larry Ramsay-Hourigan Construction Company
Mic Borcharding-Intenergys
Dave Ress-The Daily Press
Lewis Dawley-Diversity Restoration Solutions

Public in Attendance (con't)

Kim Pierceall-The Virginian-Pilot

Eric Sheppard-Diversity Restoration Solutions

Marc Wilcer-RS&H (through conference call)

Ryan Hall-RS&H (through conference call)

COMMENTS FROM THE PUBLIC

Mr. Larry Ramsey from Hourigan Construction presented seven (7) change orders that had been rejected by RS&H. He stated they were having an issue with RS&H and not airport staff. Currently the change orders are with the FAA for review. The contract is with the Peninsula Airport Commission and not the FAA and may take several months to go through the FAA. Hourigan Construction would like to reconcile this now with the Peninsula Airport Commission. The change orders are as follows:

1. Change order #13- Manhole D-install new manhole for existing sanitary sewer system. The existing pipe deteriorated and fragile. Subject matter experts suggested to provide an alternate multi-connection piece where they would slide in a piece and encapsulate the existing pipe. RS&H acknowledged the condition but take exception to using an alternate manhole than what was specified for the project.
2. Change order #15- Unsuitable Soil-excluded in contract-cannot quantify unknown soil conditions.
3. Change order #21- Structural Steel Kicker-savings of height of metal wall was approximately a savings of \$105,000 was offered and accepted to reduce the height of the current wall system by 5 feet that included a \$90,000.00 savings in glass and a \$15,000.00 savings in steel. Steel C channels were installed to stiffen the exterior wall.
4. Change order #42- Column Encasement Enlargement-concrete encasements were installed around apron level structural steel per the structural drawings. It was discovered that this detail was incorrect, and the architectural detail was not coordinated with the structure. Encasements were enlarged to match architectural detail.
5. Change order #64- Interior soffits to cover existing structure-multiple unforeseen structural elements were found throughout the new addition. These elements conflicted with the ceiling and wall design. Soffits and framing modifications were completed to conceal these items.
6. Change order #72- Demolish and Replace Metal Panels on North Bridge-interior metal panels on the north side of the bridge must be demolished to accomadate the new HVAC piping. These panels were not called out to be demolished or replaced in the drawings.
7. Change order #75 –Steel Angle at Bridge Ends- it was discovered that steel angles were installed at each end of the bridge to add support to the existing structure. These angles were not shown in the documents and had to be demolished to make room for new structural elements.

Chairman Wallace thanked Mr. Ramsey for his report.

APPROVAL OF MINUTES OF COMMISSION MEETINGS HELD FEBRUARY 23, FEBRUARY 27, MARCH 2, MARCH 8, AND MARCH 23, 2017

The February 23, 2017 minutes will be deferred until later in the meeting once Commissioner Rob Coleman arrives as Commissioner Steve Mallon was not in attendance at the February 23, 2017 meeting.

RESOLVED, that the Peninsula Airport Commission approve the minutes of the Commission meetings held February 27, March 2, March 8, and March 23, 2017.

Commissioner Steve Mallon made the motion to adopt the February 27, March 2, March 8, and March 23, 2017 minutes and Commissioner Sharon Scott seconded the motion.

Voting yes were:

Steve Mallon, Sharon Scott and George Wallace

ASSISTANT EXECUTIVE DIRECTOR

Ms. Cheaney, Assistant Executive Director, gave the following report:

- Consolidated Security Checkpoint did open last week and we have had great feedback from passengers and it has helped to expedite the flow of passenger traffic through the concourse. If anyone would like a tour, we will take you through to see the new space.
- Tri-Annual Exercise will be held on May 17, 2017. Anyone wishing to attend will need to be here by 8:30 a.m. to attend the safety briefing. You cannot be present for the exercise if you miss the safety briefing.
- Part 139 FAA Inspection will take place on May 21, 2017. Our Operations, Fire and Facilities departments are actively preparing for the inspection.

DIRECTOR OF AIR SERVICE, MARKETING AND PUBLIC RELATIONS

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

- Media has been invited for the Tri-Annual exercise since we will be having a live fire exercise as well as students from the Aviation Academy being triaged.
- Passenger numbers for the month of March were decreased by 2.8%. The decrease came from Delta Airlines as they reported being down 10.7% for the month of March due to inclement weather issues.

- Virginia Tourism Cooperation has been working with the State as a directive from the governor. He requested to have more Welcome to Virginia signage at welcome centers for individual airports. We have now included the Welcome to Virginia and Virginia is for Lover's signage on our electronic screen at the Welcome Center desk and we will also include the signage on the new video wall as well.
- Media Tours were offered for media wanting to tour the new Consolidated Security Checkpoint.
- Video segments were recorded at the airport to be shown to the public including a segment for the consolidated checkpoint but it is not ready to be shown yet. The video segment for economic benefit was shown to the Commission.

Mr. Sanford B. Wanner, Interim Executive Director, reported that the students participating in the Tri-Annual Exercise would be covered by insurance.

Chairman Wallace asked if there were any questions. Commissioner Scott stated that we should make a segment on families and how it's easy for families to maneuver through the airport. Chairman Wallace stated that these comments would be taken into consideration for future concepts.

DIRECTOR OF FINANCE & ADMINISTRATION

Ms. Renee Ford, Director of Finance & Administration gave the following report:

Ms. Ford reported the Airport's revenues were 2.6% better than budget and 2.8% above March 2016. Our expenditures for February 2017 totaled .4% below budget and 12.9% above February 2016. Our expenditures totaled 13.7% above budget and 23.6% above last March. We are awaiting \$630,000 in re-imbursements from the FAA for the month of March and approximately \$1M in FAA re-imbursements for the month of April.

VDOT ASSURANCE AND COMPLIANCE OFFICE UPDATE

Mr. Bradley Gales, Director of Assurance and Compliance Office with the Virginia Department of Transportation gave the following update of the ongoing State audit:

- The auditors have been able to move forward and now have everyone on board to provide the information they have been asking for. They have been going through documents and received their second distribution of documents from Towne Bank.
- Emails from the City of Newport News have been received. They received the first distribution of approximately 3,000 emails and expect to receive 12,000 emails in total. They have been busy going through the documents and gathering information. They will be going through the large amount of documents received and will be vetting the information before it goes out to the public. A large

amount of observations have been made already.

- The final report will be a Public Document once it is complete. They already have 200 pages put together of chronology and this does not count the items in the report. The report will be very detailed.
- They have not yet established contact with PEOPLExpress to see what the money was used for from the original loan. They reached out to legal counsel for PEOPLExpress to see if they could contact anyone there and if they do make contact, they hope to be able to take a look at their books and records.

Mr. Bradley Gales also wanted to thank Mr. Sanford Wanner, Interim Executive Director, and Mr. James McNider, III, Legal Counsel for the Peninsula Airport Commission, for taking the appropriate steps to get the State Auditors the documents they needed to get to. This will be very helpful in the completion of the Audit. Commissioner Sharon Scott asked what kind of time frame we are looking at and Mr. Gales reported that if the balance of the documents are received in the next week, the audit can be completed in 30 days. Most of his staff are going through records. The volume of email coming from the City of Newport News will take some time to sort through. If items are missing from documents it may take longer and if there is no access to PEOPLExpress financial records, Mr. Gales will have to make a "Qualification of Report" and proceed with what they have.

Chairman Wallace thanked Mr. Gales for the updated information.

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:

Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body.

Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made by the business' or industry's interest in locating or expanding its facilities in the community.

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 consult with counsel regarding the Virginia Department of Transportation audit of the Airport and the New Dominion Clubs Inc. dispute.

Commissioner Sharon Scott made the motion, seconded by Commissioner Steve

Mallon to hold a closed meeting.
Voting yes were:
Steve Mallon, Sharon Scott and George Wallace.

The Commission entered into a Closed Meeting at 8:30 a.m. and reconvened in Open meeting at 12:39 p.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.

(Commissioner Rob Coleman arrived at 8:58 a.m.)

APPROVAL OF MINUTES OF COMMISSION MEETING HELD FEBRUARY 23, 2017

Commissioner Steve Mallon was not at the Commission meeting of February 23, 2017 and did not want to vote. Commissioner Rob Coleman is now present and can vote on these minutes.

RESOLVED, that the Peninsula Airport Commission approve the minutes of the Commission meeting held February 23, 2017.

Commissioner Rob Coleman made the motion to adopt the February 23, 2017 minutes and Commissioner Sharon Scott seconded the motion.

Voting yes were:

Rob Coleman, Sharon Scott and George Wallace

Commissioner Steve Mallon abstained

INTERIM EXECUTIVE DIRECTOR 'S REPORT

Mr. Sanford Wanner, Interim Executive Director, gave the following report:

Mr. Sanford Wanner presented a Handbook for the Commission that includes the Acts of Assembly, ByLaws, Procurement Policy, Personnel Manual, budget and organizational chart. This handbook will be given to new Commission members and will also help current Commission members to have these policies available to refer to when needed.

TRAVEL POLICY ADOPTION

Mr. Wanner reported that on page 2 of the Travel Policy there is one editorial correction, we had the word the turned and it should have been then turned. This Travel Policy is a result of the Auditors comment from our Auditors, Dixon, Hughes and Goodman for the time period ending June 30, 2016. The letter states that although the Commission does follow a standards and approval policy there is no formal travel policy in place. They recommend the adoption of a formal travel policy to include review and approval of the Executive Director's expenses by the Treasurer of the Commission. This type of practice will strengthen controls over disbursement and provide increased security. Mr. Wanner stated that he also added a part about the Commissioners' Member travel that the Commissioner(s) wishing to travel must get concurrence of the majority of the Commission prior to such meeting. Mr. Wanner also thanked Ms. Renee Ford, Director of Finance and Administration who had started working on this Travel Policy a few years ago. One of the other items that Mr. Wanner is recommending to not be reimbursed is alcohol.

Chairman Wallace stated that this body is taking overt actions to correct a situation brought to our attention by our auditors.

RESOLVED, that the Peninsula Airport Commission adopt the Travel and Credit Card policy as presented.

Commissioner Steve Mallon made the motion to adopt the Travel and Credit Card policy as presented and Commissioner Rob Coleman seconded the motion.

Voting yes were:

Rob Coleman, Steve Mallon and George Wallace

Voting no was:

Commissioner Sharon Scott

RESTAURANT PLAN

Mr. Wanner reported that the combined security checkpoint has been opened and we now have a facility established and ready to be operated as a Food and Beverage facility for our traveling public in accordance with the authority granted to the Commission by the Acts of Assembly. Mr. Wanner introduced Ms. Melissa Cheaney, Assistant Executive Director, to provide more details on the restaurant.

Ms. Cheaney reported that our objective would be to provide a high quality product to our traveling passengers, tenants and employees for Restaurant and bar operations. Ms. Cheaney introduced Alvin Dimaiuat, Food & Beverage Manager, he has over 15 years of experience in management of Food and Beverage operations with large chain

groups such as Chili's and Applebee's and has helped us look at costs, revenues and expenses that would be part of this operation along with MSE which is our Food and Beverage consultant. MSE looked at the profit that we would average. The previous vendor averaged \$2.71 per enplaned passenger and MSE believes our profit would be \$3.15 per enplaned passenger profit which would result in a Return on Investment to include equipment to be between 5-7.8 years. It's a great and solid business model. The staff would include Alvin as a working manager plus one other supervisor, along with part time bartenders and cashiers. The operation would include 2 employees on duty during regular business hours when the bar was closed and 3 employees on duty when the bar is opened. The projected start date would be June 1, 2017. Steps needed to be ready by June 1, 2017 would be to hire additional employees, obtain a food vendor, and pursuing an ABC License. We could be ready with a full grab n go and food operation June 1, 2017 and shortly thereafter with the ABC operation once the ABC license is obtained. Commissioner Rob Coleman asked what our annual profit would be. Ms. Cheaney estimated our profit would be \$117,000-\$183,000 per year and this would be the cost after employee cost. The previous owner paid us \$45,000-\$50,000 per year. Operational hours would be one hour prior to departure until the last departure, which typically would be 4:30 a.m. through 8:00 p.m. 365 days a year. Commissioner Rob Coleman asked if there would be flexibility in hours if we were to bring in more air service and Ms. Cheaney said we could certainly bring in more man power for additional flights which would also result in additional revenue. Chairman Wallace asked if we needed to vote on it and Mr. Jim McNider, III, legal counsel explained that the Executive Director already had authority to proceed. Commissioner Scott asked if we had the business plan and Ms. Cheaney passed out the business plan, projected menu, expense sheet and information on how prices were calculated. Mr. McNider said that the Commission could either vote on the business plan, if it wished, or treat this for informational purposes. Commissioner Rob Coleman asked if the Commissioners could have time to review the business plan and come back with questions at the next meeting or would it delay the Restaurant. Ms. Cheaney said it would delay by maybe a week or two. Mr. Wanner said this would not be intolerable and we could go ahead and start the paperwork for the ABC license and things like that to keep things moving.

Mr. Wanner has been working with the City of Newport News to improve the lines of Communications and has met with Assistant City Manager, Alan Archer. Also, two planners from the City of Newport News will be coming out to meet with Ms. Cheaney and Mr. Alexander, Operations Supervisor.

Mr. Wanner has also been talking to the three other jurisdictions and representatives to speak with them about being representatives on the Commission in the future. Ms. Scott has been speaking with the new City Manager and asked Mr. Wanner if he could send something to Ms. Scott prior to City Council meetings that we might need the City to know. Mr. Wanner also stated that he will be providing the Assistant City Manager with a copy of the PAC agenda so he could decide if he would like to attend the meeting.

Commissioner Coleman reported the possibility of creating sub-committees within the PAC. He recommends an Audit/Budget Committee, an Operations/Oversight Committee and a Pilot/Passenger Advisory Committee. Chairman Wallace asked Mr. Sanford Wanner, Interim Executive Director to summarize and Mr. Wanner will take as a request of the Commission.

Commissioner Scott stated there were other concerns such as all the contracts with the vendors and felt this could be addressed with the oversight committee so that the Commission knows what contracts we have. Commissioner Coleman stated to maybe come together more than once a month with the sub-committees. Commissioner Scott said to maybe have Commission meetings twice a month until we have reviewed everything. Chairman Wallace stated that we will meet as frequently as business states to respond to our responsibilities.

Commissioner Scott asked what we are currently serving passengers' food and beverage wise. Ms. Cheaney reported that post-security there are vending machines and Mr. Dimaiuat is providing hot coffee through the Keurig in the mornings Monday-Friday and water and snacks at all times. Pre-Security, Hudson News has a Keurig out front and also has a nice variety of snacks. .

ADJOURNED

There being no further business, the meeting was adjourned at 1:04 p.m.

NEXT MEETING

The next meeting of the Peninsula Airport Commission will be held on Thursday, May 25, 2017 at 8:00 a.m. in the Banquet Room.