

PENINSULA AIRPORT COMMISSION

MINUTES

August 23, 2018

PRESIDED: Sharon Scott

The regularly scheduled meeting of the Peninsula Airport Commission was held on Thursday, August 23, 2018 at 8:00 a.m. in the Commission Room at the Newport News/Williamsburg International Airport.

Commissioners present were:

Rob Coleman, Jay Joseph, Sharon Scott

Commissioners not in attendance were: George Wallace

Executive Director

Mr. Michael Giardino, C.M.

Assistant Executive Director

Ms. Melissa Cheaney, A.A.E.

Director of Finance and Administration

Ms. Renee Ford

Director of Air Service, Marketing and P.R.

Ms. Jessica Wharton

Legal Counsel

James S. McNider, III, Esq.

Administrative Assistant

Ms. Patricia F. Speno

Public in Attendance

Peter Dujardin-The Daily Press
Viveca Munger-Legal Assistant

COMMENTS FROM THE PUBLIC

None.

APPROVAL OF MINUTES OF COMMISSION MEETING HELD JULY 26, 2018.

RESOLVED, that the Peninsula Airport Commission approve the minutes of the Commission meeting held July 26, 2018.

Commissioner Rob Coleman made the motion to adopt the July 26, 2018 minutes and Commissioner Jay Joseph seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, and Sharon Scott

ASSISTANT EXECUTIVE DIRECTOR

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

- SCOT Center Project – Ms. Cheaney used a visual map to report on the SCOT Center project. Ms. Cheaney used the map to reference our cell phone lot and the road which is City property. Our cell phone lot was used for customers waiting for incoming passengers and our car rental companies used the lot as well for their rental car overflow. The rental car companies have agreed to help expedite this road work by moving all of their overflow cars into the Gloucester Lot and were extremely understanding. This area which was our cell phone and rental over flow lot, will be closed until the end of October. Customers waiting on passengers can pull up to the terminal or to our Gloucester Lot which will have minimal impact to them.
- FAA PAPI Replacement Project – Ms. Cheaney reported the FAA PAPI replacement project has started and we had our first successful runway closure last night (7/25). There was no impact to operations and

everything went smoothly. We expect no impact issues throughout the project. Our Operations Department calls the airlines each night just to make sure there are no delays. If there are delays, they are asked if they can take runway 2/20 before the runway closes. Ms. Cheaney reported we can delay closure if we need to so as not to impact any airline operations.

- Legal RFP - Ms. Cheaney reported we had six responses for the legal RFP. Renee Ford is a part of the scoring committee as is the city Assistant Manager of Hampton and Newport News. Mr. Joseph asked who the candidates are and was advised they are in the process of wrapping up the scoring sheets and the next step is to present those candidates.
- FAA Grant – Ms. Cheaney reported the Commission took action in April and had a resolution to approve work authorization for the design of the perimeter road around 2 and 7 which was contingent on receiving the FAA grant in the amount of \$289,241.00. Ms. Cheaney was pleased to report to the Commission that we did receive the grant. We would like to ask for a motion to accept said FAA grant.

RESOLVED, that the Peninsula Airport Commission is authorized to accept and deliver the grant agreement dated August 1, 2018 from the FAA to the Executive Director.

Commissioner Jay Joseph made the motion to accept the grant and Commissioner Rob Coleman seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, and Sharon Scott

- Virginia Aviation Conference – Ms. Cheaney thanked the Board for the opportunity to attend this year's Virginia Aviation Conference. She reported that one of the topics DMV presented was a briefing on REAL ID's. The Federal Government extended the deadline for all travelers to have a REAL ID for domestic travel to October of 2020. However, the Virginia DMV is implementing as of October 1, 2018 you can go to the DMV to get a REAL ID. It is not mandatory, nor required, but it will be when 2020 arrives. You will be required to have a REAL ID or another form of Government ID, such as a passport, to travel. Ms. Cheaney also reported that we got some support from our Virginia Aviation Board member, Cheryl McLesky about having the board look to expand their rules allowed to improve cyber security. Right now they will help you pay

for upgrades to your security system, ID swipes, entry control cameras, etc.

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 July decreased by 3 1/2%, this was only on Delta. Delta had made some schedule changes and took out their mainline aircraft. The seat capacity was down 3.7% and of course passengers go right in line with that. Ms. Wharton reported that Delta removed their aircraft this summer and replaced it with a smaller plane. Mr. Giardino added that Delta removed the mainline, meaning Delta aircraft, to places like Minneapolis in order to open up that western corridor for summer travel. The MD88 fleet is being retired so there are fewer aircraft of that type and they are subsidizing that mainline service with smaller aircraft. Mr. Giardino added however, we are filling up the smaller planes.
- Ms. Wharton reported there was still need for some of the Commissioners to get passwords so they can get access into the Commissioner Corner to view information. She indicated she had some logos and new branding messages to put in there for the Commissioners to take a look at and she will be sending a reminder out to them today. Messaging is moving along and we would like you all to be able to see it.
- Ms. Wharton reported the airport hosted The Boys and Girls Club of the Peninsula on Wednesday, August 22nd. They were given a tour of the airport as well as a FAA Tower tour and were informed about airport operations.
- Commissioner Joseph made a comment indicating he booked two upcoming flights, one to Boston and one to Los Angeles. The flights were cheaper out of Newport News than they were out of Norfolk. Ms. Wharton responded with news that our branding campaign is to rebrand us. To rediscover us, to make sure you are checking us when you are looking to book your flight. Ms. Wharton reported she will be serving branding messages several times a day on the Peninsula. She will start flooding the market for us. Mr. Coleman asked the question;

what's important for customers? Is it price or non-stop service or convenience? He added from a convenience standpoint, you cannot beat this airport. Mr. Giardino added to promote this airport is an absolute joy. This airport does not get any better.

- RFP- Ms. Wharton reported they are currently working on several RFPs. These include legal, Kentucky Farms Lease, trailer park property management, as well as one for banking and Clear Channel Airport Advertising. Mr. Giardino added we will also need a RFP for an internal audit function.

DIRECTOR OF FINANCE & ADMINISTRATION

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

- The airport reported a preliminary gain of \$112,000.00 for the month against a budgeted gain of \$118,000.00 and last July's gain of \$113,000.00. Revenues totaled \$771,000.00, \$32,000.00 or 4.3% above budget and \$63,000.00 or 8.9% greater than last July. Our expenditures this month totaled \$659,000.00, 43,000.00 or 6.9 % above budget and 64,000.00, or 10.7% above last July.
- Terminal revenues was 16,000.00 or 12.8% above budget due to Take PHFlight concessions ending \$14,000.00 better than the budget.
- Landside revenue was 11,000.00 or 2.7% higher than budget as a result of customer facility charges coming in 7,000.00 than budgeted expectations and rental car commissions also ending 10,000.00 higher than the budget. Parking revenue was slightly lower than the budget falling short \$6,000.00.
- All other revenue categories experienced slight percentage fluctuations for the month.

EXECUTIVE DIRECTOR'S REPORT

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

- First Tee Meeting - Mr. Giardino reported on a meeting with First Tee. First Tee is a group, helping children who normally would not have access to the game of golf, providing mentorship and golf to them. They are looking to redevelop a 9 hole practice facility in Kiln Creek. They can access that land through the Kiln Creek neighborhood to redevelop it and Mr. Giardino suggested that to them; however, they have asked if they can have access to

the property through a road that is adjacent to the corporate hangar area here at the airport. Mr. Giardino reported they had a good meeting and it is in discussion at this time.

Virginia Aviation Conference – Mr. Giardino reported he was grateful that the Chair and Vice Chair of the Commission were able to attend. They were able to see issues and in particular hear issues from our Regional Representative Cheryl McLeskey, She was very comprehensive in her request for input from the airports. She took a lot of notes and one in particular was about changes to the Virginia Aviation Policy to allow for IT services to be funded by the State program. Mr. Giardino reported he would be grateful for these grant funds as this is a very important part of the airport improvement policy. The technology is very important and we need to protect our technology and installation.

- Air Jordan Lease - Mr. Giardino reported that business terms are all agreed upon and there is nothing to report. There is some language in the lease the Attorneys are working out to protect the PAC's ability to enforce the lease.
- Staff Retooling - Mr. Giardino reported he had briefed the Commission in May about how he was looking at staff and making adjustments as he felt necessary. This retooling has allowed him to see untapped resources here at the airport and mentioned two employees, Jared Alexander and Desirae Leggins. Mr. Giardino feels both employees deserve promotions and added responsibility, not only would both these promotions come with a title change, they would come with a salary increase as well. The salary increase would increase our budget. Mr. Giardino requested to the PAC to allow him to do that which would increase the fiscal year 2019 budget by \$19,000.00 or .0023% of the overall budget, less than ½ of a percent. Mr. Giardino stated he did not have a formal resolution to amend the budget and asked Mr. McNider to assist in working that out. Mr. McNider indicated he could present the resolution at this time.
- Mr. McNider asked the Commissioners if they would consider adopting a budget amendment to add \$19,000.00 to the personnel line item to permit the promotion of Desirae Leggins and Jared Alexander and other personnel changes as the Executive Director directs.

RESOLVED, that the Peninsula Airport Commission adopt a budget amendment to add \$19,000.00 to the personnel line item to permit the promotion of Desirae Leggins and Jared Alexander and other personnel changes as the Executive Director directs.

Commissioner Rob Coleman made the motion to adopt this budget amendment and Commissioner Jay Joseph seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, and Sharon Scott

Mr. Giardino reported that the rates and charges increase that were implemented has worked. Airlines are happy, the budget is happy. We are doing it the right way. It was a negative spiral this airport was on without these rate changes. Mr. Giardino stated he made a fair assessment of what was going on and successfully implemented what needed to be done. He was happy to report we are now on a good path. We're working hard on air service development. We are poised for success to talk about what's good about this airport. We will continue to do that. He added there was no reason to spend marketing dollars during the busy season. There is no reason to spend marketing dollars during the busy season. Mr. Giardino asked if there were any questions.

Ms. Scott asked if the staff retooling was just the two employees mentioned. Are these the only changes? What is to become of the executive assistant position? Are you going to rename that position?

Mr. Giardino indicated they had advertised for an Executive Assistant, however, it was put on pause. The idea would not only be an Executive Assistant but Office Manager position. The position would include records management, Office Manager, as well as procurement. This position will support the Commission and support the Executive Director in his day to day calendar. Ms. Scott asked if this person will answer directly to him or to the Commission. Mr. Giardino responded this person would work for himself and the Commission at the moment. There could be other things we may do to be more efficient. Procurement is very important and this is one area the audit dinged pretty heavy. We need to fix this pretty quickly.

Ms. Scott asked Mr. Giardino to provide the new alignment chart to the Commission so that they would know what the new re-alignment was. Ms. Scott questioned Mr. Giardino if he had submitted a written report of some of the most valuable points from his travel to the conference. Mr. Giardino indicated he has written to the PAC more than 50 times, probably more, specific emails, trip reports, updates, to report on activity but yes to answer your question I will submit a report on both events attended. Mr. Giardino stated he complies completely with the travel policy and will be sending a report on the most recent conferences.

DEED OF DEDICATION

Ms. Scott asked the Commission to defer since Commissioner Wallace was not present today. She indicated a conflict of interest on the policy as she is on both sides of the issue. Commissioner Joseph asked what a quorum was and how many votes were

needed to pass a motion? Ms. Scott answered 3 votes and at the moment she is in conflict to do so and we would need Mr. Wallace to vote. The Commissioners were in agreement to defer the Deed of Dedication to the next meeting. There was a consensus to defer the Deed of Dedication.

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:

Subsection A7 and A8- 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 litigation 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.

Commissioner Rob Coleman made the motion, seconded by Commissioner Jay Joseph to hold a closed meeting.

Voting yes were:

Rob Coleman, Jay Joseph and Sharon Scott

The Commission entered into a Closed Meeting at 8:43 a.m. and reconvened in Open meeting at 8:53 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.

Commissioner Rob Coleman made the motion, seconded by Commissioner Jay Joseph to reconvene in open session.

Voting yes were:

Rob Coleman, Jay Joseph and Sharon Scott.

NEW BUSINESS

Ms. Scott made a comment that she felt her attendance at the Virginia Aviation Conference was very enlightening. She was happy to join staff and Mr. Wallace at the

conference. Ms. Scott also thanked staff for taking time out of their day and for hosting the Boys and Girls Club here at the airport.

Mr. Coleman added he and Ms. Wharton had been talking about an airplane pull here at the airport for public safety. There has been some real interest in that, to having a plane come in and raise some money for a nonprofit in the community. Mr. Giardino added he had a lot of experience in this type of event. These are great events. These events do require lots of permissions, we need to do it the right way.

OLD BUSINESS

Mr. Joseph proposed to speak about Governance. He reported that since the last meeting, he and Ms. Scott have not been able to reach an agreement on a way forward. He recommends that we hire the low bidder, indicating they are qualified, their interview went well and their references checked out. He believes they are the best company qualified. He stated he would like to get Mike to authorize a contract and enter into that contract. Mr. Joseph stated he feels it's critical for our effective functioning and to get the RAISE group back active so that we can have extended funds for air service development. Ms. Scott responded she preferred ACS over Mr. Joseph's choice, Design Smart. She indicated we should not rush into an agreement with anyone at this time and she feels we can wait another 30 days stating she was committed to getting this done, but didn't believe 30 days is going to make any difference. Ms. Scott stated she would like to maybe have a work session on the next agenda to engage the other Commissioners so that we can collectively agree. Mr. Joseph stated that his analysis of ACS is they are primarily HR folks. They are headhunters and recruiters. Mr. Joseph added when he called the references, they were for placement services. He added his choice were not airport experts but they have far more governance experience. Their background and references are across the State of Virginia. He added he sees them as fresh faces coming to the table. Their proposal was half the cost of the ACS proposal. In responding to the chair's point about local government, their background and references are across the state of Virginia. I don't see a reason to pay a premium, almost double for ACS. Even if you were to negotiate a lower number with ACS they were still substantially more expensive so I don't see any value. Ms. Scott responded she disagreed with Mr. Joseph stating that there may not be business ties in Newport News but there are personal ties. The company head worked for two Governors. Ms. Scott stated I'm always concerned about nepotism and cronyism when we are doing business with public dollars. I'm concerned about that. They have done airports. They know what they are doing. I know they came in high. I think the scope of their work was broader than what we were expecting. As a matter of fact they did ask what the other company was proposing as a fee. I said half of what you're charging. Mr. Joseph stated it was ironic that we got these RFP back 60 days ago. We should be able to process and make a decision on this fairly affordable consulting assignment. It's my opinion the things that happened in the past happened in part because of weak oversight. The irony is we're not functioning well as a commission to the point we can't even make a decision about how to hire a consultant. Mr. Joseph stated to Ms. Scott if you want to make a motion to

hire ASC and authorize Mike to negotiate the best price he can, I'll agree to pay more just to keep it going. Ms. Scott responded she just does not want to make the decision without the other commissioners. She felt the other commissioners should hear more of the discussion. She asked Mr. Joseph to allow it to go one more month. Ms. Scott felt the other commissioners should hear more of the discussion. Ms. Scott asked to be allowed for this to go one more month. Mr. Joseph asked to make a decision and added whatever we do, delay is not the answer. Ms. Scott responded we have a new Director today that is accountable and we should be able to go 30 more days without anything falling apart. Mr. Joseph suggested we get contracts from the two finalists so we can distribute them at our next meeting and take action on it at the next meeting. We can ask Mike to negotiate and give ACS the opportunity to change whatever scope of service we want to change and give us their best price. We will have both contracts and we can take action. Mr. Giardino added it is in our procurement policy to select the best and go ahead and negotiate. Commissioner Coleman added that the last two months have been difficult to get 6 commissioners in the same room for one reason or another. He hopes the new commissioner that was appointed by the council is here and doesn't understand why she's not. Ms. Scott added the firm we paid all this money to finish a contract hasn't finished the contract. The next Commissioner is the attorney which is involved in the lease contract and she is not going to take her seat until she is finished with the contract. Mr. Giardino respectfully added that has nothing to do with Andersen Kreiger. Ms. Scott added that it is their responsibility to get this done. It is their responsibility to expedite it. They need to have this dialogue with the company. We paid them a lot of money to expedite this lease. Mr. Giardino added if anyone has been responsive to that contract, it has been this Commission and its legal counsel. Ms. Scott added not the Commission, we're not in it now, and it's between the attorneys and this company. Mr. Giardino added they represent you now and they have been most responsive. Ms. Scott commented that perhaps you should clue me in since I'm the chair and then we wouldn't be having these disagreements in this room. Perhaps I need to speak to them since I'm thinking something you're telling me, is not true and I'm speaking the truth as I know it. Mr. Giardino responded, Ma'am, you are well informed of what I do. Ms. Scott said the newly appointed Commissioner coming in is the attorney representing Air Jordan and until we resolve this, she's not going to be at this table. Mr. Joseph said she could take her seat and just recuse herself. We would have thought this would be complete now. There was just one thing left to work out and that was 30 days ago. Mr. Giardino said he can resend everything he has sent to describe exactly how things are going. Mr. Giardino added as far as the lease is going, we have been very responsive. Ms. Scott said she doesn't know how responsive we've been because there is still no lease. Mr. Coleman added we can make a decision when we have all the Commissioners seated. Ms. Scott added we have a consensus and we are acting in September. Ms. Scott asked if there was any more old business, comments. There were none.

ADJOURNED

There being no further business, the meeting was adjourned at 10:14 a.m.

NEXT MEETING

The next regular meeting of the Peninsula Airport Commission will be held on Thursday, September 27, 2018 at 8:00 a.m. in the Commission Room.