

# **PENINSULA AIRPORT COMMISSION**

## **MINUTES**

July 26, 2018

PRESIDED: Sharon Scott

The regularly scheduled meeting of the Peninsula Airport Commission was held on Thursday, July 26, 2018 at 8:00 a.m. in the Commission Room at the Newport News/Williamsburg International Airport.

### **Commissioners present:**

Rob Coleman, Jay Joseph, Sharon Scott, David Wasson

**Commissioner not in attendance:** 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**

Jorge Gonzalez – RS&H.

Adam McDonald RS&H.

Peter Dujardin-The Daily Press

Viveca Munger-Legal Assistant

Mary Hall – Marriott

Kevin McDermott – New Dominion Clubs

## **COMMENTS FROM THE PUBLIC**

Kevin McDermott, brother of Tom McDermott, owner of New Dominion Clubs addressed the board. Mr. McDermott expressed his frustration with the amount of time it has taken to adjudicate the lawsuit involving the airport and New Dominion Clubs. He also made comment about the amount of money paid to the interim Attorney for the Commission. He stated the PAC had asked his brother several years ago to invest money into the airport Restaurant. As a result, Tom McDermott took out several loans to pay for renovations and build outs. Tom McDermott was granted a 25 year contract at this airport to be able to recoup the money he put into this airport. McDermott stated it has been 18 months since his brother was terminated for no valid reason, and they still don't have a valid reason. Hundreds of papers of documents have been submitted to show what he has spent at this airport. He stated money was spent on a hot food kitchen and a bar past security as well as, wiring in the new concourse. He stated the contract is basically two sentences. And the contract plainly states that if you terminate this contract for any reason, he gets reimbursement on capital gains. This case has been dragged out for 18 months and thousands of dollars has been spent on legal fees. He didn't even start this fight. It needs to come to an end.

Mr. McDermott stated he hoped the Commission would come to terms in closed session. Why there is no reason, no one has ever sat down with him and tried to get this hammered out? Why are you paying an attorney instead of putting this towards what you owe?

## **PRESENTATIONS TO EMPLOYEES** **BOBBY TUGWELL** **DESIRAE LEGGINS**

The Peninsula Airport Commission recognized Bobby Tugwell, Parking Lot Cashier, for over 11 years of service. Mr. Tugwell was recognized for his attention to detail and was noted to be the most considerate and helpful employee by his supervisor. Mr. Tugwell offered to change his schedule to cover a shift so that his manager did not have to work a night shift and return in the morning for a day shift. Mr. Tugwell is an outstanding employee that goes above and beyond.

The Peninsula Airport Commission, also recognized Desirae Leggins, a PHF Take PHFlight employee since May, 2017. Desirae is always willing to assist the Restaurant Manager and always ensures our customers' needs are met. On May 15<sup>th</sup> Desirae was the supervisor on duty when several aircraft were diverted to the airport. Desirae

remained calm and positive during an unexpected and stressful situation. In a 4-hour window an additional 300 passengers deplaned here at the airport. Desirae provided outstanding customer service to her customers and guidance to employees. Mr. Giardino stated Desirae goes above and beyond her duties and is an outstanding airport employee.

### **APPROVAL OF MINUTES OF COMMISSION MEETING HELD JUNE 28, 2018.**

**RESOLVED**, that the Peninsula Airport Commission approve the minutes of the Commission meeting held June 28, 2018.

Commissioner Rob Coleman made the motion to adopt the June 28, 2018 minutes and Commissioner Jay Joseph seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott and David Wasson.

### **ASSISTANT EXECUTIVE DIRECTOR**

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

- FAA Project - Next month the FAA is going to start work on our airfield. This work will be a 60 – 90-day project and there will be some nighttime runway closures on Runway 7/25. Our Operations Department will be coordinating with the contractor to make sure we have no impact to operations. We will have Runway 2/20 open.
- Master Consulting Services Agreement – We have a Master Consulting Services agreement with RS&H and Talbert & Bright. This agreement was bid back in 2015 and comes with procurement of one year with four one year options. Ms. Cheaney stated she would like to recommend to execute the last one-year option on this contract agreement with Talbert & Bright. We currently don't have any work orders with RS&H. We do with Talbert & Bright and they are doing an excellent job. It is recommended that we execute the option for 12 months for consulting services agreement with Talbert & Bright.

**RESOLVED**, That the Peninsula Airport Commission extend for the last one-year option period to continue the Talbert & Bright Master Consulting Services Agreement

Commissioner Rob Coleman made the motion to approve the Consulting Services Agreement for one year and Commissioner Jay Joseph seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott and David Wasson.

### **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 June increased by 5.4%. This is the third straight month in a row we were increased in passenger numbers. Delta's load factors are 93% and American Airline's are 89%. Norfolk and Richmond are also doing well. Its summer and travel is up everywhere. People in the region are travelling and moving.
- Ms. Wharton reported we have partnered with Ferguson Center of the Arts and will have an Advertisement in their 2018/19 playbill for the upcoming season. We are also the premier sponsor for their upcoming concert, George Thorogood and the Destroyers.
- The Commissioners Corner is now ready. Ms. Wharton gave a demonstration and advised she will send the Commissioners a link to access the Homepage. This site will give the commissioners access to information such as Acts of Assembly, bylaws and administrative items like organizational charts. The entire meeting packet for the monthly meeting will also be available on the web page. Ms. Wharton can make any changes to the site and Mr. Giardino indicated if there is a new posting, staff will notify the Commissioners so they may view it on the webpage. This webpage will allow us to share information with Commissioners and staff. It is not collaborative due to the Freedom of Information Act.

### **DIRECTOR OF FINANCE & ADMINISTRATION**

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

The airport reported a preliminary gain of \$36,000.00 for the month against a budgeted gain of \$44,000.00 and last June's loss of \$37,000.00. Revenues totaled \$742,000.00, \$4,000.00 or .5% below budget and \$61,000.00 or 9% above last June. Our expenditures this month totaled \$706,000.00, 4,000.00 or .6% above budget and 12,000.00, or 1.7% higher than last June.

Terminal revenues were 17.3% above budget due to Take PHFlight restaurant sales. June was another record-breaking month for the restaurant. Landside revenues were 3.2% above the budget. RAC Commissions were up 8.5% compared to budget and parking revenue was down slightly at 1.1%. Administrative revenues were down \$45,000.00 or 96.9%.

We did not apply for grants this year due to the changes in the State Airport Manual. All outstanding FAA reimbursements were received in July.

## **EXECUTIVE DIRECTOR'S REPORT**

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

Mr. Giardino started by thanking both Mr. Wasson and Rhonda Wissinger for their service to the board. Mr. Wasson is resigning from the board effective July 31<sup>st</sup> and Ms. Wissinger has accepted a new position outside the airport.

- Community Outreach continues. Mr. Giardino stated he is reaching out to the community and hearing what they have to say about the airport.
- Mr. Giardino reported that he met with the Virginia Department of Aviation. They came to the airport as part of their tour around the Commonwealth, he also reported that it was a good meeting. They discussed the audit results from last year. In response to Commissioner Joseph's inquiry about how we are with the audit results, Mr. Giardino reported all issues that were associated with the audit have been completed and we continue to monitor them. He stated he met with the auditors who were at the airport the other day. Mr. Giardino indicated he takes the 2017 VDOT audit results to meetings and holds it close to him, to assure people that we have cleared up all items, and that according to Secretary Layne the Commission is in good standing with the State.
- Mr. Giardino reported we reviewed the EURP and we are in full compliance with the Commonwealth guidelines. They said to program the entitlement funds out as far as we could. It will be in front of the full board at the August meeting.
- The Virginia Aviation Conference is in Norfolk in August. The Chair and Vice Chair are scheduled to attend. Mr. Giardino extended an invitation to the Commissioners, and asked them to please let him know should they want to attend. There will be business and networking at this meeting. There is a new program manual and training will be provided by the Commonwealth. The session held in May caught the commissioners up to speed on the training and everything they needed to know to run the

airport in an efficient manner.

- Mr. Giardino stated the airport is doing fine and even with about 25 cancellations in June we are still up 5%. That is a significant accomplishment! It shows you the traffic is out there; we just need the airplanes on the airfield to handle them.

## **GOVERNANCE REVIEW RFP**

Commissioner Joseph stated that we had received and opened 4 responses for our request for the Governance Review RFP. Mr. Joseph stated the chairwoman and he are the Governance committee and they reviewed the proposals on their own and met with staff internally to rank the proposals. As described in our procurement rules, they have identified their top two choices. They also had conference call interviews with the top two choices. Mr. Joseph stated they had not yet compared notes on these calls as Mr. Joseph was on vacation. He did state that if they have a consensus on the top choice he will request a contract and present that to the board at the next meeting.

Ms. Scott added she thinks this is a golden opportunity to have someone else look at how we do business and offer some suggestions on how we can do better, in addition, the governance review will look at staff and how staff interacts with commissioners and to what degree.

## **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.

Specifically, the closed meeting shall be held to discuss legal claims made against the Commission by Ken Spirito, the proposed public road deed of dedication for the City of Newport News, and the New Dominion Clubs, Inc. litigation.

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

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott and David Wasson.

The Commission entered into a Closed Meeting at 8:28 a.m. and reconvened in Open meeting at 9:27 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, Jay Joseph, Sharon Scott and David Wasson.

## **NEW BUSINESS**

Commissioner Scott thanked Commissioner David Wasson for his service. She stated she valued the time he spent with the board and hated to see him go. Ms. Scott said she appreciates Mr. Wasson and would be happy to have him come back with any comments, suggestions or ideas.

Mr. Wasson replied that he appreciated the opportunity to serve and thanked the management and staff. He stated this airport is a gem for the community. This airport is well organized and well operated. He hopes the community at large appreciates all the hard work it takes to run the airport. Mr. Wasson added he will certainly be forthcoming with any recommendations or ideas he may have.

Attorney Jim McNider added that from a legal side of things, all of the Commissioners were great during the recovery efforts and numerous special meetings, especially Mr. Wasson; Mr. McNider told Mr. Wasson he helped clarify issues and thanked him again for all his contributions.

## **OLD BUSINESS**

Mr. Giardino reported that not only from a VDOT audit, but also our last external audit, there was a question, which is part of normal protocol, about Conflict of Interest Policy and training. After the VDOT audit you all had to go through training and you were briefed not only on FOIA, but COIA and complied with this training. There were

questions about what is PAC's policy. (Held up VML FOIA / COIA Guide) *This is our policy.* We comply with this policy. I had a meeting with my Directors and asked them, to each person, can you name a time, and to the Director I was speaking to, a time when you violated this policy? And they had not. And since the audit of June 2<sup>nd</sup>, you have not, and since my time here, we have not. This is our policy of record. When asked this year by the auditors, what is our conflict of interest of policy? The answer is Virginia Commonwealth Law. We have complied with it. You all have received training. I have documentation of your training. I have documentation of my training as does staff.

Mr. Giardino reported that he received an inspection letter from Mr. Frank Loprano, FAA Part 139 inspector. Mr. Loprano's letter was the result of our inspection. The letter stated we are certified for the upcoming year. With just *one* discrepancy. The airport is well run, operationally, top notch. One of the best in the country. No airport gets away with only one discrepancy. Mr. Giardino was happy with the news and congratulated his staff on a great job.

Mr. McNider suggested a discussion on the Aviation Academy. Mr. Giardino reported he had a discussion with the School District about the Aviation Academy. Obviously, the building is old but the Academy is good. The school district would like it to be there until we come to a resolution on the Denbigh Aviation Academy and where it shall reside. Ms. Cheaney had a discussion with the Facilities Director for the Aviation Academy and we have concluded that an escalation of rent is appropriate as we share costs of maintenance with them already. As I did in November or December of last year, I would recommend to the commission that we enter into an extension of one year with the school district. I recommend entering into a one year lease with the school district for the Denbigh Aviation Academy on this airport at the old terminal at an escalation of 2%.

Ms. Scott asked if that was a modification of the lease. Mr. Giardino answered it is an extension of the current lease. Mr. Giardino reminded the board that at the December meeting the lease was extended 6 months to June 30<sup>th</sup>. They asked and we concur that another 1 year lease is appropriate at this time. Mr. Joseph asked what were the issues and discussions points that they need to resolve next year to get to a longer-term agreement. Mr. Giardino responded he felt number one is do we want to be in the same building forever, and I think the answer is, No. But that's a bigger community discussion than was had. The near term is maintenance and things that break, i.e.; air conditioning and the significant costs associated with that and who bears the cost. Those are the issues. However, there is goodness in having the school onboard. However, it's unsustainable for the PAC to bear all costs for the school. Ms. Cheaney added that the school board will be looking in the winter time frame for a decision on a significant \$200,000.00 to \$300,000.00 cost to rebuild the HVAC and roof required to sustain the school in its current location. Ms. Cheaney stated that in her initial discussions with the facilities folks they were not interested in committing to that large of a capital improvement in that area, and we would need to talk more, as a



commission, as to what that next step is beyond the 12-month lease extension. Mr. Giardino added the relationship is good and we will have solid recommendations in that area. Ms. Scott inquired as to our action today on this matter. Do we need further discussion? Mr. Giardino recommended a resolution that we enter into a one year extension of the lease.

Mr. McNider suggested that one of the commissioners may want to introduce the resolution to move towards acceptance as follows: that the chairman or vice chairman of The Peninsula Airport Commission is hereby authorized to execute and deliver a renewal and extension of the lease with the Newport News School Board for the Aviation Academy for one year beginning as of July 1, 2018 on the same terms and conditions, but with a 2% increase in rent. Until this lease is executed and delivered the adoption of this resolution does not create any rightful benefit to any party.

**RESOLVED**, That the Peninsula Airport Commission execute and deliver a renewal and extension of the lease with the Newport News School Board for the Aviation Academy for one year beginning as of July 1, 2018 on the same terms and conditions, but with a 2% increase in rent. Until this lease is executed and delivered the adoption of this resolution does not create any rightful benefit to any party.

Commissioner Rob Coleman made the above motion. Commissioner Jay Joseph seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott and David Wasson.

### **ADJOURNED**

There being no further business, the meeting was adjourned at 9:36 a.m.

### **NEXT MEETING**

The next regular meeting of the Peninsula Airport Commission will be held on Thursday, August 23, 2018 at 8:00 a.m. in the Commission Room.