

PENINSULA AIRPORT COMMISSION

MINUTES

May 24, 2018

PRESIDED: George Wallace

The regularly scheduled meeting of the Peninsula Airport Commission was held on Thursday, May 24, 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, and George Wallace.

Commissioners not in attendance were:

David Wasson

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.

Executive Assistant

Ms. Rhonda Wissinger

Public in Attendance

Reema Amin-The Daily Press

Viveca Munger-Legal Assistant

COMMENTS FROM THE PUBLIC

None

APPROVAL OF MINUTES OF COMMISSION MEETING HELD APRIL 26, 2018

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

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

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott and George Wallace.

ASSISTANT EXECUTIVE DIRECTOR

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

- Part 139 Inspection- Ms. Cheaney and her team spent 16 hours with the FAA Certification and Safety inspector this week for the Part 139 inspection. The inspector spent about 4 hours on our training records and 3 hours on our airfield. He also spent a lot of time with our fixed based operators and their fueling operations. One of the things the inspector does is an unannounced time drill of the firefighters. The firefighters have 3 minutes to respond to the runway and our firefighter responded in 1 minute and 30 seconds. The inspector said this is one of the fastest times he has ever seen and it was clear that our team was focused on safety and details. We had one minor discrepancy, one of the markings on the fuel farm tank was slightly faded and it was recommended that we replace it. The fixed base operators will have this fixed by the end of the week. Ms. Cheaney is very proud of everyone on our maintenance, firefighting and operations team. Mr. Giardino, Executive Director reported that he and Ms. Cheaney received a letter from the inspector thanking us for our hospitality and congratulating us on a fine inspection. Mr. Giardino stated it was very hard to receive a letter like that from the inspector and that he is also very proud of the team and wished that Jared Alexander, Operations Manager, were here since this is his team. Chairman Wallace asked what type of gesture could the Commission extend to these employees? Ms. Cheaney said a letter signed by the Chairman to each person would be a nice gesture. Chairman Wallace agreed and Ms. Cheaney will start working on the letters. Commissioner Scott asked what type of recommendations we received from the inspector. Ms. Cheaney reported that there was a comment on wildlife as a coyote ran across the runway as the inspector was here. Wildlife is always a challenge and we diligently take care of this on a regular basis. Also, it is recommended that we maintain our markings on the airfield and we are in the process currently of

painting the airfield. The inspector commented that it is important for us to continue this process.

- Annual Airport Emergency Plan Review- Ms. Cheaney reported that 2 weeks ago we had over 30 people from the community attend our Airport Emergency Plan review. This includes our mutual aid support: Riverside Hospital, Mary Immaculate Hospital, City of Newport News Fire and Police, York County Fire and Police, State Police, the Emergency Operations Center, the Control Tower, Tenants and Airlines and we reviewed our emergency response plan. We had a great turnout and this is part of the Part 139 Inspection.

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 April were increased by 4%. Only 3 cancellations for the month, 2 on American Airlines and 1 on Delta. This shows what a big difference it can make in the passenger numbers when we don't have as many cancellations as we did last month.
- We are heading into the summer months and hopefully passenger numbers will continue to increase.

DIRECTOR OF FINANCE & ADMINISTRATION

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

Ms. Ford reported the Airport's revenues were 6.1% above budget and 13% above last April 2017. Our expenditures were 13.3% below budget and 9.7% below last April 2017.

Ms. Ford reported that she and Mr. Giardino, Executive Director, met with the airlines to discuss the new rates and charges we will be implementing. The airlines know that the rates and charges are not where they need to be and that they will be increasing. Mr. Giardino stated that the difference between now and next year is a significant increase and that will require some explanation to headquarters. Ms. Ford stated that she is putting together a package that will be sent to the airlines. Mr. Giardino stated that they had a good meeting with Mr. Seidler and Mr. Denny from the airlines about the rates and charges increase.

Mr. Giardino reported that he will be meeting with United Airlines at the Jumpstart conference, June 4-6, 2018 and will be visiting them on July 16th at their headquarters.

APPROVE FY19 BUDGET

Commissioner Coleman, Chair of the Finance and Audit Committee reported that at the

Special Meeting on Friday, May 18, 2018, we talked in detail about the FY19 budget and the big question was the proposed rate increases. It is reassuring to hear that our legacy partners understand the increase and why we need to do that and are more concerned with stability and being kept in the know of changes happening.

Commissioner Coleman turned the meeting over to Ms. Renee Ford, Director of Finance and Administration. Ms. Ford reported that one change to the budget that came at the end of the special meeting was that the Commission decided to end the Foreign Currency Exchange service as of June 30, 2018. There was \$8,000 in revenue that was moved to the PFC charges line item to keep the bottom line the same. Mr. Giardino, Executive Director stated that he recommends the FY19 budget be approved as presented.

Commissioner Rob Coleman made the motion to adopt the FY19 Budget as presented and Commissioner Sharon Scott seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott and George Wallace

EXECUTIVE DIRECTOR'S REPORT

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

- Community Outreach continues and Mr. Giardino has met with Congressman Scott Taylor's representatives; Ms. Julie Smith and Ms. Brenda Roberts. We also had a Corporate Travel Manager's event and Mr. Giardino spoke at the Hampton Mayor's Roundtable breakfast. Ms. Cheaney will be attending the Virginia Aviation Board meeting to get our EURL's passed and we attended the Aviation Career Day at the Aviation Academy. Mr. Giardino wanted to thank Chairman Wallace and Vice Chairman Scott for attending this event. Mr. Giardino also went back to the Aviation Academy on Wednesday and spoke to one of the classes about aviation.
- The Jumpstart Conference is June 4-6, 2018 and will be held in Cleveland. Mr. Giardino will be attending and having "speed dating style" meetings with the Airlines. Ms. Wharton is working with our newly hired consultants to bring them up to date on the community and with GSA numbers. We are working with both Congressman Scott and Congressman Taylor's offices, as the airport is in both of their districts. They are helping us to investigate GSA fares for government and military travel. Ms. Gerri Wilson, Legislative Liason Officer with the City of Newport News is helping us with this initiative as well. Mr. Giardino will be making a presentation to the Newport News Hospitality Association when he returns from the Jumpstart conference and will be going to Minneapolis to receive an award from the Hearing Loss of America Association for work done at his previous airport

- Letter of Intent-the lease for the City of Newport News Firehouse is about to expire and Mr. Giardino and Ms. Cheaney met with the Fire Chief and they negotiated a rate for the lease. The current rate they pay is \$1.00 per year and the new rate will be \$20,700 per year. It is about \$4.50 per square foot. Mr. Michael Hodges did an appraisal on the property. We have put this new amount of revenue into our budget for this upcoming year. The attorney for the City of Newport News is drafting a lease.
- Mr. Giardino will be leaving for Europe after the meeting and then will be travelling to the Jumpstart Conference.

Chairman Wallace asked for an update on the Kentucky Farms Lease. Mr. Giardino reported that he had met with Mr. Jensen and his attorney and they are aware that the lease will be up soon. We can't transfer the lease to his tenants that are managing the horse farm, the lease will be over and we will have to put a proposal out for proper land use of the facility. It is in the RPZ (runway protection zone). The current tenants can compete for it when the proposal is put out. Commissioner Joseph asked about having to put a bid out at the end of the lease. He said in real estate, at the end of a lease they generally would extend a lease with the current lease holder instead of putting it out for bid. Commissioner Coleman stated that he had the same question that it would be better to extend the lease for a current tenant than to put it back out for bid. Mr. Giardino stated that our grant assurances say that we can't have exclusivity. As importantly, the airport should get the best bid possible for a new lease. Commissioner Joseph stated that he wanted to see the statute or code stating this so he can understand it better. Commissioner Scott asked if the current lessee wanted to stay, what hypothetically, would be considered a capital improvement to the horse farm? Mr. Giardino said anything; a new barn, a sewer line, new fencing, infrastructure improvements. Whatever amount they would put into it, we amortize the debt they incur and extend the lease out. Commissioner Scott also asked if the current lessee renews his lease, could he sublease to his tenants. Mr. Giardino reported that he has not proposed to renew his lease.

W.M. JORDAN RIGHT OF ENTRY AGREEMENT

Mr. Giardino reported that he briefed the Commission at Friday's special meeting on the W.M. Jordan Right of Entry Agreement and has nothing more to add to his briefing.

Mr. Jim McNider, legal counsel reported that since we met on Friday we have completed the rest of the negotiations needed to complete the document and the document is now ready for approval. Chairman Wallace asked what is it that we are approving and Mr. McNider reported that we are basically granting a license for them to use a piece of our property off of McManus (across from Cherokee), to help them facilitate the creation of the SCOT Transportation facility. Chairman Wallace asked if this was in perpetuity? Mr. McNider reported that it is only for a year and a half. Ms. Cheaney also stated that they will return the property to its original state or better once they are finished with construction.

RESOLVED, that the Chairman or Vice Chairman of the Peninsula Airport Commission (the "Commission") is hereby authorized to execute and deliver the Right of Entry and Use Agreement in favor of W. M. Jordan Development, LLC presented to the Commission. Until this Agreement is executed and delivered, the adoption of this resolution does not create any rights for the benefit of any party.

Commissioner Rob Coleman made the motion and Commissioner Sharon Scott seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott and George Wallace.

GOVERNANCE REVIEW UPDATE

Commissioner Joseph reported that as we discussed in the last regularly scheduled meeting, Commissioner Joseph had obtained 2 proposals from 2 firms to do a governance review. A couple of days ago, Mr. McNider, legal counsel, advised him that a procurement of professional services was needed and we would need to issue an RFP (request for proposals). Commissioner Joseph will instruct the firms to withdraw their proposals and ask the Executive Director to schedule an RFP for these services by the next regularly scheduled Commission meeting. Mr. Giardino, Executive Director, stated that under the procurement policy, we will take the appropriate action and do an RFP quickly so we can bring something back to the Commission at the June meeting. Commissioner Scott asked Ms. Ford, Director of Finance and Administration what line item this would be under the budget. Ms. Ford said it would be under Professional Services. Commissioner Scott asked if we know what the cost might be? Commissioner Joseph stated that he is thinking around \$10-\$20,000 to get what we need but he would wait for the responses to the proposal to come back. Chairman Wallace stated that we should define in the solicitation what some of our expectations are. Commissioner Joseph said he had discussions with consultants about what they thought was appropriate from other assignments they had and he has questions that he developed that we can use to help craft an appropriate RFP. For instance, there should possibly be 3 stages:

1. Review and Advise Stage
2. Implementation Phase
3. Execution

At this point, we would at least want the review and recommendation stage. Mr. Giardino reported that airports are run differently so one of the things to look at would be how the airport is run and how Airport Commissions or Authorities are assigned. Some are State run, some are locally run by the City and some are independent. In Phase I, we should look at the current governance structure and look at other government structures. Commissioner Joseph asked to circulate the RFP to the Commission once the draft is made.

Commissioner Scott mentioned that she and Commissioner Coleman had not met for the Governance Committee yet. Commissioner Joseph said this was one of the things we were going to discuss later in the meeting was the Committee structure and since he has taken up an interest in Governance and Commissioner Coleman currently sits on three Committees, he would like to see if Commissioner Coleman was willing to give up one of his slots. In particular, his slot on the Governance Committee. Commissioner Coleman said that was fine and they would wait for the formal discussion.

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 case of New Dominion Clubs, Inc. v. Peninsula Airport Commission, the case of Spirito v. Peninsula Airport Commission, et al. and claims against Ken Spirito.

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

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott, and George Wallace.

The Commission entered into a Closed Meeting at 8:53 a.m. and reconvened in Open meeting at 9:10 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 George Wallace.

ANNUAL MEETING

Mr. Giardino, Executive Director, stated that the Annual Meeting is concurrent with the May meeting. Mr. Jim McNider, legal counsel stated that the May meeting is the Annual meeting.

FY19 ELECTION OF OFFICERS

Chairman Wallace stated that he would turn the meeting over to the Chair of the Nominating Committee, Commissioner Jay Joseph. Commissioner Joseph reported that he and Commissioner Sharon Scott met and have a new slate of officers for the FY19 year. The slate of officers is as follows:

Chair-Sharon Scott
Vice Chair-George Wallace
Secretary-David Wasson
Treasurer-Rob Coleman
Asst. Secretary-Vacant
Asst. Treasurer-Jay Joseph

Chairman Wallace asked if there were any other nominations? There being none, Chairman Wallace said the slate will remain. The new officers will begin July 1, 2018.

RESOLVED, that the Peninsula Airport Commission approve the FY19 slate of officers as presented.

Commissioner Jay Joseph made the motion to adopt the FY19 slate of officers as presented and Commissioner Sharon Scott seconded the motion.

Voting yes were:

Jay Joseph, Sharon Scott and George Wallace.

Voting no was:

Rob Coleman

COMMITTEE ASSIGNMENTS

Commissioner Joseph stated that there was a current list of Committee assignments in front of everyone but we did not vote on this list. Mr. Giardino, Executive Director stated that this list was made based on what we had discussed at previous meetings.

Chairman George Wallace read the Committee List which consisted of:

Air Service Development Committee- Rob Coleman and Vacancy

Finance/Audit Committee- Rob Coleman and George Wallace

Governance Committee- Rob Coleman and Sharon Scott

Real Estate Committee- Jay Joseph and David Wasson

Commissioner Jay Joseph stated from the earlier conversation about the Committees, that he requests to sit on the Governance Committee with the permission of Commissioner Rob Coleman, Commissioner Rob Coleman responded yes.

Commissioner Sharon Scott also requested to fill the vacancy on the Air Service Development Committee until which time another Commissioner is appointed or interested.

Commissioner Scott stated when she and Commissioner Joseph met that the question came up as to whether a Committee Meeting would consist of 2 or 3 members. We have been posting our Committee meetings and we are required to take minutes of these meetings per FOIA laws. Mr. Giardino reported that we had checked with legal counsel. FOIA and Richmond and if the Committee consists of 3 members it becomes a FOIA issue in that anytime 3 or more Commission members are present to discuss business it then becomes a Commission meeting. Commissioner Coleman stated if we are already posting it and taking minutes, it might as well be 3 members. Commissioner Joseph stated then it could become a workload issue and how many meetings do we want to attend? Chairman Wallace asked if the consensus was then to have a 2 person Committee? Commissioner Coleman and Commissioner Joseph said yes until such time that the Commission would expand and then we might have to revisit it but the governance experts can look at the whole picture to help advise us on Committees and how they are structured.

The revised Committee list is as follows:

Air Service Development Committee- Rob Coleman and Sharon Scott

Finance/Audit Committee- Rob Coleman and George Wallace

Governance Committee- Jay Joseph and Sharon Scott

Real Estate Committee- Jay Joseph and David Wasson

RESOLVED, that the Peninsula Airport Commission approve the revised Committee List as discussed.

Commissioner Jay Joseph made the motion to adopt the Committee List and Commissioner Rob Coleman seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott and George Wallace.

NEW BUSINESS

Commissioner Scott reported that there is a group that is training in the tower. They want to know if there is training space available in the Aviation Academy? Ms. Jessica Wharton, Director of Air Service, Marketing and Public Relations asked if it was the Civil Air Patrol and Commissioner Scott said yes. Mr. Giardino, Executive Director reported that we have been working with them on this issue. Ms. Cheaney, Assistant Executive Director said that we had no airport space available but she will give them the contact information for the Aviation Academy to see if they have anything available. Mr. Giardino reported that they regularly attend our Tenant Manager's meeting that is

held once a month and we will work with them to see what we can find. Commissioner Scott said thank you and that it would be nice for us to find training space for them.

Commissioner Joseph stated that he had requested a back of the house tour of the airport and a tower tour. Commissioner Scott asked to see the trailer park as well. Mr. Giardino said we could put everyone in one vehicle for the tour and the tower would require coordination with the FAA. Chairman Wallace said that we could have an abbreviated agenda for the July meeting and then have our tour.

Commissioner Joseph asked about an update on the W.M. Jordan hangar lease. Mr. Giardino stated that we have been negotiating with them and some terms are still being worked out and it was not ready to bring before the Commission today. There could be a call for a special meeting for the Commission to adopt the lease. The property is zoned for hangars but we have to do some environmental work. The NEPA (National Environmental Protection Act) process needs to be followed and environmental work needs to be done and documented in the file. This work has not been done for the W. M. Jordan site. Mr. Giardino said moving forward we must get this done. Commissioner Coleman asked how long this will take. Ms. Cheaney, Assistant Executive Director reported it would take about 30-60 days and that a wetlands delineation would need to be done. Mr. Giardino said that as soon as we found out about this Ms. Cheaney started the process. Commissioner Joseph stated that he was disappointed that it was taking so long to execute the lease and asked what are the things we can do to be ready the next time? Can we do the delineation ahead of time? Maybe we could have a timeline to hand to someone to say here are the steps we need to take and this is how long the process is going to be. Mr. Giardino stated that the lease template we had was not a good one so we are in the process of revising it. He also stated that the process for a hangar lease can take 15 months to 2 years. Commissioner Coleman asked if the environmental study has to be done every time someone submits a proposal or can we do this prior to that. Ms. Cheaney said she knows that there is a time limit placed on it once it is done. Commissioner Joseph said it is 5 years and can be renewed. Commissioner Coleman said if it is zoned for hangars, we could have maybe prepared it ahead of time. Commissioner Scott asked who pays for the environmental study? Ms. Cheaney responded that it is eligible for State entitlements and the State will pay for 80% of it, then we would defer to the Commission for the remainder of the cost. In this instance, the cost is about \$14,000 so after the 80% State entitlement, our amount would be about \$2,000. Mr. Giardino stated that we can propose lease terms to include this cost. Ms. Cheaney said the project manager from W.M. Jordan contacted her yesterday and she asked when they submitted plans to the City. Mr. McNider said that 80% of their plans were complete and that his understanding is that it would be submitted to the City once they were fully completed. Mr. Giardino said that we are happy about this lease, but there is a process we have to follow and we will be more prepared the next time we have a hangar lease.

ADJOURNED

There being no further business, the meeting was adjourned at 9:35 a.m.

NEXT MEETING

The next regular meeting of the Peninsula Airport Commission will be held on Thursday, June 28, 2018 at 8:00 a.m. in the Commission Room.