



FEBRUARY 27, 2020 COMMISSION MINUTES

PRESIDED: Hon. Sharon Scott

The regularly scheduled meeting for Peninsula Airport Commission was held on Thursday, February 27, 2020 at 8:00 a.m. in the Commission Room at the Newport News/Williamsburg International Airport.

Commissioners present were:

Hon. Scott, Mr. Joseph, Mr. Wallace, Mr. Herbert, Mr. Coleman, Ms. Smith

Absent was

N/A

Executive Director

Mr. Michael Giardino, C.M.

Assistant Executive Director

Ms. Melissa Cheaney, A.A.E.

Director of Finance and Administration

Ms. Renee Carr

Director of Strategic Initiatives/Govt Affairs

Mr. Kevin Knapp

Executive Assistant

Patricia F. Speno

Legal Counsel

Mr. Eric Ballou, Esq., Mr. L. Scott Seymour, Esq.

Others in Attendance

Mr. Ralph Clayton – Assistant City Manager, Newport News

Mr. Peter Dujardin – The Daily Press

See attached.

CALL TO ORDER

Chair Scott called the meeting to order at 8:00 a.m.

COMMENTS FROM THE PUBLIC

Hunter Old, Esq.
Tom Inman -GA Hangar
Robert Scott - GA Hangar
John Gleason - GA Hangar
Bob Winger - GA Hangar
Brent Weathered - GA Hangar
Paul Krasen - GA Hangar

Chairman Scott gave instructions to the GA Hangar Lessees in attendance who wished to speak that they are required to keep their remarks to three minutes.

Mr. Hunter Olde was allowed to speak for five minutes on behalf of the others after Commissioner Smith made a request to allow him more time.

Hunter Old: “Good Morning. My name is Hunter Olde. I am with the law firm of Heath, Overbey, Verser & Old, P.L.C. I am here on behalf of about 20 to 25 of your general aviation tenants regarding the lease issues that have been circulated to them in which most of them became aware of, frankly, only about two and a half weeks ago. Let me start by saying that most of your general aviation tenants would like to stay here. Most of them have relationships with this airport that predates certainly the current staff with the current Commission. We’re talking about folks who had their airplanes housed here for decades and they don't want to leave. However, most of them received an email from Miss Munger about 2 1/2 weeks ago saying that the lease structures were being revised and the rate structures were going up and they had until March 1st to sign their lease or make other accommodations. That amount of time obviously created a bunch of controversy. I met last Sunday with about 25 folks who were concerned about this. The day before yesterday another email was circulated saying that the time frame had been extended to April 1st, to which we are thankful, but I would like to, on behalf of the general aviation tenants, ask the Commission to put a pause on the implementation of the new leases and the rate structure. I would propose 90 to 120 days, somewhere in that time frame, is an appropriate time to pause to allow the Commission or representatives of the Real Estate Committee or whoever the Commission finds to be appropriate to meet with representatives of the general aviation community and negotiate both the rates and frankly the structure of the lease. Most of these tenants are operating off of leases that were 3 1/2 pages signed, usually in 2007 or 2008. What they're being asked to sign, and I don't know if all the members of the Commission have read this, but this, this is a 34-page document. I've been doing aviation law for about 15 years and the longest hangar lease I've seen and it was presented to me Sunday night, and it was eight and a half pages long. Since then, I've gone online and I've looked at every public airport I can find that has their hangar leases available. The longest one I can find is 18 pages long. This is twice that and I can tell you that the law has not

changed in the 13 years since this lease was signed to such an extent that it requires 10 times the document to protect the airports interests. So, I would suggest to you that some modification of the proposed lease is suitable. This lease would be suitable if it was any commercial real estate deal that you're talking about for leasing office property or something. It's just simply not suitable for somebody who wants to put their Cessna 172 in a T hangar. That would be one thing, the second thing is the price. It is completely opaque at the moment as to how the airport has arrived in the pricing structure that is proposing that its tenants pay. The smallest increase in rent that you're asking of these tenants is 25%. The largest is significantly higher and again when you're talking about folks who are hobby flyers parking their private airplanes in hangars, increasing their rent from one month to the next by \$95 a month which is 1,150.00 a year is a significant increase that many of them are not financially able to make at the drop of a hat. Providing them with information as to what comparables you have used and how you've arrived at the pricing structure that you have and why this rate structure is appropriate would go a long way to smoothing this transition. Additionally, feathering in the increase of prices over a matter of months as opposed to all at once would also go a long way to helping and frankly, doing it in a block, as opposed to requiring each of your tenants to come individually to either Ms. Munger or Mr. Giardino to negotiate their leases separately is an effective use of your staff's time. An inefficient use of your staff's time I would submit, is to have each of these individual tenants come trying to negotiate these issues individually. Additionally, I think your grant sponsor assurances require you as a Commission to do this differently than you have done. The airport compliance manual for those who aren't familiar is AC 5190.6B. It is a 600-page advisory circular submitted by the FAA that gives airports a guideline as to how they can comply with their grant sponsor assurances. There is an entire section in there, Chapter 18, that deals with rate increases. What the FAA says is supposed to happen is that the affected community when you're talking about a rate structure is supposed to be given adequate and reasonable notice and that negotiation is entered into with the affected community regarding any proposed rate increases. Only after that negotiation has failed and that the FAA would suggest includes alternative dispute resolution. Only after that process has taken place should an airport unilaterally impose rate changes and rate structure changes such as what was put on top here. On behalf of most of the folks in this room, whom I met with last weekend and of course some of them had their own ideas and will speak. I'm sure they won't make the same points I'm making now. We would just ask the Commission to press pause on the implementation of the general aviation lease rent increases for a long enough time. Either kick it back to the Real Estate Committee or have the Commission handle it themselves or have staff handle it. Let's do the negotiation that's required by the airport compliance manual and federal regulations and see if we can't reach a better accommodation for your general aviation population. If that is not what happens then I would suggest to you that what will happen is they will

lose a significant amount of your general aviation tenants. And not only that but Newport News will lose the personal property tax that goes with that and there will be repercussions from that. And, so thanks for your time, I appreciate it. I appreciate the Commission's consideration."

Chair Scott indicated to Mr. Old that this would be discussed at the monthly Real Estate Committee and Management Team here.

Tom Inman: "Good morning Commissioners, Staff. My name is Tom Inman, I learned to fly at this airport in 1968 and I have been here ever since. From 2011 to 2015 I served on the Virginia Aviation Board. I'm a person who's described as kind of fickle. And I have to tell the Commission that in my experience on the aviation board with the six public use airports in Virginia, not once have we ever come across an issue that has to be the general aviation and sense of the strong armed way to adjust rates and adjust conditions with hangars and tenants. Second thing, I want to put out as an offer to the Commission is the history. Back in 2005 when new T hangars were built after the hurricane, we were presented with a similar lease although I don't think then it was a triple head commercial risk and the pilots said that we just can't sign this. It's not appropriate for years and it's not appropriate for us. It's too demanding. The management and Commission allowed us to get together. We all met and as a result of that and we have this three-and-a-half-page lease which has worked beautifully for the last decade to 12 years. We see this as historically the same issue and don't understand why management doesn't want to meet with us at least to begin to negotiate some kind of terms so that we can have appropriate terms. The last thing I would like to say is unfortunately there are a couple of our buddies who because of some misinformation about what was in the lease they, signed it, not knowing what they were signing. I'm in a hangar. It's one of the box hangars. The airport took the hangar over about 10 years ago. Hunter advised me not to sign the lease because I'm opening myself up for all the repairs and maintenance costs on the hangar even though I don't own it under the terms of the triple head lease. It's like trying to put a glove on a foot. It does not fit and I can't stay here. I cannot sign that lease and I won't sign that lease and there's many of my partners and friends here that are in the same position. They won't take the risk and I don't know if it's that much of a difference with the Air Academy so with that, thank you and be done."

John Gleason: "My name is John Gleason. I'm in the back ramp with two hangars back there. I see a couple of faces over there. I used to deal with George Wallace when I was with the rescue squad in Hampton. George and I go back a few years. Following up on some of the things Tom has said, I've been in a hangar on the airport for about 35 years. I've seen a lot of things come and go with the airplanes. A few years ago, there

was a big change in what was happening with the tie downs on the back ramp. There are about 40 tie downs back there. It was going to be a big change. People's access to their airplanes, all sorts of problems and people left. I mean very promptly people left, before anything could be negotiated, they just left. We're down to about 10 planes now but most of these are there because the Tidewater Flying Club has a hangar down there, a tie down. They got a couple of hangars. Because that's the point. My point is that when people go, they don't come back. That's what's going to happen to the hangars. We're down to just a couple of spaces left on the list for people who are looking for hangars. Of the 25 spaces, two people took that hangar. About 5 left, that moved the list to spot# 20 to find somebody to take the hangar. If this is true, this is just anecdotal, but of those five that are left as I understand, how many are actually going to step up and say how about a hangar? When they leave, they don't come back. Thank you."

Bob Winger: "Good Morning, I'm Bob Winger, Vice President of the Tidewater Flying Club. We have three aircraft at the Newport News Airport. I've been flying here since April of 1984 and I've enjoyed the facilities as far as the runway and controllers are concerned. Our hangars are another story. Our hangar 19A floods when we have heavy rain and we had to repack wheel bearings at our expense. They recently had difficulty with the dry hangar where we couldn't get the door open and now, we're looking at a significant increase. Also note in the lease where they asked to consider a 3% annual increase in our rates, I read in the Daily Press that when W.M. Jordan got their new hangar, their annual increase is 2%. I don't think that's fair. Thank you very much."

Robert Scott: "My name is Robert Scott and I'm also a tenant out here. I've been out here close to 30 years with a couple of different airplanes. I've always loved being out here and how close this is to home and so forth. I would hate to have to move anywhere. I guess in regards to a lease I certainly agree with the other comments that have been made. My biggest concern with signing a lease is understanding the limits of my financial obligations and I think there is some ambiguities in their dealing with, especially hangar maintenance. It's not explicitly stated, in my mind, who is responsible for that. If I know exactly what my financial obligation is, we're locked in for 60 days and I can either sign or not sign and if I sign and decide I'm not happy, I can do other things but I want to know what the limits are and I think there is some ambiguities there especially with regards to lease provision and hangar maintenance. Clearly there are a lot of other issues, the length of the lease is just overwhelming and in turn some specific provisions there I would really like some clarity."

Bret Weathered: “Okay, I wasn’t going to do it. I’m Bret Weathered and I’ve been a tenant out here since 1983 and I think one of the things I haven’t heard yet is there was a discussion about landing fees. I just want to let you know that the mindset of a general aviation pilot is if there’s a landing fee, you go somewhere else. If you lose your GA tenants, you’re going to lose some of your traffic count which is liable to have ramifications on your tower service. If you want to maintain a strong tower and you want to keep those services and you want to keep the navigational facility you’ve got in order to someday attract an airline tenant again you need your traffic count. We were the ones that give you your traffic count. We are the ones that come out here and do 10 touch and go’s because the tower guys are lonely at night. We’re the ones that are giving you your traffic count and if you scare a bunch of GA pilots off and then on top of that, you disincentivize them from coming here because of landing fees, you’re going to see a lot of problems with the tower. “

Paul Krasen: “My name is Paul Krasen and I also have been on this airport for over two decades. I literally raised my children on this airport. They have been out here since they were babies. You know the back ramp is a community. We know almost everybody. There are two things I would like to bring up. One, Hunter brought up the rate structure. Our personal rate increases over 200%. The second thing is when you look at a rate structure for a hangar, it’s not about square footage, it’s about what you can actually put in it for an airplane. If the door doesn’t open but for a certain type you might only be able to be both sides of the room. You’re only going to get like a 172, a Cherokee or something like that. You’re not going to put a King Air in the majority of the big box hangars you have out there. They are still, because of the door limit, their size might be a larger twin, but you won’t get a Cessna 340 in most of them. Now, what does that mean? That means a small twin is like 50 – \$60,000.00, the price for a car. A 172 is \$30,000.00. We’re not talking everybody out here is a bunch of rich people or not, we’re just people that love flying. Thank you.”

Mr. Giardino hand delivered a letter from the Aircraft Owners and Pilots Association (AOPA) to the Commission that was delivered to him via electronic email the previous night. Mr. Giardino stated it was requested on behalf of the Associations Members that he deliver it to the Commission. Chair Scott asked for the record reflect that all of the Commission Board Members received a copy.

APPROVAL OF THE MINUTES

RESOLVED, that the Peninsula Airport Commission approve the minutes of the Commission meeting held January 23, 2020.

Commissioner Coleman made the Motion. Commissioner Smith seconded the motion.

Voting in the affirmative were: Commissioners Joseph, Scott, Herbert, Coleman, Smith and Wallace.

Motion passed 6-0.

COMMITTEE REPORTS

1. FINANCE

Commissioner Herbert reported.

- The January financials were included in the board packet
- Expenditures were \$69K (9.3% below budget) and \$87K (11.4% below Jan 2019)
- Net revenue to date was \$630,435.00.

Commissioner Herbert asked Renee Carr to add any additional information.

Renee added:

- Last year there was an expense for a settlement
- Increased airline rates are reflected
- Airport restaurant sales are strong
- Expenditures are under expectation

ACTION ITEMS:

Motion(s) forwarded by the Finance Committee for adoption in conjunction with the Real Estate Committee:

Peninsula Airport Commission

RESOLUTION AUTHORIZING THE PURCHASE OF CERTAIN PARCELS OF REAL ESTATE

WHEREAS, the Peninsula Airport Commission (the “Commission”) is a political subdivision of the Commonwealth of Virginia, created pursuant to Chapter 22 of the Acts of the General Assembly of the Commonwealth of Virginia of 1946, as amended, and owns and operates Newport News / Williamsburg International Airport (the “Airport”);

WHEREAS, the Commission is authorized to acquire within the territorial limits of the region for which it is formed, by purchase, lease, gift, condemnation or otherwise, whatever land as may be reasonably necessary for the purpose of establishing constructing, enlarging, maintaining and operating the Airport;

WHEREAS, the Commission desires to acquire two parcels of real property (together, the “Real Estate”), located at 205 and 209 Kentucky Drive, Yorktown, Virginia, together with any buildings and structures thereon, containing approximately 3.55 acres and 2.860 acres, respectively, which parcels of Real Estate are contiguous to the Airport and are located in the Runway Protection Zone for Runway 2-20; and

WHEREAS, the Commission desires to approve and authorize the Commission’s purchase of the Real Estate;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PENINSULA AIRPORT COMMISSION THAT:

1. The Commission hereby finds that acquisition of the Real Estate, which is located in the Runway Protection Zone for Runway 2-20, will enhance the Commission’s ability to comply with applicable Federal Aviation Regulations relating to obstacle clearance and will support important elements of the Airport Master Plan (2014 Update) related to the realignment and relocation of Oriana Road, obstruction removal, and the relocation of the Runway 2/20 Threshold.
2. The Commission approves and authorizes use of Local Airport Revenue to purchase the Real Estate at a price not to exceed appraised value, plus usual and customary transaction costs and expenses.
3. The Chair, Vice-Chair, and Executive Director are each authorized and directed to make and enter into any purchase agreements, contracts, deeds and instruments in connection with the purchase of the Real Estate in order to consummate the Commission’s acquisition of same.
4. This Resolution shall take effect immediately.

Voting in the affirmative were: Commissioners Joseph, Scott, Wallace, Coleman, Smith and Herbert

Motions passed 6-0

2. REAL ESTATE

Commissioner Joseph reported.

- Three Land Parcels are being contemplated for land release
 - Waterworks:
 - the MOU requires conservation easement language and holder
 - currently looking for a non-profit organization easement holder

- Isolated north parcel:
 - originally purchased for wetlands mitigation
 - has already been partially used for wetlands mitigation
 - exploring the sale with the right to retain for future wetlands mitigation
- Isolated West parcel
 - Legal conflict with PAC legal counsel
 - Buyer's attorney is in same firm as PAC attorney

EXECUTIVE DIRECTOR & STAFF REPORT

- Jenifer Spratley provided a Marketing and Air Service update. Exhibits were in the board packet.
 - Attended ROUTES 2020 Air Service Conference
- Mr. Michael Giardino, Executive Director, gave the following report:
 - Jared Alexander brought the issue of GA hangars to the Executive Director in early 2018 and we have been working on this issue ever since.
 - Realld
 - We are getting the word out about this thanks to Jenifer Spratley
 - Working on event with DMV to get the word out
 - The airport responded extremely well to the latest snow event.
 - Mr. Giardino will be in DC next week to meet with our Congressional Delegation and the General Services Agency. National issues are infectious disease, Real ID implementation and shortfalls in capital funds,
 - Missy Cheaney, Kevin Knapp and Mr. Giardino attended the Virginia Aviation Board meeting. Mr. Giardino reported our EURP was approved.
 - VAOC Legislative Day: Mr. Knapp and Mr. Giardino, along with other members of the Virginia Airport Operators Council (VAOC), attended the VAOC Legislative Day 2020 on Thursday January 30, 2020. The trip went well as we (VAOC) engaged with about 60 elected official and members of the Governor's staff. The Denbigh Aviation Academy was there exhibiting as well on Thursday.
 - The main bill that VAOC is tracking is HB1414/SB890. It proposes to reduce the percentage of Commonwealth Transportation Trust Fund allocation to airports from 2.4% to 1.35% based upon projected revenues increasing to the point that there would be no actual reduction in dollars. VAOC members are skeptical about the revenue

projections and would prefer to see a funding “floor” no lower than current funding (~\$26M). We are tracking other bills too (to include allowing gaming at Virginia airports) but HB1414/SB890 is of utmost importance as it touches our (PHF’s) ~\$2M per year capital entitlement funding.

- Jenifer met with airlines at ROUTES 2020. All were very positive about their service and the fact they are open to air service increases.
- Recognition of our Firefighting unit as they are in the top 100 of all airports for their training efforts.
 - May 13 is our Triennial Exercise and all are welcome to participate and / or observe.

EXECUTIVE SESSION

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PENINSULA AIRPORT COMMISSION THAT:

The Commission enter a Closed Meeting pursuant to Virginia Code Sections 2.2-3711(A) (5), and (8) for the following purpose: Discussion and consideration of the acquisition of real property for a public purpose, or the disposition of publicly held real property where discussion in an open meeting would adversely affect the Commission’s bargaining position or negotiating strategy (In the case regarding the Commission’s general aviation hangar leases.) Consultation with Legal Counsel retained by Commission regarding specific legal matters require the provision of legal advice by Counsel regarding leasing matters with current airport tenants. The other matter is discussion or consideration of a prospective business or industry or an expansion of an existing business or industry where no previous announcement has been made.

Commissioner Joseph made the motion. Commissioner Smith seconded the motion.

Voting in the affirmative to the motion were: Commissioners Joseph, Scott, Herbert, Coleman, Wallace and Smith.

Motion passed 6-0

The Commission entered into such Closed Meeting at 9:00 a.m., and reconvened in Open meeting at 9:58 a.m., and thereupon considered a motion pursuant to Virginia Code § 2.2 3712(D) that, to the best knowledge of each Commissioner then present, (i) only such public business matters lawfully exempted from open meeting requirements, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Board and

that a statement to such effect would appear in the minutes of the meeting.

Commissioner Coleman made the motion. Commissioner Herbert seconded the motion.

Before the vote, Commissioner Smith departed at 9:57 a.m.

Such motion was duly made, seconded and approved in a roll call vote with the following Commissioners voting yes:

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

Chairman Scott asked the Executive Director to articulate a plan to address the concerns of the GA tenants. Mr. Giardino said that staff will hold a Town Hall to answer any questions and clarify any misconceptions. These results will go to the Real Estate Committee. The Town Hall will give everyone the opportunity to speak. Mr. Giardino was also asked by the Commissioners to have financial consultants conduct a base-line market rent study and report findings as soon as possible.

NEW BUSINESS.

Mr. Giardino asked the Commission for a:

RESOLUTION TO CHANGE THE EMPLOYEE RECOGNITION AWARD TO THE JARED ALEXANDER EMPLOYEE RECOGNITION AWARD. THE COMMISSION'S EMPLOYEE RECOGNITION AWARD, BESTOWED UPON EMPLOYEES WHO EXCEED EXPECTATIONS, BE FROM HEREAFTER NAMED IN HIS HONOR.

WHEREAS, the Peninsula Airport Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia, created pursuant to Chapter 22 of the Acts of the General Assembly of the Commonwealth of Virginia of 1946, as amended, and owns and operates Newport News / Williamsburg International Airport (the "Airport");

WHEREAS the Peninsula Airport Commission strives to acknowledge company staff for exemplary performance and implemented an Employee Appreciation Program in 2016.

WHEREAS, Jared Alexander consistently exceeded expectations, displayed a can-do attitude, gave attention to detail, and applied a wholly customer focused approach to every challenge at the airport since he started in 2012; and

WHEREAS, during his seven years at the Airport, Jared rose from Operations Supervisor to Operations Manager; and

WHEREAS, Jared earned a promotion to Director of Operations in 2018 leading three departments and almost 30 employees. A position, which under his leadership, the airport achieved superior results in all things to include a discrepancy-free FAA Part 139 Inspection, and

WHEREAS, his poise, class, integrity, and professionalism earned both individual and airport awards, and his passing at the young age of 30 is a tremendous loss to the Airport and those left behind to carry out his work, and therefore, let it be

PROCLAIMED, that the Peninsula Airport Commission hereby recognizes the remarkable legacy of the life and work of Jared Alexander, and be it further

PROCLAIMED, that the Commission's Employee Recognition Award, bestowed upon employees who exceed expectations, be from hereafter named in his honor, and be it further.

ORDERED, that the Jared Alexander Employee Recognition Award be made permanent by inclusion in the Commission's Personnel Policies and Procedures Manual.

Voting in the affirmative were: Commissioners Joseph, Scott, Wallace, Coleman, and Herbert

Motions passed 5-0

OLD BUSINESS. None.

ADJOURNED

Being no further business, the meeting was adjourned at 10:05 a.m.

NEXT MEETING

The next regular meeting for the Peninsula Airport Commission will be held on Thursday, March 27, 2020 at 8:00 a.m. in the Commission Room at the Newport News/Williamsburg International Airport.