

Finance & Audit Committee Meeting

August 24, 2020 at 3pm

Attendees: Commissioners: Thomas Herbert, Rob Coleman Staff: Michael Giardino, Jennifer Spratley, Jessica Minor

Recorder: Barbara Rumsey

Mr. Herbert called the meeting to order at 3:00pm.

Approve minutes from July 20, 2020. Mr. Coleman made motion to approve the minutes. Mr. Herbert seconded the motion. Motion carried by voice vote. 2-0. Minutes approved.

New Business:

July Financials: Mr. Herbert asked for elaboration on what made our positive performance on revenues. Ms. Minor added that our budget was based on enplanement projections of 21% of July 2019. Noticed car rental traffic includes off the street customers, not just air travelers and there has been an uptick in rentals. Mr. Coleman asked how our projections have come to pass. Ms. Minor stated that we have done better than our projections. We were very close in June, and for July we are within 2%. Mr. Herbert clarified that we are ahead of budget on enplanements and deplanements and we are getting help off campus. Mr. Giardino explained how the projections were made. Ms. Minor added we also do a comparative analysis for car rentals and provided historical data. Mr. Coleman asked what administrative costs are Ms. Minor replied those include communications and insurance.

Budget Resolution: This would be contingent upon American and what they do after CARES. There was a conversation regarding what could happen if American pulls out. Mr. Herbert asked if the trend continues, the expenses in personnel will be covered by overage of budget. Mr. Giardino replied that the lead time to hire is quite long and if the trend does not continue, we will halt the effort. The other positions include Terminal and Grounds Maintenance, Police Officers, and Custodians that were previously unfunded.

Resolution 21-02 Increasing the Fiscal Year 2021 Budget. Our budget was very conservative and we have exceeded the budget projections so we would ask to amend the budget to allow for us to run the airport as needed to prepare for the future. Committee recommends to adopt.

Motion passed to go to full PAC by voice vote 2-0.

Resolved: Now Therefore be it resolved by the Board of Commissioners of the Peninsula Airport Commission that:

1. The Budget, consisting of the fiscal year 2021 annual operating and capital budgets of the Peninsula Airport Commission for the funds and divisions described therein, be hereby amended to increase the personnel line item by an amount not to exceed \$450,000 to provide funding for full-time equivalent (FTE) positions previously unfunded due to the Emergency and to add the following two positions: Business Development Manager and Human Resource Manager.
2. Staff of the Commission is hereby directed and authorized to do all things necessary or desirable to implement the Budget and the undertakings, projects and matters therein authorized.
3. This resolution shall be in effect on and after its adoption.

Marketing Consultant: Ms. Spratley spoke about the off-site from last year and how we cut the Marketing budget earlier. She added that we need to make the most of our marketing efforts and the funds will build a marketing strategy. We are getting quotes as needed per our Policy. Mr. Coleman stated that we are in a whole new world. He asked what type of plan will be created? Ms. Spratley replied since the world has changed, they will assist us with an overall plan to come up with our best strategy. Mr. Giardino added that we did an economic study and this will be centered on the “let’s do effort”. Mr. Coleman believes this is a great time to do this. Mr. Giardino added we are in a much better financial position than our competitors as they are borrowing money to pay off debt. Commissioners agreed to take resolution to commission. Mr. Herbert asked for a motion, Mr. Coleman motioned, Mr. Herbert seconded the motion

Motion passed by Voice vote to go to full PAC. 2-0.

Resolved. Now, therefore be it resolved the Board of Commissioners of the Peninsula Airport Commission that:

1. The Commission endorses and approves the procurement of a strategic marketing and brand strategy consultant to assist the Commission in developing its Strategic growth Plan.
2. The Executive Director is authorized to solicit proposals for the engagement of such strategic marketing and brand strategy consultant. Provided the aggregate amount payable under such engagement does not exceed \$125,000, the Executive Director is authorized to award such a contract to the proposer that makes the best proposal of those proposers deemed fully qualified and best suited, and to enter into an engagement agreement with the successful proposer for a term not to exceed 24 months.

3. Funding for this contract engagement shall be provided from the Marketing Budget and the Commonwealth's Department of Aviation Marketing Grant Program.
4. This resolution shall take effect immediately.

Consolidate Financial Consultants: Mr. Herbert asked if there will be any charges for consolidation. Mr. Giardino replied there would be no impact on the budget. The firm went over budget for 2 years and we awarded two more to them. We are still under budget for the 3 tasks awarded to Frasca. Ms. Minor stated each contract has their own line item. The Commissioners agree with taking this to the PAC. Mr. Coleman made a motion, Mr. Herbert seconded the motion.

Motion passed by Voice vote to go to full PAC. 2-0.

Now therefor be it resolved the Board of Commissioners of the Peninsula Airport Commission that:

1. The Executive Director of the Commission is hereby authorized to enter into appropriate amendment and modification documents and any necessary task orders or supplemental task orders with Frasca & Associates LLC, with respect to the consolidation of the Commission's on-call financial consulting service agreement. In connection therewith, the Executive Director is authorized to conclude the contract with Newton & Associates, provided there are no ongoing performance items or services that are outstanding thereunder and same can be affected without adverse effect on the Commission. Such consolidation shall not result in any increase in the Commission's professional services budget.
2. This resolution shall take effect immediately.

Mr. Herbert stated that he spoke to Towne Bank and they asked if we have asked for forgiveness on loan payments owed. Mr. Coleman helped renegotiate the loan. Ms. Minor added the loan payments are \$34K per month and it was looked at to see if there was a benefit. Mr. Giardino added that it is nice to know it is available but we are not there at this time. Mr. Giardino will reach out and see if it is worth doing. He added that it is nice to be able to pay bills on-time and being able to help our tenants. Ms. Minor added that Debt Service is reimbursable by the CARES Act.

Old Business: None

Meeting adjourned at 3.51pm.