

**Peninsula Airport Commission Regular Meeting Minutes
September 24, 2020**

Presided: Chairman James “Jay” Joseph

Commissioners present:

Mr. Joseph, Mr. Kelly, Ms. Scott, Mr. Coleman, Mr. Herbert, Ms. Smith

Executive Director

Michael Giardino

Director of Marketing & Public Relations

Jenifer Spratley

Finance Manager

Jessica Minor

Facilities Manager

John Borden

Business Development Manager

Christopher Walton

Legal Counsel

Mr. Eric Ballou, Esq.

Call to Order

Chair Joseph called the meeting to order at 8am.

Read Instructions for Comments from the Public

Legal Counsel read instructions for Public Comment.

Chair Joseph asked everyone to wear masks for the duration of the meeting.

Approval of Regular PAC Meeting Minutes from August 27, 2020

Chair Joseph asked for a motion. Motion, Mr. Herbert; Second, Mr. Coleman.
Motion carried by voice vote. 5-0-1 Ms. Scott abstained.

Resolved, the Minutes are approved

Comments from the Public

Jack Sheehan, AOPA volunteer (Hangar 13B): *Last time we talked about hangar rates and you adopted a new policy and the policy is absolutely correct in the aspect where it*

says that, for aeronautical use, the basis for establishing the rate is the cost, for a non-aeronautical use facility, the basis for the rate is fair market value. The staff has gone through a great exercise for establishing a fair market value of the facilities here in Newport News, that is not the cost. The simplest way to determine the cost is by using the prevailing cost that other people are paying in the region. We provided that data and it has pretty much been ignored. We sat down for three hours and the Executive Director said we have your numbers. We asked if there were any questions and he said no I did it my way. What he did was how the Transportation Board had done by some academics that tell you how to do the fair market value. They did that correctly. However, the fair market value is not the cost. Lastly, I had written a letter to the Commission where I asked for three things. Establish a 30-day review period for public comment before passing the policy. This has not been addresses. The direction to share information from Executive Management on the methods for the rate structure - we do not know how things get determined. We do not have a problem with the dollar numbers. Now we are in a subjective judgement about the condition of the hangar solely up to the staff. That is not correct. Rates should be established by the Commission. I asked for consideration for establishing an advisory committee on this as the only opportunity I have is by Public Comment. I am not the public; I am a customer. We live here. When we travel, we tell people how good Newport News is or how bad Newport News is. Our opinion should be considered, and we ask that we have some advisory capacity on this Commission. We asked for that and we received a letter back from the Executive Director stating that was up to the Commission. So, the 3 things I asked for, I am still in search of. Thank you for your time as Commissioners and I know you are not compensated for the time you put in.

Paul Krassa (Hangar 1A), printed comments for the Commissioners: *Some individuals are having trouble getting up on zoom. Like Jack I would like to thank you for the service. It has come to my attention that the comments I submitted for Public Comment regarding rates and leases in July were not included in the published Minutes. I received an email from staff asking me if I wanted them included and I confirmed, and they are still not included. Considering my comments were not included, I ask the PAC to reconsider their approval of their commercial lease. As approved, by definition the commercial lease is not appropriate for private aeronautical use. As an example, it is inappropriate to expect a private individual who is leasing a hangar for storage for a privately owned airplane to comply with Article 11 Section 1 pertaining to the 1964 Civil Rights Act. This is just one example of a boiler plate and appropriate for a commercial lease but is inappropriate for an individual's private use of an aeronautical hangar. Article 10.2 C needs to be revised due to normal maintenance departments not available at Newport News. Engine overhaul to any aircraft and other maintenance items typically take more than 60 days and can take up to six months. A hangar should not be considered vacant under these circumstances. This is one more example of articles that are not appropriate for private use aeronautical leases. As long as the rent is current PAC should not consider the lease in a hold, just because the hangar is*

empty. PAC approved a commercial lease without considering submitted public comment because it was never forwarded for consideration. Request consideration of developing a non-commercial lease appropriate for private aeronautical tenants. Since the GA tenants have been notified that a new lease will be signed by October 30th or termination notices will be issued, please ask staff to develop a lease appropriate for private aeronautical use.

John Gleason (Hangar 10A and 11A) handed out pictures which were distributed to the Commissioners: *I own two hangars on the GA ramp. Last month I spoke about drainage due to abandoned drainage pipes. This month I would like to address a larger problem.* (Directed the group to the pictures that were passed out stating they were taken last Tuesday. He planned to use a map on the wall, but it is in the Commission Room.) *In the Real Estate Committee meeting on Monday drainage was a point of discussion for the whole area and it was noted that the Trailer Park was a low bowl. The Chair asked why people would want to rent hangars in an area that often floods. The Executive Director was asked if anything new happened and he responded not that I am aware of. The truth of the matter there is a large pipe on Lear lane that runs under the trailers which drains the ramp area. The water should flow from the large pipe out to McManus. The drain in that pipe is blocked. Back in March it was collapsed. The pipe is now blocked again. Pumping was not started until the Monday after the last hurricane remnants. The pump used is a Band-Aid.*

Committee Reports

Governance Committee

Ms. Smith gave an overview of the Governance Committee discussions to include the availability to allow public comment in-person at PAC meetings.

Finance & Audit Committee

Mr. Herbert provided an overview of the financials.

- Net loss for August was \$94K and is \$120K for the year
- Budgeted loss for August was \$187K and was \$347K year to date
- CARES Act fund status is unchanged

Mr. Herbert thanked the executive staff.

Mr. Herbert asked Mr. Giardino for a report on the status of capital projects.

- EURP was approved by the Virginia Aviation Board (VAB)
- AIP Projects
 - Perimeter Road will conclude in next couple weeks
 - Taxiway A is proceeding on schedule
- PFC meeting tomorrow

Resolution 21-06. Accept DOAV Marketing Grant

Mr. Herbert asked for a motion. Ms. Smith made the motion. Ms. Scott seconded the motion.

Motion carried by voice vote. 6-0.

Resolved. Therefore, be it resolved by the board of commissioners of the Peninsula Airport Commission that:

1. The prior application for the DOAV Grant PR0035-004 and all actions taken in connection therewith are hereby ratified, authorized and approved.
2. The Commission hereby accepts and approves the DOAV Grant and affirms to the DOAV the Commission's intent to comply with all of the assurances set forth in the DOAV Grant agreement and related laws and regulations with respect thereto. The Executive Director is authorized and directed to execute and deliver the DOAV Grant and associated grant agreement with the DOAV, and to take all actions necessary in order to accept and apply the DOAV Grant to fulfill its purposes and the purposes of this resolution.
3. This Resolution shall take effect immediately.

Audit. Preliminary draft looks good and will be forthcoming next month with a presentation to full PAC.

Planning & Development

Chair Joseph gave an overview of the meeting that was held on Monday.

- Land Transactions
 - Kentucky Drive- proceeding
 - Habersham land sale- proceeding
 - Waterworks
 - Deed restrictions at FAA for review and approval
 - Huntington Point Parcel
 - Staff provided handouts
 - No reason to hold onto this non-contiguous land

A discussion over wetlands credits took place amongst Commissioners.

Resolution 21-07 Purchase and Sale of Land.

Mr. Coleman made a motion; Mr. Kelly seconded the motion.

Motion carried by voice vote. 6-0.

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

1. The sale of the Property to the Purchaser upon terms and conditions set forth in the Purchase and Sale Agreement is hereby approved. The Purchase and Sale Agreement, is substantially the form submitted to this meeting, is hereby approved with such changes, insertions or omissions as may be acceptable to the Commission and approved by the Chairman

or Vice Chairman, either of whom may act, upon advice of counsel to the Commission, which approval shall be evidenced conclusively by the execution and delivery of the Purchase and Sale agreement. The Chairman and the Vice Chairman, either of whom may act, are authorized, and directed to execute and deliver the Purchase and Sale Agreement on behalf of the Commission.

2. This resolution shall take effect immediately.

GA Hangar Area Poor Drainage Discussion. An open discussion took place over poor drainage and the pumping of standing water. Ms. Scott asked where the water from the pump is going. Mr. Borden answered that the water is pumped toward Lucas Creek, which is the natural flow. Ms. Smith asked if the pump needs to be manned continuously. Mr. Borden answered that it does not. Mr. Giardino reminded the Commissioners that he sent email updates about drainage during the month August. Ms. Scott asked if we have received a cost for a full fix. Mr. Giardino answered yes, the estimate was \$900K. He added that the issue was brought to his attention in 2018. Mr. Giardino also added that Chief Starks said the GA ramp has been flooding for 20 years. Mr. Giardino stated that our engineers will present the situation to the PAC next month. Ms. Smith asked the staff to breakdown the project into phases, so it is not a big hit all at once. Ms. Scott stated there are abandoned trailers and asked if the staff is looking into the matter. Mr. Walton stated that we do not own any trailers within the park. Mr. Coleman asked if the pump will be onsite all of the time and if it will be monitored. He also requested the protocol. Mr. Borden replied the area is monitored ground's maintenance team members and that the natural flow will never allow the back ramp to empty first. Ms. Scott asked if the flooding interferes with egress to the park. Mr. Borden stated that there has been standing water but it has not impeded vehicle traffic. Mr. Herbert asked how long the pump can run before being refueled. Mr. Borden answered 4-5 hours.

GA Rates discussion. Chair Joseph stated that there seems to be an agreement on the prices but a disagreement on the methodology. Mr. Giardino added that there is a 10% reduction in rent on all T-hangars due to the new policy. Chair Joseph asked staff to keep a running tally of adjustments, so everyone knows what everyone else is paying. Ms. Smith wanted clarification that we are not trying to evict tenants with a "sub-standard" rating. Mr. Giardino affirmed that we have been using the condition index for years and it is now being used as a tool to adjust rents to retain tenants. Ms. Scott asked about taxes paid by tenants to the City. Ms. Minor answered that it is a Leasehold Tax by the City Assessor. Ms. Smith added that the leasehold tax is charged to leaseholder by the City. Mr. Coleman added that there was a previous discussion on this matter regarding a former concessionaire. Ms. Minor will send more information to the

Commissioners. Chair Joseph added it would be interesting to see what other taxes are being paid by the tenants.

Marketing & Public Relations Committee

Mr. Kelly provided an overview of the committee meeting held Monday.

- Commissioners provided advice on marketing to attract air service.
- Committee and staff will consult with Hampton and Newport News
- Contract consultant should have local knowledge
- Ms. Spratley is going to Air Service Conference TakeOff in October

Chair Joseph stated that the calendar has been sent to the Commissioners for the remainder of the year. Mr. Kelly asked if there is a meeting in November. Mr. Giardino answered no, the PAC bylaws state that the November meeting is automatically advanced to the following week if it falls on the Thanksgiving holiday.

Staff Reports

Air Service Report by Ms. Spratley.

- 9917 passengers in August
- Surveys show passengers want to see a clean, safe airport

Executive Director's report by Mr. Giardino.

- Re-hiring staff
 - Four since August
 - Three vacancies
- Private Event recently announced to be held at Atlantic Aviation
 - AARF collaborating and supporting logistics. Mr. Giardino shared an email commending the AARF staff for their expert collaboration. The staff is supporting the visit of Air Force One to the airport.
- September 30th
 - Key date as CARES Act ends. Watching commercial air service schedule closely.
- Delta update
 - Paid rent
 - Equipment and Station Manager still onsite
 - We are hopeful

Mr. Kelly asked about the traffic flow for the Private event and how it will affect the facility. Mr. Giardino replied that we are still working out the details.

- Secret Service will create a "bubble" to protect the President
- HV Kelly and Bland will be blocked
- Tenants have been advised of no access to hangars during event

Mr. Kelly asked if employees will be mixed in with event attendees. Mr. Giardino answered a few airfield escorts and Ms. Spratley is the liaison for communications. Fire & Rescue, Police and Field workers are required for the visit. Mr. Kelly added that the

paper has shown this group will bring North Carolina crowds that are known not to wear masks. Mr. Giardino added the Executive Director's COVID 19 Airport Orders (March 11-present day) are in effect and that we follow the Governor's Emergency Orders. Mr. Kelly asked how the orders will be enforced. Mr. Giardino answered that we remind personnel and our tenants, and we have not had to do more than that. Mr. Giardino added that Dr. Jill Biden went through Atlantic Aviation just today and the FBO (Atlantic) was also handling a Southwest Airlines charter on Friday September 25, 2020 (in addition to Air Force One and Air Force Two).

Old Business- none

New Business- none

Adjourned at 9:36am.

Next meeting October 22, 2020.