

Peninsula Airport Commission

Board of Commissioners Meeting Minutes

November 23, 2022, 8:00 a.m.

Commissioners in Attendance:

Chair, Lindsey Carney Smith
Vice Chair, Brian Kelly
Assistant Secretary, Thomas "Tommy" Garner
Treasurer, James "Jay" Joseph
Assistant Treasurer, Jennifer Smith (arrived 8:04 am)

Staff Members in Attendance:

Executive Director, Michael Giardino
Deputy Director, John Borden
Chris Walton, Director of Marketing
Howard "Skeeter" Lavelle, Director of Grounds Maintenance
Brad Hauser, Director of Janitorial Services
Executive Assistant, Jamie O'Brien
Counsel, L. Scott Seymour

Public Officials Present:

Ralph "Bo" Clayton, Assistant City Manager

Public Attendees:

Katie Morgan, Executive Director, Youth Volunteer Corp of Hampton Roads
David Hause, Kiln Creek HOA
William Jones, Flat Out Events
Jason Todd, Flat Out Events
Deanna Hill, Flat Out Events

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

Minutes. Commissioner Garner moved to accept the October 19, 2022 meeting minutes as presented. Commissioner Joseph seconded and the minutes were approved unanimously.

Public Comment: No public comments

Presentation: A check for \$7,656.22 was presented to Katie Morgan, Executive Director of Youth Volunteer Corp of Hampton Roads. The check was donated by the PAC and the money was raised from the 5K on the Runway held last September 17, 2022. Representatives from Flat Out Events were in attendance to see the presentation of the check.

Committee Reports: The Finance & Audit committee met. Commissioner Joseph reported that the PAC ran approximately \$200,000 over the projected loss for the month of October. This was due to start-up costs for Avelo and also the closure of the mobile home park. Moving forward, we should see the budget return to normal.

Also discussed was the financial audit. The auditor has additional questions but projects that by early December, the audit will be complete and accepted for the December Board of Commissioners meeting.

There was a lengthy discussion of where we are with cash flow and projections. Mr. Giardino and staff were asked to provide additional monthly information on the monthly performance as well as a short-term and long-term look to where we are headed. This information will be made available for the December Board of Commissioners meeting. Commissioner Joseph asked Chair Smith to reserve a substantial portion of the agenda for that discussion.

Chair Smith brought up the City of Newport News' audit which is due by December 15 and requires the PAC's numbers to be included in their audit. There was some discussion about whether PAC numbers have been submitted yet or if they are delayed. Chair Smith believes the PAC is late. Mr. Giardino attempted to clarify that the PAC has submitted our FAA CATS requirement which contains the same information required for the CAFR. He further stated that Mr. Adams submitted that information on October 31. The City of Newport News may want audited data but without a finalized audit, we cannot submit that data. Chair Smith asked for a confirmation email on Monday, November 28, to the Board of Commissioners that verifies what Mr. Giardino stated, and include the most recent update on of the communication Mr. Adams has had with the City of Newport News. Mr. Joseph mentioned that if the Board of Commissioners was expanded, rendering Newport News no longer the majority, the PAC would not have to provide audited numbers to any municipality. Commissioner J. Smith asked for clarification on whether the PAC missed the deadline or not. Chair L. Smith said she understood the City's deadline is December 15. Historically the PAC has had the numbers submitted before Thanksgiving. Mr. Giardino said the delay from the auditor has caused us to turn in our numbers later than we have historically, but the draft should be available in early December. Commissioner Joseph explained the GASB (General Accounting Standard Board) rules that outlines why the PAC has to turn in the accounting numbers to the City of Newport News. Commissioner Joseph briefly discussed his conversation with the auditor during their fraud interview. He asked them for their opinion on internal controls. It is Commissioner Joseph's understanding that right now, the PAC doesn't have someone adequately trained on journal entries and separation of duties, and he asked them to look at our requirement for a second check signer on checks over \$10,000 and if that requirement allows for the delegation of check signing duties. Chair Smith commented that separation of duties has come up in audits before and she queried what we are doing about that now. Mr. Giardino said we are now fully staffed and efficient and that should address the concern of separation of duties. Commissioner Kelly commented that this discussion was the first he heard of the City of Newport News being in control of the PAC. Commissioner Joseph said it is theoretical that they have control.

Chair Smith asked Commissioner Garner to give the brief from the Planning & Development committee. Discussed in the meeting was the airport Master Plan update. A scope of work has been submitted for review by the PAC staff.

Land release updates: Habersham is still delayed by the FAA. Two utility easements will follow when Habersham is approved.

Other items discussed were done so in closed session and will be discussed again when this meeting moves to closed sessions.

Commissioner Joseph asked for an update on parking lot improvements and, the status of the lease management software that staff was going to implement.

Mr. Giardino stated the database is being filled. He requests that he be allowed to update the PAC in January on the software.

Mr. Borden addressed the parking lot improvements by informing the commissioners that there will be a pre-bid meeting next week and the job is posted in EVA. Any company that wants to bid must attend the pre-bid meeting so they can see firsthand what the project encompasses. The scope is the new road and entrance to the airport as well as all other access points. The entire project is expected to be completed within approximately four months.

There was discussion about the signage, access, and the kiosks being confusing and difficult to some of the commissioners but Mr. Giardino assured them it was temporary. Once the new access road is built and functional, these concerns would be allayed. It was then determined that there are two action items to address:

1. Investigate and implement an immediate remedy to assist with confusion
2. Report the status of the bid to the commission.

Chair Smith requested we consider hiring local engineering firms to do any work at the airport moving forward.

Executive Director's Report:

Mr. Giardino gave an update on how well Avelo Airlines is performing at PHF. Marketing is in full swing, with a big focus on military bases. Commissioner Joseph requested a report at the December Board of Commissioners meeting that addresses labor costs vs income amount generated.

A new Marketing and Public Relations Director has been hired. Victoria Hall will begin work on November 28. She is very talented and we expect to substantially reduce expenses we are currently paying to our marketing consultant.

Mr. Giardino and Chair Smith met with the City Manager of Newport News who has agreed to support the airport, including hosting "fly-in" events so attendees use our airport. The City Manager also invited PHF to use the resources she has available to include staff and financial resources.

ATAC hosted an event recently for the Secretary of Transportation Shep Miller and several congressmembers. Mr. Giardino and Chair Smith attended the event. Mr. Miller was very supportive of increasing usage of PHF and asked what could be done to bring more business to the airport.

Mr. Giardino provided an update on capital improvement. Most of our capital is considered "pass-through" money, reimbursable from the State and Federal governments. A second submission for the

Bipartisan Infrastructure Legislation Grant was submitted three weeks ago. It is believed PHF has a good chance to be awarded some of the grant money.

Mr. Giardino discussed Resolution 22-018 which addresses airport property reclamation. This resolution authorizes the Executive Director to immediately enter into an agreement with a vendor to demolish remaining structures in the former mobile home park and remove debris. It is considered a safety issue because as long as structures are on the site, there is a chance for trespassing, vagrancy, vandalism, and other crimes.

Hampton State of the City event will be December 1. All commissioners are invited to be the guests of PHF. We are a Silver Sponsor for the event.

Old Business: none

New Business:

Chair Smith asked Mr. Giardino to briefly talk about Resolution 22-018. He discussed the cost analysis and timeline for the two vendors to demolish and remove debris from the former mobile home park property. Because it is an urgent safety issue, it needs to be addressed as quickly as possible. One of the vendors will save the PAC approximately \$150,000. The total cost is outside of the Executive Director's spending limit so it requires a resolution.

There was some discussion about exactly what the vendor would do and what would remain vs what would be removed. There was also some discussion about exactly what would be removed. Chair Smith requested a final situation report outlining everything discussed (what would be removed, financial report).

Chair Smith suggested the resolution be amended to state either Munden or Spade can perform the work, up to the \$192,500. Mr. Giardino verbally stated he amends the resolution as the Chair suggested.

Commissioner Garner made the motion to accept Resolution 22-018 as modified. The motion was seconded by Commissioner Kelly. A roll call vote was taken: Ms. Carney Smith – YES, Mr. Kelly – YES, Mr. Joseph – YES, Ms. J. Smith – YES, Ms. Scott – YES, Mr. Garner – YES. The motion passed unanimously.

Commissioner Joseph commended the staff for the excellent job in closing the mobile home park. The park was closed on time with no hold-overs and no lawsuits or unlawful detainers were filed. Mr. Giardino also thanked all staff who worked so hard to succeed in closing the park.

Chair Smith asked if there was any other business for open session. There being none, Attorney Scott Seymour read the following, "The Chair will now entertain a motion to move the Commissioners of the Peninsula Airport Commission convene in closed session meaning pursuant to Virginia code section 2.2.3711.A.1 Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees, or employees of any public body; and A.5 Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its

facilities in the community (regarding expansion of [aviation services] where no previous announcement has been made).

Commissioner J. Smith made the motion to go into closed session; Commissioner Kelly seconded the motion. Voice vote by roll call: Chair Carney Smith - YES, Mr. Kelly – YES, Mr. Joseph – YES, Mr. Garner – YES, Ms. J. Smith – YES. Motion passed unanimously.

Closed session began at 9:28 a.m.

Attorney Seymour read the following: “To conclude the closed session meeting and return to the open meeting and that prior to a roll call vote, the Commissioners of the Peninsula Airport Commission shall certify that to the best of their knowledge (i) only such public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, 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 in the meeting by the members of the Commission.

Any member of the Commission who believes that there was a departure from the requirements just stated must so state prior to the roll call vote and indicate the substance of the departure that, in such Commissioner’s judgment has taken place.

If there are no such statements of departure, if we could please have a motion and second to end and certify the closed session and return to open meeting.” The Commission certified that no departures were raised.

A motion to reconvene was made by Mr. Garner and seconded by Mr. Kelly. Voice vote by roll call: Chair Carney Smith - YES, Mr. Kelly – YES, Mr. Joseph – YES, Mr. Garner – YES, Ms. J. Smith – YES. Motion passed unanimously.

Open session resumed at 11:30 a.m.

Chair Carney Smith asked if there was any other business to bring before the Commission. There being none, she called for a motion to adjourn. The motion was made by Mr. Garner and seconded by Mr. Kelly. Voice vote by roll call: Chair Carney Smith - YES, Mr. Kelly – YES, Mr. Joseph – YES, Mr. Garner – YES, Ms. J. Smith – YES. Motion passed unanimously.

Meeting adjourned at 11:32 a.m.

Commissioner Smith asked about staff recognition for successful closing of the mobile home park. Mr. Giardino stated he would bring the discussion to the commissioners at the December Board of Commissioners meeting. It was also questioned about changing the date of the December Board of Commissioners meeting. The meeting was reconvened at 11:33 a.m.

A motion was made by Commissioner Garner to change the date of the December Board of Commissioners meeting to December 21, 2022, at 8:00 a.m. The motion was seconded by Mr. Kelly. Voice vote by roll call: Chair Carney Smith - YES, Mr. Kelly – YES, Mr. Joseph – YES, Mr. Garner – YES, Ms. J. Smith – YES. Motion passed unanimously.

Meeting was adjourned at 11:34 a.m.