

Peninsula Airport Commission

Board of Commissioners Meeting Minutes

December 21, 2022, 8:00 a.m.

Commissioners in Attendance:

Chair, Lindsey Carney Smith
Vice Chair, Brian Kelly
Secretary, Sharon Scott (arrived 8:03 a.m.)
Assistant Secretary, Thomas "Tommy" Garner
Treasurer, James "Jay" Joseph

Staff Members in Attendance:

Executive Director, Michael Giardino
Deputy Director, John Borden
Finance Director, Mark Adams
Marketing & Public Relations Manager, Victoria Hall
Executive Assistant, Jamie O'Brien
Counsel, L. Scott Seymour
Office Manager, Barbara Rumsey (arrived 9:00 a.m.)

Public Officials Present:

Ralph "Bo" Clayton, Assistant City Manager

Public Attendees:

David Hause, Kiln Creek HOA

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

Minutes: Commissioner Joseph moved to accept the November 23, 2022 regular PAC meeting minutes as presented. Commissioner Garner seconded and the minutes were approved unanimously.

Commissioner Garner moved to accept the minutes from the Special Meeting held on December 1, 2022, as presented. Commissioner Joseph seconded the motion, and the minutes were approved unanimously.

Public Comment: No public comment

Committee Reports:

Finance and Audit Committee: Commissioner Joseph stated that the committee did not meet, but he did meet with Mark Adams, Director of Finance and with Michael Giardino, Executive Director. He noted the two-year capital improvement program (all commissioners were given a copy of this exhibit.) He suggested the commissioners take it with them and review it. If anyone has any questions, convey

them to Mr. Giardino. The hand-out shows things we want to do but are currently unfunded to accomplish.

Commissioner Joseph reviewed the November financials with Mr. Adams and noted the memo included in the Board Packet covering the variances.

Finally, there was a re-forecast for the remainder of the year. When the original budget was forecast, the assumptions were substantially different from where we are today. We budgeted 114,000 enplanements based on American Airlines flying 5 CLT routes and 2 PHL routes. American Airlines has cut flights back and eliminated PHL entirely. We have added Avelo but those enplanements aren't enough to make up the shortfall from the American Airlines cutbacks, and Avelo has concessions from the airport so we aren't collecting the same monies from Avelo as we do from American. What staff intended was to give an update of where we are year-end based on the current flight schedule, with the caveat that this is a moving target and the schedule may change again.

To recap, the original budget forecast a \$2.1 million dollar loss. It is re-forecast to \$2.5 million dollar loss on the operating budget. The break-even was originally 151,000 enplanements. We budgeted for 114,000 enplanements. With the current flight service, we now project approximately 93,000 enplanements even with the addition of Avelo flights.

Mr. Giardino reviewed the budget presentation originally this past Spring for the new commissioners (See Exhibit 1). Due to constant churn on flights, it's been difficult to project on the budget. Commissioner Joseph recommends taking the hand-outs home to review and to direct questions to Mr. Giardino. No one commented that these numbers were surprising, but rather, they are expected. Commissioner Joseph noted that operating expenses are affected because of one-time expenses (mostly to prepare to handle Avelo flights), and one-time income from land sales. Cash on hand at the end of the fiscal year is projected to be between \$3.5 – 4 million dollars. Commissioner Garner asked why office and admin costs almost doubled the original projection. Mr. Adams explained that they were one-time or annual expenses that just all hit at once instead of being spread throughout the year. Commissioner Garner would like a breakdown of why it looks different than it was originally budgeted. Mr. Adams said it was included in the memo in the Board Packet. Chair Smith said instead of an overview narrative, it might be better to see the specific allocations. In future months, we will go into greater detail. (See Exhibits 2-5).

There was some discussion around financial covenants and the budget plan beyond FY23. Mr. Giardino said we are always 100% in compliance with our bond debt covenant requirements. The only solutions to a budget deficit are to ask for monies from the governing cities, and more air service. He continues to solicit every air carrier but is not getting commitments. He needs help from people above him whether from the Board of Commissioners, or political figures. Union issues and regional jet pilot shortage continue to plague the industry. In 2017, we were leaking 2,600 passengers a day. Now we are leaking 4,000 passengers a day.

Also discussed was the constant communication with Towne Bank about bond debt covenants during Covid and the money PAC received from the CARES Act. Mr. Giardino stated he has consistently reported about this communication with the Governance Committee as well as the Board of Commissioners whenever he had communications with Towne Bank. He has emails documenting this communication.

There were no further questions regarding the budget, and finance and audit.

Planning and Development Committee did not meet, though Chair Smith did speak with Mr. Giardino and it appears the two largest items for Planning and Development are the drainage project and the parking lot update. These items will be discussed later in today's agenda.

Executive Director Update: An overview was provided in the Board Packet. In the overview he addressed the cash flow.

The other item to discuss is that the USO is moving in a different direction and focusing on overseas operations and other larger airports. They will not be operating the USO at PHF. We have decided to take over running it with the same volunteers who are currently there. We won't use the USO name and the lounge will be open to first responders as well as military. It will be run the same way as the USO currently runs it. A staff member will oversee the operation. PHF will assume liability and do new protocols. A soft opening will be January 1 and a ribbon cutting event will be held when everything is ready. We will invite the press to the event. Chair Smith inquired how many people use our USO each year. Mr. Giardino answered that we don't have that information but he would obtain it and report back. Mr. Borden stated we had 60 people who used it on December 17 for the annual Block Leave. They do sign in on the USO iPads.

The Master Plan Update was removed from the agenda due to illness and travel issues. An update is targeted for January.

Airfield Drainage Project Update: This project was originally presented in October 2020. The General Aviation ramp area has a drainage problem and has standing water when it rains. The area is shaped like a topographic bowl, there is crumbling infrastructure, and the former mobile home park was on top of one of the most critical areas with a collapsed pipe. This prevented water from draining properly. PAC staff has been keeping the area clear of debris. Resolution 22-019 (distributed in the Board Packet) grants the Executive Director authorization to execute a Scope of Services Contract in the amount of \$117,241.00 with Talbert and Bright to address the Airfield Drainage Project. The project is funded 80% by the State, and 20% local funds. Once the Scope of Services is identified, we would phase the project to address the most critical issues first.

Commissioner Joseph moved to accept the resolution. Commissioner Kelly gave a second. There was further discussion to amend the resolution to eliminate the brackets and change subsection 2 to state: "The execution and delivery of the Scope of Services Contract for the airfield Drainage Project is approved, and each of the Chair, Vice-Chair or the Executive Director, any of whom may act, is authorized and directed to execute and deliver same. The contract will be substantially in the form presented to the PAC prior to this meeting, with such changes, insertions and omissions not inconsistent with this Resolution as may be approved by such officer, [with the advice of counsel,] whose approval shall be conclusively evidenced by the execution of the Agreement." (See Exhibit 6).

Commissioner Joseph agreed to amend his motion to change the paragraph as stated above. A roll call vote was taken: Ms. L. Smith – Yes, Mr. Kelly – Yes, Mr. Joseph – Yes, Ms. Scott – Yes, Mr. Garner – Yes. The motion passed unanimously.

Parking Lot Update: The Parking Access Revenue Control System (PARCS) was briefed to the PAC approximately 18 months ago and new equipment was implemented this past Summer. The new system was required due to failing and obsolete equipment.

Mr. Giardino reviewed the process, and the maps of the existing roadway as well as the future roadway goals.

Mr. Giardino introduced Victoria Hall, Marketing and Public Relations Manager. Ms. Hall gave a presentation on new signage for the existing parking lot. (See Exhibit 7). The cost of the new signage will be a few hundred dollars and is estimated to be installed by staff by the end of January 2023.

Commissioner Scott asked how customers get help when trying to leave. Ms. Hall said there is a call button on the kiosk for help. Customers press the help button. Mr. Giardino said we have 24/7 help coverage.

No New Business

Closed Session: Counsel Scott Seymour read the following to enter in to closed session: 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. Subsection 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. And subsection A.29: Discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

A motion was made by Commissioner Scott, and seconded by Commissioner Garner. A roll call vote was taken: Ms. L. Smith – Yes, Mr. Kelly – Yes, Mr. Joseph – Yes, Ms. Scott – Yes, Mr. Garner – Yes. The motion passed unanimously. Closed session began at 9:01 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."

Commissioner Garner stated he “thought that Commissioner Kelly was out of line as far as that of the direction of the scope of the closed session.” Commissioner Kelly responded that he felt Freedom of Information Act (FOIA) subsection 2.2-3711.A.1 covers performance of specific public officers and can be discussed, and he asked Counsel Seymour if he was incorrect in discussing “that.” Mr. Seymour said he believes we went in to closed session to discuss the performance review of “the commissioner [sic], so comments directed back and forth between the commissioners as to their individual performance outside the scope of its impact on the Executive Director were outside the scope.” Chair Smith noted Commissioner Garner’s statement of departure from the scope of the closed session. Mr. Seymour noted no actions were taken as a result of the departure from scope. Commissioner Joseph said he had never participated in a vote where there was an exception and he asked how does an individual commissioner record their vote. “Do they say, ‘I certify with the exception of’? Mr. Seymour said “yeah, as so noted by Commissioner Garner if you agree. If you disagree, I think you would simply certify that you think you were fully within the closed session.” For clarification, Commissioner Joseph said a motion is made and seconded and when voting, the commissioner(s) who believe there was a departure from the scope of the closed session states that s/he has an exception. Commissioner Joseph made the motion to accept the motion as read. Commissioner Kelly seconded the motion. Mr. Seymour said, “to state any exception before you vote.”

Mr. Seymour then said for the record that, “Commissioner Garner has stated an exception. A comment was made towards him with respect to his Conflict of Interest Training and access to the trailer park. No formal action was taken.”

A roll call vote was taken: Ms. L. Smith – Yes with the exception noted by Commissioner Garner, Mr. Kelly – Yes, Mr. Joseph – Yes, Mr. Garner – Yes with exception, Ms. Scott – Yes, with exception. The motion passed with exception and the meeting returned to open session at 9:50 a.m.

Chair Smith asked if there was anything else to come before the commission. There being none, she wished everyone a happy holiday and thanked everyone for their service. The meeting adjourned at 9:50 a.m.