

Peninsula Airport Commission Board of Commissioners Meeting Packet

Lindsey Carney Smith, Chair

Michael Giardino, C.M., Executive Director

Thursday, September 22, 2022

8:00 a.m.

Commission Room

900 Bland Blvd

Newport News, VA 23602

AGENDAS

Newport News Williamsburg Airport

PENINSULA AIRPORT COMMISSION

COMMITTEE MEETING AGENDA

FINANCE & AUDIT COMMITTEE

DATE: September 19, 2022

TIME: 4:00 p.m.

- 1) Call to Order
- 2) New Business
- 3) Old Business
 - a) August 2022 financial results
- 4) Closed Session: 2.2-3711. A. 5. Discussion concerning a prospective business or industry or the expansion of an existing business industry where no previous announcement has been made of the business' or industry's interest or expanding its facilities in the community.
- 5) Adjourn

Newport News Williamsburg Airport

PENINSULA AIRPORT COMMISSION

COMMITTEE AGENDA

PLANNING & DEVELOPMENT COMMITTEE

Date: September 22, 2022

**Time: Immediately following PAC Board of
Commissioners Meeting**

- 1) Call to Order
- 2) New Business
- 3) Old Business
 - a) Ferguson lease extension
 - b) Waterworks update
 - c) Habersham update

- 4) Closed session:

In accordance with Virginia Code 2.2-3711. A. 5. For the discussion concerning a prospective business or industry or the expansion of an existing business industry where no previous announcement has been made of the business' or industry's interest or expanding its facilities in the community.

- 5) Adjourn

PENINSULA AIRPORT COMMISSION

REGULAR MEETING AGENDA

Date: September 22, 2022

Time: 8:00 a.m.

Location: Commission Room

- 1) Call to Order
- 2) Approval of Minutes from August 25, 2022
- 3) Approval of Special Meeting Minutes September 8, 2022
- 4) Read Instructions for Public Comment
- 5) Public Comment
- 6) Committee Reports
 - a) Finance & Audit
 - b) Planning & Development
 - i. Waterworks
 - ii. Habersham
 - c) Customer Experience
 - i. Marketing Update – Steve Romme
- 7) Avelo Update
- 8) Staff Reports
 - a) Director's Report
- 9) Old Business
 - a) Ferguson Lease Extension Resolution
- 10) New Business
- 11) Read instructions for closed session
- 12) Closed Session
 - a) Real Property Acquisition
 - b) Discussion concerning prospective businesses
 - c) Consultation with legal counsel

2.2-3711. A. 3. Discussion or consideration of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the 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 A7 Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter.

13) Open Session

14) Adjourn

MINUTES

Peninsula Airport Commission

Board of Commissioners Meeting Minutes

August 25, 2022, 8:00 a.m.

Commissioners in Attendance:

Chair, Lindsey Carney-Smith
Treasurer, James “Jay” Joseph
Assistant Treasurer, Jennifer Smith
Secretary, Sharon Scott (arrived 8:03 a.m.)
Assistant Secretary, Thomas “Tommy” Garner

Staff Members in Attendance:

Executive Director, Michael Giardino
Chief Finance Officer, Mark Adams
Business Development Manager, Chris Walton
Executive Assistant, Jamie O'Brien
Counsel, L. Scott Seymour
Counsel, Patrick O'Donnell

Public Officials Present:

Ralph “Bo” Clayton, Newport News Assistant City Manager

Public Attendees:

David Hause, Kiln Creek HOA
Steve Peterson, Talbert & Bright
Jeff Wellman, Talbert & Bright

Chair Carney-Smith called the meeting to order at 8:02 a.m.

Presentation: Jared Alexander Award presentation to the following employees for outstanding service:

Brandi Williams
Nicholas Zielke
Lisa Ortiz
Wayne Leonard
Shawn Robinson

Minutes. Commissioner J. Smith moved to accept the June 23, 2022, meeting minutes as presented. Commissioner Garner seconded and the minutes were approved unanimously.

Public Comment. None

Treasurer's report: Mr. Joseph stated there was no Finance Committee meeting but he met with Mr. Adams and Mr. Giardino to discuss results for July. Most of the meeting was around presentation formats – specifically for flight activity and financial reports. We need to get to a level of detail needed for the Board of Commissioners but not so detailed as to be burdensome.

The results for the July report were largely driven by the variance between budgeted and actual seats sold. Mr. Giardino gave a presentation regarding the budget and passenger numbers. Available seats are down 25% of what would be normal Covid numbers. We are down 45% from pre-Covid numbers. We did not adjust budget numbers when the budget was passed in June. We will continue to lose money each month due to regional pilot shortage and fewer seats. American Airlines is currently only scheduling out 60-90 days and continuing to cut flights and services everywhere, particularly for regional flights. With Avelo beginning service, some of the budget shortfall will be made up.

Chair Carney-Smith questioned if the budget will be revisited because Avelo will begin service. Mr. Giardino responded that we will track their performance. Ms. Carney-Smith asked if an updated revised budget will be proposed to the Board to be adopted, and not just a tracking report. Mr. Giardino stated we have not made that decision yet.

Ms. Scott asked what the air service consultant says about the drastic drop in seats/service. Mr. Giardino said he doesn't need to consult with anyone but when he discusses the drop with his peers nationally, they are all experiencing the exact same drop. Ms. Scott said "We pay for air service consultant and their job is market and forecast and with issues such as ours. The issue cannot continue to be Covid and pilot shortages. I am flying frequently and I'm getting where I need to go and Norfolk is still booming and so is Richmond." Mr. Giardino replied that Norfolk and Richmond are experiencing the same regional jet pilot shortages and the same regional jet pilot lack of service. We don't have mainline service with American Airlines. What they are experiencing is the fact that the regionals are suffering. The mainline carriers are not having a problem. It's the regional level that is having the trouble. We did get Boeing 737s with Avelo and that will change everything. One Avelo aircraft is equal to almost 4 American Airlines regional jets. We will see an uptick when Avelo starts.

Mr. Garner asked if some of the drop was due to cancellations. Mr. Giardino said that wasn't the issue with our airport. Our load factors are good and we rarely have cancellations at our airport. This problem has been going on for months.

Mr. Giardino said we need to manage our expectations for the future. Getting Avelo will make a big difference for the airport.

Chair Carney-Smith asked if there were anymore questions. There being none, she moved on to discuss committee organizations and assignments. Proposed committee assignments for 2023 are as follows:

Executive Committee	Chair, Vice Chair
Finance/Audit	Treasurer, asst. Treasurer
Planning & Development	Chair, Asst. Secretary
Customer Experience	Secretary, Asst. Treasurer

Bylaws do not describe specific committees or specific committee assignments. It's up to the Commission to formulate those committees, what the scope will be, and which members of the PAC Board will sit on the committees. Chair Carney-Smith reviewed the proposed committees and which commissioners would sit on which committees. She then opened the floor for comment.

Ms. Scott commented, "For the customer experience committee which I see I'm on, I think we kind of fell short in the past because our committee didn't get a chance to interact with the consultants that we are paying to be involved in this experience so without us being actually interacting with them, this doesn't work, so I just think it needs to be a little more interaction. Mr. Walton would come to the meeting and often times he didn't know what to share with us and it was just limited information. Everything we were getting was pretty much what we were getting in our packet. It wasn't any new information, and as I indicated from the last few times that the committee met, I'm not willing to waste my time so if there is nothing meaningful to do, no action required, I don't think that we should just sit there and look at slides that we can get in an email. I want it to be a little more interactive. I don't mind doing whatever my part is for the team but I just require a little more interaction with those that we're paying to do this job as well."

Chair Carney-Smith responded that Ms. Scott's concerns were why we changed the committee. "The committee will also now include Bill Lamanque as well as the Executive Director and Pat Speno because she is in charge of customer experience. One of the scope of work items that should be delegated to this committee is regular interaction with Steve Romme, our marketing consultant. This committee should be reporting back to the PAC on what Steve is doing vs having that come through the Executive Director report.

Chair Carney-Smith asked for more comments or questions. There being none, she asked for a motion to approve the slate. She noted that no dates and times were assigned for committee meetings. That will be left to the committees. She suggested that the committees attempt to meet on the same day that way management isn't kept late 4 days a week. She asked the committee chairs to get together to coordinate a day. The time of day is up to the committees.

Motion to approve the committee assignments as present. Motion made by Ms. Scott and seconded by Mr. Garner. The motion passed unanimously.

Avelo Update: Mr. Giardino stated he forwarded the presentation to the Board last night as a read-ahead in preparation for today's meeting.

Some of the information presented in today's slides has been previously shared but since we have two new commissioners, it is included for their information.

Newport News Economic Development Agency (EDA) voted on August 5 to give \$250,000 to Avelo to be used for marketing. Avelo will be executing the document with the EDA. The relationship is strictly between the EDA and Avelo. The airport is not involved other than to advise where the money is spent.

There are three airports in our service area. The other two are doing well. We leak about 93-95% of our traffic to the other two airports. The reason is because we don't offer the service passengers want. Norfolk has been reclassified as a "Medium Hub." This designation is used to apportion the Airport Improvement Program fund federal grants. Norfolk will now get less of that money but they can now charge \$4.50 for passenger facility charges for capital improvements. When an airport gets more passengers, they get more money from passenger facility charges.

In 2019, our enplanements were approximately 219,000. In FY22, we only achieved 83,000 enplanements. Mr. Joseph asked what the number of enplanements was when Air Tran was here. Mr. Giardino responded it was almost 560,000 for one way traffic.

We are primarily a business airport but during Covid, leisure has been the primary business. According to the Virginia Aviation Conference recently, they presented a graphic that showed exponential growth in the leisure market with ultra-low-cost carriers, but the decline has been in the main-line legacy carriers. That decline will continue for the time being. Mr. Giardino continued that we will persist in recruiting other airlines as well as Avelo.

We expect Avelo to do well here for the tourism/leisure customers. We track 85% of load factors. We incentivize carriers to be here. Rents, landing fees, ground handling, ticket counter fees will be waived for two years for Avelo. Avelo was not interested in minimum revenue guarantees like what our SCASDP grant proposed for United Airlines. United Airlines has not begun service here yet because of the regional jet pilot shortage.

What Avelo was offered is \$100,000 per year for two years for marketing and the EDA approved the passage of \$250,000 for Avelo to use for marketing.

Chair Carney-Smith asked if the agreements with Avelo been signed. Mr. Giardino said "Because it was budgeted and already planned, there is no agreement. It is in our marketing budget to apply the \$100,000 to Avelo and we're executing that right now." Chair Carney-Smith clarified that she was asking about the ground handling contract. Mr. Giardino stated that he and Eric Ballou, attorney for Kaufman and Canoles are working on that, because Bud Hafer, the attorney for Avelo, wrote a draft, we received it, and we are reviewing it because it was generic. It needs to be particular to Virginia. Eric and Bud have had a discussion and Bud is fine with Eric making it compliant with Virginia law. Mr. Giardino estimates it should be complete within two weeks.

Mr. Giardino continued. Right away, Avelo will offer two flights a week and beginning November 15, three flights a week. The size of the planes are consistent through April 2023.

Mr. Giardino discussed the Avelo associates with whom we are working. The pedigrees are very good with much experience for each of them. Our airport associates are beginning computer-based trainings in preparation to launch Avelo service. We are soliciting for part-time positions and have received over 100 applications.

The network as of now is very busy and indicates rapid growth. New Haven went from zero flights to 15 flights per day. When we announced Avelo, we received tremendous support and very positive media attention.

Mr. Giardino presented the flight schedule for Avelo. Tickets are being sold. The first flight is October 19. Mr. Giardino would like the Board of Commissioners to be present and consider changing the monthly PAC Board meeting to October 19. We expect dignitaries and media for the inaugural flight.

Chair Carney-Smith asked Mr. Giardino to update the Board "on marketing efforts to bring customers and visitors from Orlando to Newport News, because that was part of what the package was. We

weren't just sending people from Newport News to Orlando. They were going to try to market to try to bring here to enjoy Williamsburg and all of the benefits that our region has to offer."

Mr. Giardino replied that he is working with Jim Olson (the marketing and public relations director at Avelo), as well as other Avelo associates. They would like to try to use some of those marketing dollars in Orlando and Fort Lauderdale. Mr. Giardino does not know what the agreement says with Newport News or other locations, but they are looking to pool some of the money they are getting for marketing and place those marketing dollars in those markets. Mr. Giardino has discussed marketing with the Executive Director of the Williamsburg Tourism Council that we could take further action and help Avelo. Avelo may need some help with that. They *want* to do the marketing but they may not be able to market us the way we can. Mr. Giardino has reached out to other municipalities on the peninsula to see if there are other things we can say to entice visitors to the area.

Ms. Scott asked if we have reached out to the agencies in Florida to see what their thoughts are or if they had marketing dollars. Mr. Giardino stated we have reached out to the Executive Director of Fort Lauderdale Airport for ideas on where we can go. Bill LaManque has suggested to Avelo to target yacht owners, and we have a second home-owner data so we can target them as well.

Considering how well New Haven has done with Avelo, we expect to do better at Newport News. With Avelo, we should be able to get back some of the passengers who have leaked to other airports. The highest demand for service from Newport News to Florida are Orlando and Fort Lauderdale. The next highest are Tampa, Fort Meyers, Sarasota, West Palm Beach.

Mr. Giardino said because our air service has been so limited, people have forgotten to use us. When Air Tran was here, people used us frequently. Since we have lost service, people have chosen other airports because they have had no other choice. They have forgotten about us. That's where marketing comes in. We have already begun billboards and radio ads.

Mr. Giardino showed FY22 had a 25% decrease in seats on American Airlines because of the pilot shortage. This won't change. What does change for us is Avelo service. Right now, Avelo has loaded about 5,000 seats per month through April 2023. There is a potential to get to 40,000 seats with Avelo by the end of the fiscal year. Mr. Giardino believes the number of seats on American Airlines will decrease further but with Avelo seats, we could potentially get about 140,000 seats for the fiscal year. Our break even point is about 151,000 sold seats. He believes this airport can be profitable despite the damage done by Covid.

Avelo originally intended to have Orlando service twice a week. What we got was Orlando and Fort Lauderdale three times a week. They are aggressive and if we perform, they'll perform. We could get service to New Haven. They are based in Houston and they go to Chicago. This could have great potential for us.

Interest in our airport is great. Mr. Giardino's LinkedIn page with a post about Avelo, has garnered attention from Southwest Airlines, Delta Airlines, Spirit Airlines, and United Airlines. Also looking at other posts of his are American Airlines, Allegiant Airlines, and Alaska Airlines.

Mr. Giardino asked if anyone had any questions. Ms. Scott asked if there is reciprocity with other airlines for Avelo passengers who might need to fly on other days not currently serviced for our airport

with Avelo. Mr. Giardino said that sort of reciprocity happens with the larger airlines like American and United. There is no code share with ultra-low-cost carriers.

Chair Carney-Smith asked what happens if Avelo doesn't meet their target. What do they do? Mr. Giardino responded that they would pull service. He said we are closely watching load factors. We currently have an under-performing late evening flight with American Airlines. It doesn't help our load factors when that flight is only 25% full. It's not a time when people want to fly. We are working very hard to fill the seats.

Ms. Scott asked if the under-performing flight was because of a connection issue. Is this late-evening flight poorly performing for that reason? Mr. Giardino said it performs well inbound because it gets people home to Newport News at 7:30. It's getting out at 8:30 that is the challenge. Connections to the west coast via Charlotte do ok, but east coast connections that late do not do well because it gets people to their destination too late.

Chair Carney-Smith suggested that the late American flight could be one of the first topics that Steve Romme can discuss with the Customer Experience committee about promotions we can do to fill those seats; that people outbound at the late evening. Mr. Giardino assured her it would be discussed.

Ms. Smith asked if there was a difference between using the word "customers" vs "passengers." Mr. Giardino said it's just their vernacular.

Chair Carney-Smith asked if there were any other questions about Avelo. She also told Mr. Giardino that prior to the next meeting, it would be helpful if he were to update the Board on the hiring of the part-time employees, what kind of positions we are filling, how it's going, so they don't have to wait another month to find out.

Mr. Giardino noted that we have begun buying equipment for Avelo service. We purchased a "push-back" for \$40,000. It could have cost \$90,000. We were also able to sell back \$20,000 worth of unused equipment from prior days when it was purchased from an un-named airline. The net cost was \$20,000. This was due to John Borden's negotiations. Mr. Giardino also said we have a back-up plan should the push-back equipment fail. We will borrow the equipment from an on-site tenant.

Staff Reports: Mr. Giardino said there is an air service development conference in October but he will not be in attendance because he will be here for the inaugural Avelo flight. Crawford, Murphy and Till, our air service development consultants will be in attendance on our behalf and will meet with airlines. We requested to meet with 15 or 16 airlines with whom we'd like to meet. The meetings have not been set yet but he will report back on them at the November meeting which will be held in December.

We are recruiting for a marketing and public relations specialist. We had 70 applications and have narrowed it down to four candidates. Chair Carney-Smith had a question submitted from Vice Chair Kelly: "How does recruiting a marketing public relations specialist as an employee, how does that employee relate to the consultants that we have hired for marketing?" Chair Carney-Smith asked Mr. Giardino to be prepared to address that question at the next PAC Board meeting. Mr. Giardino said the employee would take over for the consultant and put the right person in the right place. He will prepare something more detailed for the next PAC Board meeting.

Our airport is the subject of an enforcement action by the Virginia Department of Environmental Quality. It comes with a civil penalty in a monetary fine. After that, Mr. Giardino wishes to brief the PAC Board in closed session about the matter. It is exempt from FOIA. It will be covered in executive session if the PAC Board wishes.

The parking system is installed. The main focus after air service is to get the road right. We are going through the correct processes and it's now up to engineering, design, and meeting with the city of Newport News about the traffic light at Bland and Siemens Way.

Taxiway A project is almost complete.

We did not win any grant money from the federal government for the Federal Airport Terminal Program, Bilateral Infrastructure Legislation. There are four more rounds for applications for this grant money. We will be applying. Mr. Giardino has invited Senators Kaine and Warner, and Congress member Scott to visit the airport to reinforce their commitment to our airport.

Mr. Giardino recently received a call from a vice president of a Canadian low-cost carrier that flies to the Caribbean. This person lives in Hampton Roads and will visit the airport.

Passenger Facilities Charge program was put in place in 2020 but we are re-scoping it to take care of the roof, windows, and restrooms. For now, we are holding on the bag belt and jet bridge.

Mr. Giardino has met with the Airport District Office and the Department of Aviation and will meet again in September to discuss the Master Plan. This is funded 90% by the FAA, 10% by state entitlement funds. The existing Master Plan is dated and needs to be updated.

Mr. Giardino requests the Board of Commissioners grant PAC employees a day off as recognition for the work involved in getting Avelo here. He would like them to grant Friday, September 2, 2022 off so employees could have a four-day holiday weekend.

October 19, 2022 is the inaugural flight of Avelo to PHF. Mr. Giardino requests the PAC Board consider moving the regular Board of Commissioners meeting to this date so they can be on hand to welcome the flight.

Since the November Board of Commissioners meeting falls on Thanksgiving, the bylaws state that the meeting be moved to the following Thursday. This year, that following Thursday is December 1 and Mr. Giardino will be away at the Virginia Aviation Board meeting. He therefore requests that they move the regular Board of Commissioners meeting to Thursday, December 8, 2022. The Board should also decide if they wish to meet on December 22, 2022 for the regularly scheduled December Board of Commissioners meeting.

Mr. Giardino would like the Board of Commissioners to consider a Board retreat. The last retreat was done in 2019. It builds cohesiveness and would be a good event to help welcome our two new Commissioners.

Property updates: Habersham and Jefferson parcels have been ongoing for three years. We believe we are close to finalizing these parcel projects. All paperwork was submitted in 2019. The holdup is the FAA.

Waterworks will be closing soon. Final plats are ready to be signed.

Huntington Pointe has closed and funds have been received.

Mr. Garner asked if there is anything that can be done about the signage for parking in the airport. He believes the signage is inadequate and unfriendly. Better signage would make parking more user friendly. Mr. Giardino stated we will come up with a plan to address better signage.

Mr. Joseph asked when the permanent signage and installation would be complete. Mr. Giardino said it is expected next May or June of 2023. There are safety concerns because of the signal at Bland and G Ave. Steve Peterson from Talbott & Bright responded that he had a meeting with the city of Newport News. There will be no issues with the modification of the signal. There should be a site plan revised and submitted back to the city within two weeks. At that point, it will go out for bidding.

Mr. Garner had an additional comment regarding the barricade barrels in the parking lot of the old terminal. Can those be moved? Mr. Giardino said when the contractor finishes the infield at Taxiway Tango, those barrels can be moved at that point.

Chair Carney-Smith asked for any further questions, old business to be discussed, or new business. There being none, she called for resolutions. Mr. Giardino stated there are two resolutions. The first resolution is to authorize the Executive Director to purchase the homes at 114 and 200 Oriana Road. A slide presentation was presented to justify the purchase (see exhibit one). Mr. Joseph asked how many properties would need to be purchased and at what cost. Mr. Giardino said he would have the information by the next meeting. Mr. Joseph asked what the one received appraisal was and could it be shared. Mr. Giardino stated he would discuss it in closed session. Chair Carney-Smith said we would table this resolution until after the closed session, when the meeting would open to the public.

Chair Carney-Smith asked that future resolutions have numbers attached to them for tracking purposes. Mr. Giardino stated that moving forward, Commission Clerk Jamie O'Brien would make sure resolutions had numbers assigned to them.

The second resolution gives the Executive Director to enter into any airport lease for the Commission that does not exceed a five year term and does not exceed \$40,000, using such form leases with tenants of pre-existing Commission-owned facilities at the airport.

Ms. Scott asked, "So the ones that you're asking the Board to give you the authority to execute, are these leases that you would discuss with the PAC prior to executing them, or you're saying that if it just needs to be done, you just do it and tell us about it later? How are you proposing that to happen?"

Mr. Giardino responded, "The latter, but I have the authority because we have form leases, our revenues and expenses are reported to the Treasurer and the PAC, so you would see if there was an anomaly. But I don't think you'd see an anomaly in a T-hangar of \$499 a month for example. Of course you can ask me any question at any time and I will answer you about anything. But I wouldn't normally

brief you that I signed a mobile home park lease last week, or I wouldn't report that I just executed a new T-hangar lease. If that's what is required, I'll include it in my report. I will put in my Executive Director report that 'during this time since we last met, I executed hangar 14 alpha and Ferguson hardware.'

Ms. Scott said, "I think you missed my point. You said you already had the authority to sign the leases and then you're asking for the authority to sign more so that's why I asked the question. If you already have the authority and you're not reporting to us, I don't see where it doesn't matter but you're asking for more authority. I'm just trying to find a point of clarity between what you are already doing and what you are asking in addition."

There was discussion with Chair Carney-Smith, Mr. Joseph and Mr. Giardino that he has the authority to sign trailer park and T-hangar leases and he is now asking for the same authority to apply to all leases, not just mobile homes and T-hangars. Mr. Giardino said it was customary before his arrival that leases were signed by the Executive Director *or those under him*, but Mr. Giardino will not violate the bylaws. Mr. Garner asked what committee leases fall under. The response was "Planning and Development." Mr. Garner further asked why leases couldn't go before that committee so someone on the Board is aware of what's going on? Mr. Giardino replied that this "fits under the umbrella that was already established, so he was just putting this under that same umbrella." Mr. Joseph asked how many non-trailer park, non-general aviation leases do we have? Mr. Giardino said there were very few, maybe four or five come to mind. Mr. Joseph said he wasn't sure the resolution was necessary. Chair Carney-Smith said it's not. She wants a written report of exactly which leases specifically Mr. Giardino is asking to sign under this resolution and it can be presented next month.

Chair Carney-Smith moved on to go into closed session. 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 A3 for the discussion the acquisition of real property where the discussion in an open meeting would adversely affect the Commission's bargaining position or negotiating strategy regarding the acquisition of certain parcels on Oriana Road adjacent to the Commission's real property for use of airport purposes described in the Commission's Master Plan, and A5 for the discussion concerning a prospective business or industry or an 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 the expansion of aviation services where no previous announcement has been made on such services. A7 consultation with legal counsel and briefing by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Commission regarding the closure of the mobile home park; and A8, consultation with legal counsel employed or retained by the Commission regarding specific legal matters requiring the provision of legal advice by such counsel regarding regulatory and permitting matters.

Mr. Seymour asked for a motion. Commissioner Joseph moved; Commissioner Scott seconded the motion. Voice vote by roll call: Chair Carney-Smith - yes, Mr. Joseph - yes, Mr. Garner - yes, Ms. Scott - yes, Ms. Smith - yes. Motion passed unanimously.

Closed session began at 9:36 a.m.

Open session resumed at 10:40 a.m.

Mr. Seymour opened the session by certifying that only such business as identified was discussed in accordance with the Virginia code. A motion to reconvene was made by Mr. Joseph and seconded by Mr. Garner. Voice vote by roll call: Mr. Joseph – Yes, Ms. Scott – Yes, Mr. Garner – Yes. Motion passed.

Mr. Joseph asked if he could make a motion on the resolution regarding the properties on Oriana Road. He moved that the resolution be approved. Mr. Garner seconded the motion. Voice vote by roll call: Mr. Joseph – yes, Ms. Scott – yes, Mr. Garner – yes. Motion passed.

Ms. Scott asked if there was any other business. The meeting was adjourned at 10:43 a.m.

DRAFT

Peninsula Airport Commission
Executive Director's Report
August 25, 2022

1) Air Service

- a) Avelo Airlines Non-stop Service to Orlando International (MCO) & FT Lauderdale International (FLL)
 - i) Big Win!
 - ii) Begins October 19, 2022 (Wednesday) then Thursday/Sunday. Tuesday begins November 15th
 - (1) October 19- November 6 are B737-700 (147 seats)
 - (2) Beginning November 10, B737-800 (189 seats)
 - iii) Sales to Orlando (MCO) are out pacing FT Lauderdale (FLL) (expected)
 - iv) Seats Scheduled: October, 1,323; November, 3,990; December, 4,914; January, 5,292; February, 4,536; March, 4,914; April, 4,914. Seven (7) Month Total, 29,883
 - v) \$100K in PAC-incentive for marketing (Paid marketing began Monday August 22, 2022)
 - vi) Two year waiver on airport rates and charges (except Passenger Facility Charge)
 - vii) PAC providing above and below wing service via *takePHFlight Services* (Two-year waiver)
 - viii) B737 pushback purchased and received
- b) Other
 - i) Conversations continue with other carriers
 - ii) TakeOff 2022 (conference) in October – Crawford, Murphy & Tilly (CMT) representing PHF
 - iii) Redacted per FOIA
- c) Airlines continue to schedule in the short-term (60-90 days)
 - i) AA draft schedule remains light
 - ii) Pilot (and other crew) shortage
 - (1) Regional Carriers (Piedmont, PSA, SkyWest, etc. are most affected)

2) Admin

- a) Employment Positions/Talent/Recruitment and Retention
 - i) Recruiting Marketing and Public Relations Specialist
 - ii) Avelo Airlines Ground Handling Recruiting and Training
 - iii) Avelo University
- b) Virginia Department of Environmental Quality (VDEQ) Enforcement Action – Order by Consent
 - i) Civil Penalty in the form of a monetary fine

3) Capital

- a) Parking Access Revenue Control System (PARCS) – traffic flow reconfiguration in work
- b) Taxiway A – fully funded by Federal Airport Improvement Program (AIP) – COMPLETE
- c) Airport Terminal Program – Small / Non-Hub airports in Virginia received 0.5% of \$90M (Richmond)
- d) Passenger Facility Charge (PFC) #6
 - i) Re-scoping to: Roof, Windows, Restrooms; 90% design Old Terminal; Delete: Bag Belts, Jet Bridge
- e) Meet with Airport District Office (ADO) / Department of Aviation (DOAV) in September
 - i) Master Plan is necessary – Funding: 90% federal (AIP Entitlement) | 10% state (Entitlement)

4) Meetings and Events (**Bold** type requires PAC action)

- a) June 30, 2022, met with Virginia Economic Development Partnership
- b) July 8, 2022, met with PAC Chair
- c) July 11, 2022, Association for Uncrewed Vehicle Systems (AUVSI) Hampton Roads VERTIPORT meeting

Peninsula Airport Commission

Executive Director's Report

August 25, 2022

- d) July 18, 2022, met FAA for PFC closeout discussion | conducted new commissioner indoctrination
- e) July 20, 2022, met with Pastor Ronan and Deacon Evans (Mobile Home Park discussion)
- f) July 21, 2022, Master Plan pre-scope meeting (engineers and staff)
- g) July 25, 2022, Avelo on-site visit
- h) July 26, 2022, Avelo Airlines announcement - good media
- i) August 4, 2022, Department of Aviation Director (Mr. Greg Campbell) Visit
- j) August 10-12, 2022, Virginia Aviation Conference (Giardino, Adams, Gay)
- k) August 12, 2022, Virginia Aviation Board (VAB) Meeting
 - i) Entitlement Utilization Report Program (EURP) - APPROVED
- l) September 2, 2022, (Recommending) "Avelo Day" holiday**
- m) September 15, 2022, York County State of the County (RSVP with Jamie)
- n) September 17, 2022, 5K On the Runway
- o) September 22, 2022, Regular PAC Meeting
- p) September 27-29, 2022, Association for Uncrewed Vehicle Systems (AUVSI) Hampton Roads Symposium
- q) October 11-14, 2022, Airport Rescue and Fire Fighting (ARFF) Live Fire Training
- r) October 19, 2022, Avelo Airlines First Flight (Media Event)
- s) October 19, 2022, (Recommending) Regular PAC Meeting**
- t) October 27, 2022, October Regular PAC Meeting (Recommending moving to October 19, 2022)**
- u) November 5, 2022, Patrick Henry Mobile Home Park closes
- v) November 15, 2022, Avelo Airlines begins Tuesday service
- w) Newport News State of the City (RSVP with Jamie)
- x) December 1, 2022, November Regular PAC Meeting (Recommending December 9, 2022)**
- y) December 1, 2022, Hampton State of the City (RSVP with Jamie)
- z) December 2, 2022, Virginia Aviation Board (VAB) Meeting
- aa) December 8, 2022, November Regular PAC Meeting (Tentative)**
- bb) December 22, 2022, Regular PAC Meeting (if necessary)
- cc) TBD – PAC Retreat (Due to COVID-19 last held August 2019)

5) Planning and Development

- a) Habersham and Jefferson Ave (4) Parcels – FAA finalizing land release request
- b) Newport News Waterworks ("Dog Head") – closing date: TBD (soon)
- c) Huntington Pointe– Closed | proceeds received
- d) 114 and 200 Oriana – Approved by Virginia Aviation Board (80% State/20% Local)
- e) Redacted per FOIA

EXHIBITS

Newport News
Williamsburg Airport
Easy Going.



Hello, Avelo Airlines

August 25, 2022



Agenda

- Regional Air Service Update
- Importance of Air Service
- Newport News-Williamsburg Growth Plan
- Importance of Air Service
- Newport News-Williamsburg Growth Plan
- Current Air Service Opportunity
- Success Breeds Success
- Summary

Regional Air Service Update

Newport News Williamsburg Airport

- One airline
- 5 flights a day
- 83,000 annual enplanements



NORFOLK INTERNATIONAL AIRPORT

- Seven airlines
- 70 flights a day
- 1.7M annual enplanements



- Eight airlines
- 72 flights a day
- 1.6M annual enplanements

Our market decline has stabilized, but is at an unsustainably low level vs. our competition at ORF and RIC

Passenger growth from American and new airlines MUST occur quickly

Importance of Air Service



BUSINESSES

- Attraction and retention hinges on convenient air service
- Without PHF service, businesses will be motivated to move elsewhere



TOURISM

- Attraction and retention of visitors and their spending
- Dollars more likely to be spent in Norfolk or Richmond on rental car, lodging, meals & entertainment



CONVENTIONS/EVENTS

- Attracting and hosting larger events
- Without air service, national events and conventions will migrate to communities that have better service



RESIDENTS

- More frequent/higher income flyers will move closer to their preferred airport, either across the bridge tunnel or up the Peninsula

PHF's Growth Plan



FILL EXISTING SEATS

- Create PHF brand awareness and bookings
- Target Load Factor >85% (seats filled)



GET NEW SEATS

- Grow current routes with AA (On hold)
- New Routes – Legacy Carriers (On hold)
 - New AA hub
 - Return Delta
 - United to IAD
- New Routes – Low Cost Carriers
 - **Avelo**
 - Redacted
 - Others already serving RIC/ORF



FILL NEW SEATS

- Existing Routes – continue aggressive support
- Marketing Investment
 - Airport funded
 - Community funded
- Limited Incentives
 - Airport fee waivers
 - Direct financial incentives

Current Opportunity

Avelo Airline serving PHF 3x weekly to: Orlando (MCO) and Fort Lauderdale (FLL)

- Service is Tue*/Thu/Sun on a 147 seat 737-700 or 189 seat 737-800 (*Tuesday service does not begin until November 15, 2022)
- Avelo is receiving **\$250,000 in marketing funds from the community** to help launch this service
- Avelo service begins October 19, 2022 (Wednesday), with an inaugural flight from/to MCO
- Avelo views THIS service as just the first step and **sees other opportunities in Florida and elsewhere**

Avelo Leadership

The Avelo leadership team has broad and deep airline experience



ANDREW LEVY

Founder, Chairman, and CEO of Avelo

- Previously co-founder and President of Allegiant for 15 years
- Previously CFO of United
- Board member of Copa



MARK KOPCZAK

Head of Network Planning at Avelo

- 20 years at Spirit Airlines, serving as VP Network Planning
- Previously led Network Planning at Vanguard Airlines



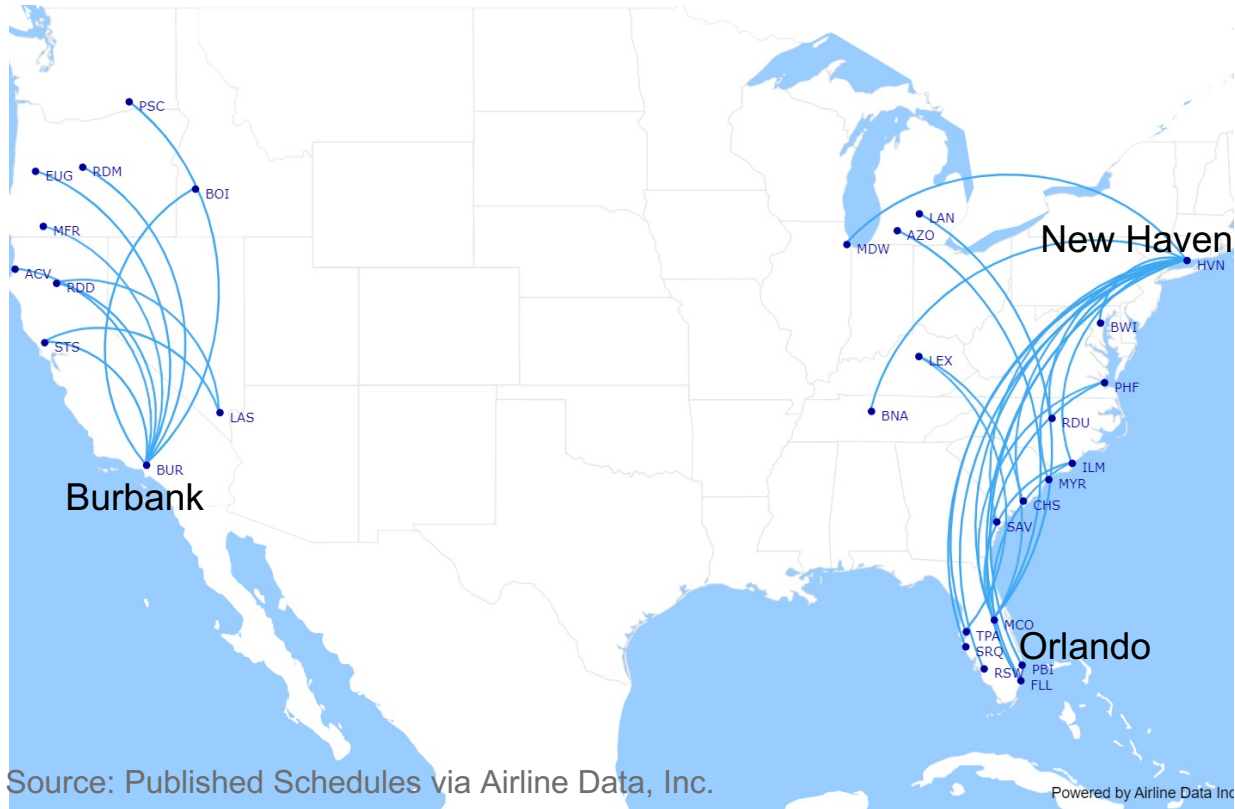
BUD HAFER

Head of Airport Relations at Avelo

- Previously led Airport Affairs at Allegiant
- Previously private practice attorney

Not pictured: Travis Christ, Jim Olsen, Chase Player, Courtney Gough

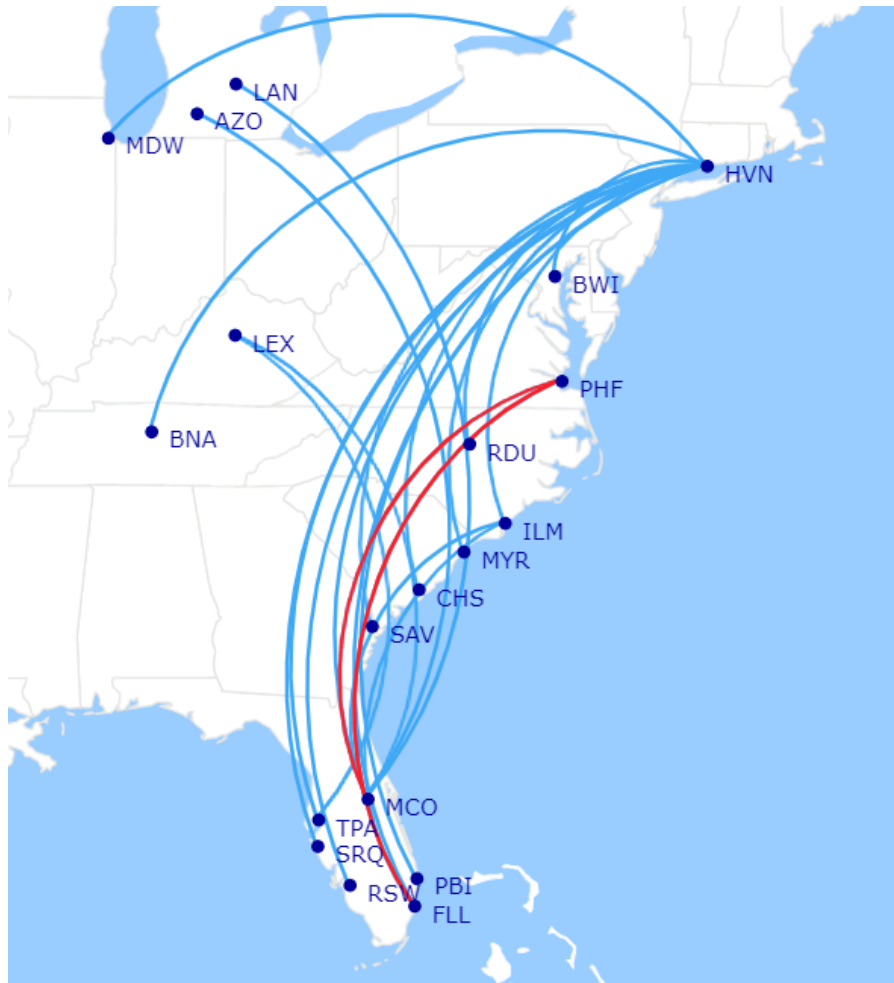
Avelo has grown quickly on both coasts



- Avelo began service in April 2021 as an ultra-low-cost carrier (ULCC) like Allegiant
- Began with fleet of eight 737 aircraft
 - Five 737-700s with 147 seats based in New Haven
 - Three 737-800s with 189 seats based in Burbank
- Typical start of service is twice per week
- Initially operated on the West Coast with a focus on Burbank until operations began in New Haven in November 2021
- New focus city in Orlando (MCO) opened in June with three additional 189 seat 737-800s



Growth to additional destinations could happen quickly based on aggressive growth-to-date



Source: Published Schedules via Airline Data, Inc.

- November '21 – Service to FLL/MCO/RSW/TPA
- December '21 – Service to PBI begins
- January '22 – Service to SRQ begins
- May '22 – Service to BNA/MYR/SAV/RDU/BWI/MDW begins
- October '22 – Service to PHF/LEX/AZO/LAN begins



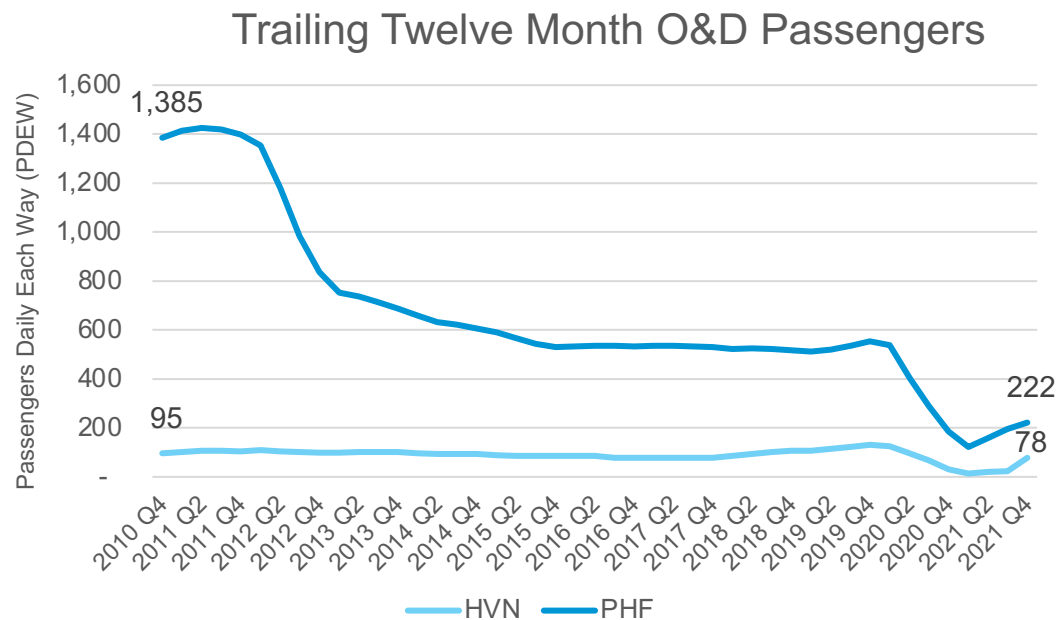
Service Begins October 19, 2022

Current Schedule*

	Route	Departs	Arrives
Orlando – Starting at \$29*			
Inaugural Flight — October 19 (Wed.)	MCO-PHF	8:00 a.m.	9:45 a.m.
	PHF-MCO	11:45 a.m.	1:40 p.m.
Effective Oct. 20 – Nov. 9 (Thur. and Sun.)	PHF-MCO	2:35 p.m.	4:30 p.m.
	MCO-PHF	6:30 a.m.	8:15 a.m.
Effective Nov. 10 (Tue., Thur. and Sun.)	PHF-MCO	2:35 p.m.	4:30 p.m.
	MCO-PHF	6:30 a.m.	8:15 a.m.
Fort Lauderdale– Starting at \$49*			
Effective Oct. 20 - Nov. 9 (Thur. and Sun.)	PHF-FLL	9:00 a.m.	11:00 a.m.
	FLL-PHF	11:50 a.m.	1:50 p.m.
Effective Nov. 10 (Tue., Thur. and Sun.)	PHF-FLL	9:00 a.m.	11:00 a.m.
	FLL-PHF	11:50 a.m.	1:50 p.m.

* Avelo Airlines Scheduled through April 30, 2023

PHF is nearly twice as large as New Haven and is likely to be successful for Avelo as well



Source: O&D and Schedules via Airline Data, Inc., Emsi

	PHF MSA	HVN MSA
2021 Population	1,787,147	851,948
Proj. 2026 Population	1,816,721	844,466
Proj. Population Growth	+1.7%	-0.8%
Total Jobs	856,533	405,026
Unemployment Rate	3.1%	4.7%
Median HHI	\$66,759	\$69,905
Cost of Living Index	103.7	123.5
Air Service pre-Avelo	AA 5x daily to CLT AA seasonal 1x daily to PHL	AA 3x daily to PHL AA 1x weekly to CLT

- New Haven just announced a 43-year lease and \$100M investment plan

PHF Demand

PHF Demand to FL is 5X's greater than HVN's, before considering those who use other airports

	Daily Demand*	Daily Demand Using PHF	Daily Demand Using New Haven
Orlando	108.4	13.7	2.0
Ft. Lauderdale	100.0	8.0	0.9
Ft. Myers	15.7	4.4	1.3
Tampa	53.0	13.6	1.7
Palm Beach	15.3	5.6	1.4
Sarasota	7.9	2.2	0.1
Jacksonville	33.7	11.9	1.6
Total	334.0	59.4	9.0

Source: O&D and Catchment Data via Airline Data, Inc.,

*Refers to demand to/from PHF Catchment Area in 2019

FY 2023 Outlook

Current Schedule*

Month	American	Avelo	Total Seats	FY 2022	
				Seats	LF
July	8,865	-	8,865	12,272	85%
August	8,563	-	8,563	11,153	80%
September	8,050	-	8,050	10,124	74%
October	6,938	1,323	8,261	11,095	80%
November	6,099	3,990	10,089	9,781	82%
December	9,145	4,914	14,059	9,728	83%
January	13,495	5,292	18,787	8,142	61%
February	12,460	4,536	16,996	8,307	70%
March	13,405	4,914	18,319	10,405	78%
April	12,210	4,914	17,124	7,911	89%
May	12,710	*4,914	17,624	7,080	89%
June	12,300	*4,914	17,214	8,025	84%
All Months	124,240	*39,711	163,951	114,023	79%

* Avelo Airlines Scheduled through April 30, 2023

If Avelo is successful, we envision huge growth



IMMEDIATE

- 2x weekly service to Orlando (MCO)
- Proposal due May 6, 2022
- Announce in Summer, start Fall '22



SHORT-TERM (POSSIBLY IN 2022)

- New service in other Florida markets and more Orlando flights
- Service to New Haven, CT



LONG TERM

- Become mid-Atlantic focus city
- Aircraft and Crews based at PHF

**A look back in time.
(May 5, 2022)**

If Avelo is successful, we envision huge growth



IMMEDIATE

- 2x weekly service to Orlando (MCO)
- Proposal due May 6, 2022
- Announce in Summer, start Fall '22



SHORT-TERM (POSSIBLY IN 2022)

- New service in other Florida markets and more Orlando flights
- Service to New Haven, CT



LONG TERM

- Become mid-Atlantic focus city
- Aircraft and Crews based at PHF

**A look back in time.
(May 5, 2022)**

Success Breeds Success

May I have your attention please?



GET NEW SEATS

- Grow current routes with AA (On hold)
- New Routes – Legacy Carriers (On hold)
 - New AA hub
 - Return Delta
 - United to IAD
- New Routes – Low Cost Carriers
 - **Avelo**
 - Redacted
 - Others already serving RIC/ORF

July 26, 2022 to today LinkedIn Activity Since July 26, 2022

City of Brownsville, Texas · 25

Southwest Airlines · 23

Avelo Airlines · 22

Delta Air Lines · 22

Spirit Airlines · 20

US Navy · 20

Federal Aviation Administration · 19

United Airlines · 16

Passero Associates · 13

Others · 2,895

- Other Posts Viewed by:
- American
 - Alaska
 - Allegiant

First Post

Summary

BIG WIN!

Questions?

PENINSULA AIRPORT COMMISSION

RESOLUTION REGARDING LEASES OF PRE-EXISTING AIRPORT FACILITIES

August 25, 2022

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 vested with the authority to make provisions for the needs of aviation, commerce, shipping, and travel in, to and around the Airport to promote and develop the Airport, and in the exercise of such power, to enter into leases of Airport property;

WHEREAS, the Commission owns and operates leases and Commission Staff has prepared the form leases for use at the Airport, and such leases have been reviewed by the Commission; and

WHEREAS, the Commissioners of the Peninsula Airport Commission desires to approve, execute, or extend such leases, from time to time, by granting authority to the Executive Director,

WHEREAS, on December 5, 2020, the Commission authorized the Executive Director to enter into general aviation hangar leases for the Commission not exceeding a five (5) year term (including extensions) and at an annual rental rate not to exceed \$40,000.

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

The Executive Director is authorized to enter into any airport leases for the Commission that do not exceed a five (5) year term (including extensions) and at an annual rental rate that does not exceed \$40,000 using such form leases with tenants of pre-existing Commission-owned facilities at the Airport.

This resolution shall take effect immediately.

PENINSULA AIRPORT COMMISSION
RESOLUTION AUTHORIZING THE PURCHASE OF
CERTAIN PARCELS OF REAL ESTATE

August 25, 2020

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 114 and 200 Oriana Road, Yorktown, Virginia, together with any buildings and structures thereon, containing approximately 0.55 acres and 0.43 acres, respectively, which parcels of Real Estate are identified in the Airport Property Map and Airport Layout Plan as “proposed acquisition” for Airport purposes; and

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

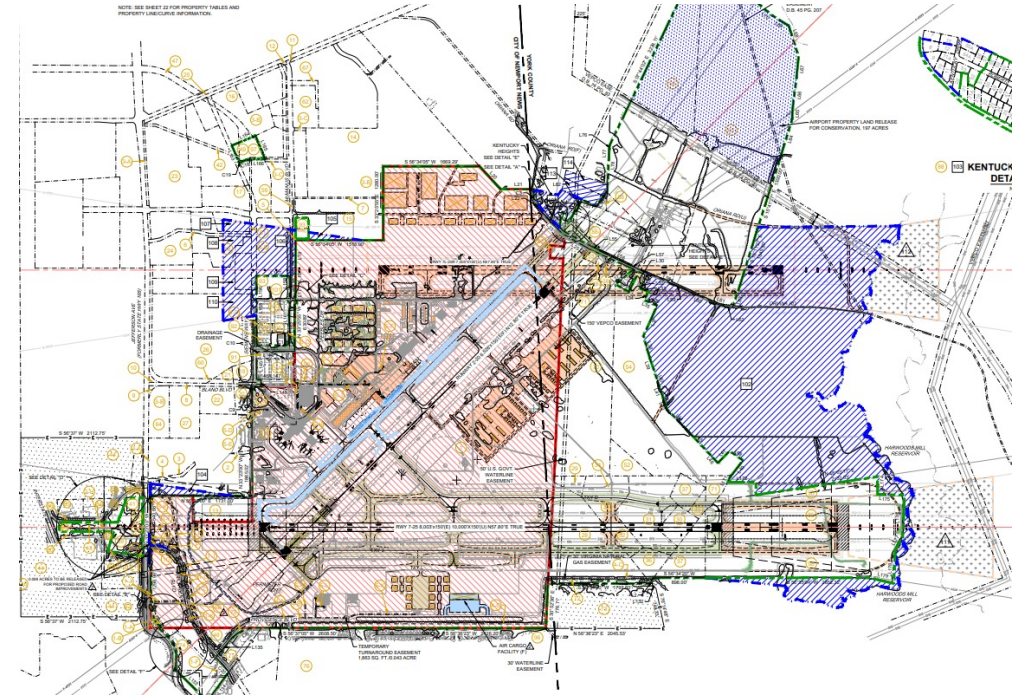
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PENINSULA AIRPORT COMMISSION THAT:

1. The Commission hereby finds that acquisition of the Real Estate, 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 Commonwealth of Virginia Aviation Trust Fund Airport Entitlement Funding and 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.

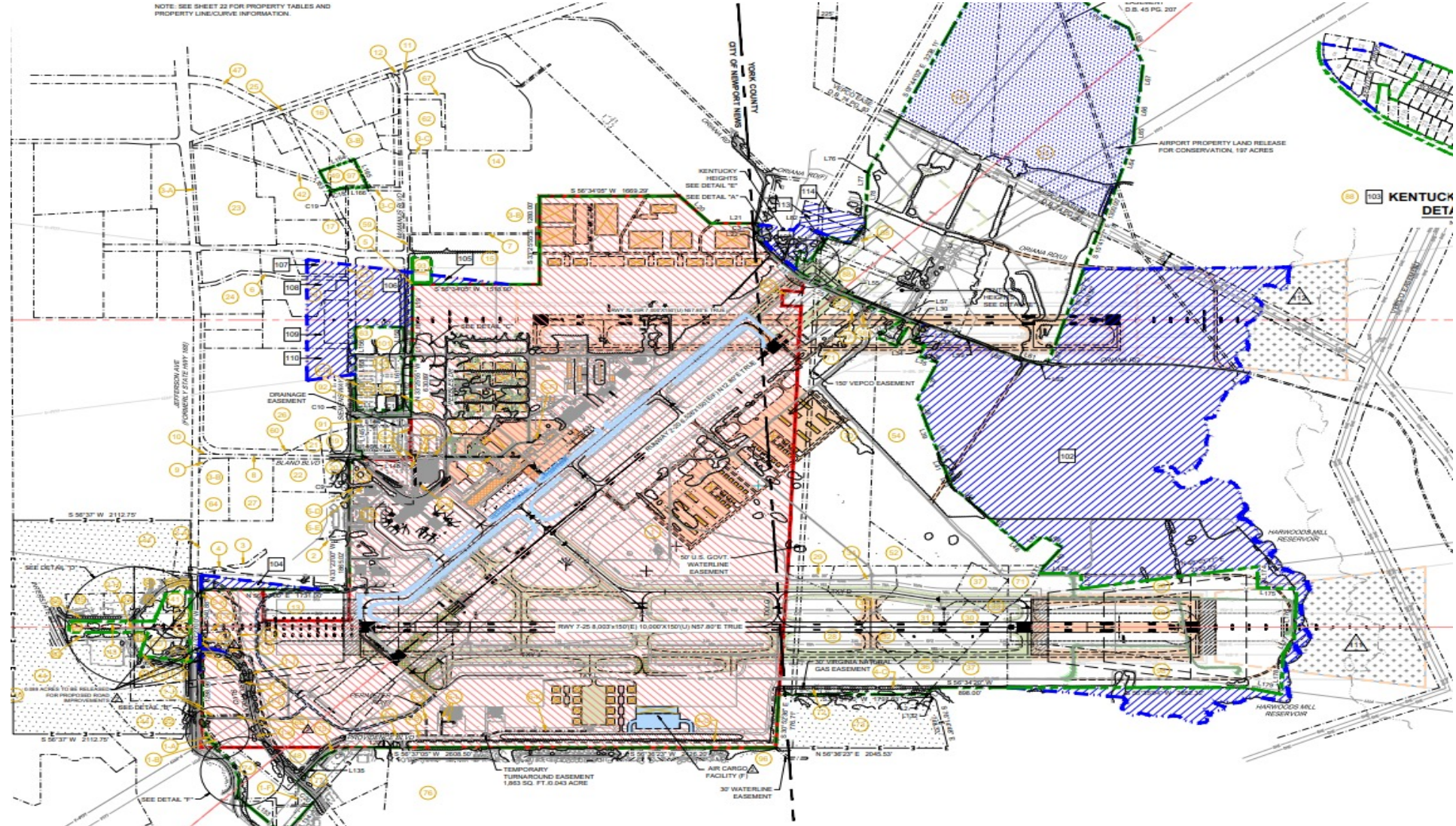
Newport News
Williamsburg Airport
Easy Going.

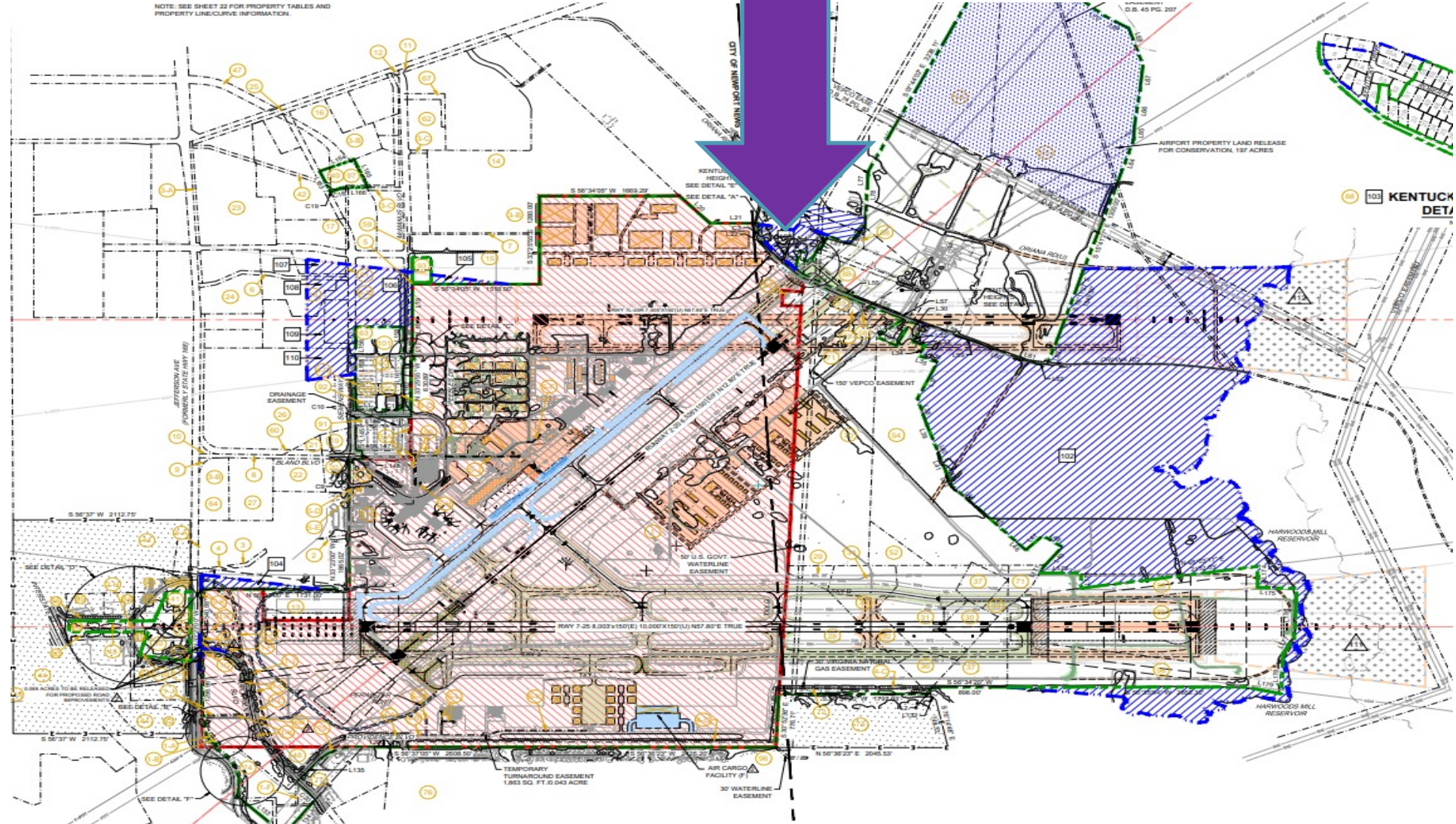
114 & 200 Oriana Road

August 25, 2022



Big Picture



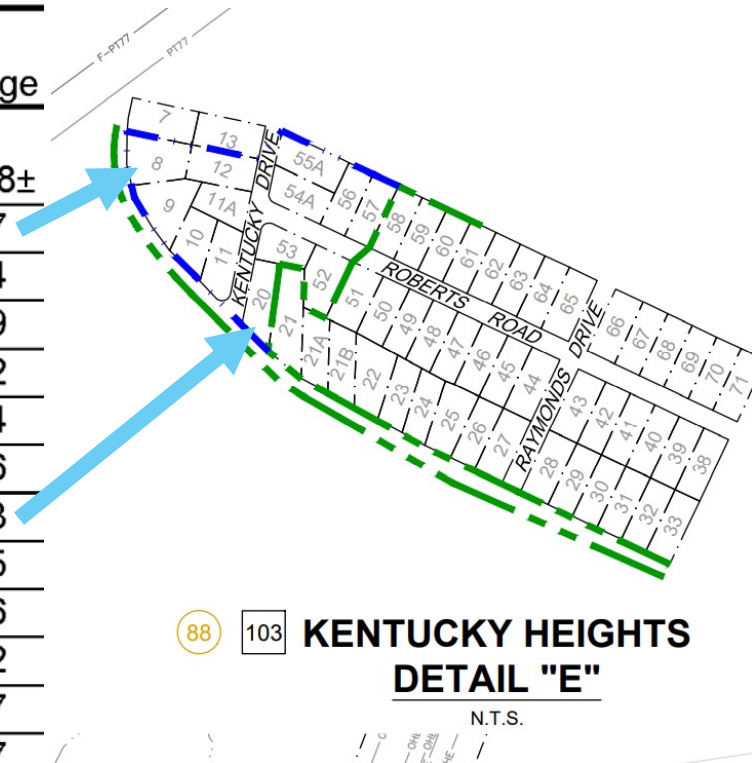


FAA Documents

- Airport Property Map

- Airport Layout Plan

Proposed Acquisition			
Reference Number	Tax Parcel Number	Owner	Acreage
102	R06c-1589-2324 / R05d-4244-0827	City of Newport News	329.48±
103 - Lot 8	Q05a-1638-2708	Lila Marie	0.37
103 - Lot 9	Q05a-1500-2613	Randall Etuz	0.54
103 - Lot 10	Q05a-1626-2571	Ning & Xianchin Kong	0.39
103 - Lot 11	Q05a-1626-2571	Ning & Xianchin Kong	0.42
103 - Lot 11A	Q05a-1399-2708	Iris Fenton	0.54
103 - Lot 12	Q05a-1576-2792	Edward Et Ux Belford	0.46
103 - Lot 20	Q05a-1890-2531	Martha Jean Abbott	0.43
103 - Lot 52	Q05a-2008-2684	Bob and Jeanaa Nasser	0.45
103 - Lot 53	Q05a-1856-2699	Scott Etux Emde	0.36
103 - Lot 54A	Q05a-1811-2854	Evelyn Virginia Ayers	0.42
103 - Lot 55A	Q05a-1785-2951	Gladys Johson	0.47
103 - Lot 56	Q05a-1934-2920	Jeffrey Etux Weber	0.37
103 - Lot 57	Q05a-2013-2932	Jeffrey Etux Weber	0.37



**NEWPORT NEWS-
WILLIAMSBURG
INTERNATIONAL
AIRPORT**

**AIRPORT
LAYOUT PLAN**

CONSULTANTS

Summary

- Now is the time – this is our best opportunity
- Mitigates Encroachment
- Mitigates Obstacle Clearance
- 80% State Entitlement Funding – Virginia Aviation Board (VAB) Voted Unanimously to Approve
- Consistent with Strategic Planning

Questions?

FINANCIALS

PENINSULA AIRPORT COMMISSION
AUGUST 2022
OPERATING INCOME STATEMENT

DESCRIPTION	YTD ACTUAL	PROJECTED ACTUAL	ANNUAL BUDGET		PRIOR YEAR ACTUAL	
REVENUE						
Airline Fees	91,731	648,105	672,032	96.4%	619,644	104.6%
Fixed Based Operators	95,103	587,880	593,311	99.1%	533,896	110.1%
Property Rental	200,368	1,141,164	1,149,785	99.3%	1,165,313	97.9%
Rental Cars	348,092	1,939,454	1,937,986	100.1%	1,948,834	99.5%
Parking Lot	150,230	860,892	853,512	100.9%	815,823	105.5%
Restaurant Income	58,017	395,494	411,056	96.2%	341,169	115.9%
TOTAL REVENUE	943,541	5,572,989	5,617,682	99.2%	5,424,679	102.7%
EXPENSES						
Labor and Benefits	676,642	4,263,352	4,304,073	99.1%	4,105,683	103.8%
Marketing & Advertising	92,341	724,891	758,911	95.5%	647,857	111.9%
Office & Administration	251,157	880,635	813,317	108.3%	739,019	119.2%
Utilities	124,773	749,521	677,486	110.6%	646,068	116.0%
Repairs & Maintenance	160,438	697,699	596,975	116.9%	769,207	90.7%
Restaurant Expense	77,710	379,284	367,136	103.3%	361,674	104.9%
Bond Debt	21,492	179,872	190,052	94.6%	246,068	73.1%
TOTAL OPERATING EXPENDITURES	1,404,553	7,875,256	7,707,950	102.2%	7,515,576	104.8%
NET INCOME	(461,012)	(2,302,267)	(2,090,268)	110.1%	(2,090,897)	110.1%
OTHER ITEMS						
Trailer Park	(106,590)	(500,000)	-		(156,808)	
Expense Subsidy	374,677	689,688	689,688		4,184,276	
Sale of Land	-	-	-		302,520	
NET AFTER OTHER	(192,925)	(2,112,579)	(1,400,580)		2,239,091	

BALANCE SHEET

Cash - Unrestricted	2,235,461
Cash - Restricted	13,404,271
Other Current Assets	413,977
Fixed Assets (Net of Depreciation)	77,140,252
TOTAL ASSETS	93,193,961
Current Liabilities	644,124
Long Term Notes Payable - Restricted	686,536
Long Term Notes Payable - Unrestricted	5,134,960
OPEB	7,032,141
TOTAL LIABILITIES	13,497,761
Net Capital Beginning	57,334,102
Capital Contributions	22,555,023
YTD Earnings Current Year	(192,925)
TOTAL LIABILITIES AND CAPITAL	93,193,961

AIR SERVICE REPORT

Monthly Report Summary

August 2022

- We served 14,280 passengers in August 2022
 - Down 764 from July 2022
- Load factors:
 - 84.7% for American
- Flight Ops (landings & take offs)
 - 4987

2022 Total Passengers:

Jan: 10,538
Feb: 11,864
Mar: 16,810
Apr: 15,896
May: 14,435
June: 15,797
July: 17,738
Aug: 16,853
Sep:
Oct:
Nov:
Dec:

Total: 103,078 PAX

2021 Total Passengers:

Jan: 6,929
Feb: 6,775
Mar: 9,116
Apr: 12,840
May: 11,744
June: 20,048
July: 21,586
Aug: 18,582
Sep:
Oct:
Nov:
Dec:

Total: 107,620 PAX

RESOLUTION(S)

**PENINSULA AIRPORT COMMISSION
RESOLUTION 22-017
REGARDING FERGUSON LEASE EXTENSION

FIRST LEASE AMENDMENT**

THIS FIRST LEASE AMENDMENT (this "Agreement") dated as of the 31st day of July, 2022 (the "Effective Date"), by and between **PENINSULA AIRPORT COMMISSION**, a municipal corporation created by a Special Act of the General Assembly of Virginia ("Landlord"), and **FERGUSON ENTERPRISES, LLC**, a Virginia limited liability company f/k/a Ferguson Enterprises, Inc. ("Tenant"), provides:

WHEREAS, Landlord and Tenant are parties to an Agreement of Lease dated July 31, 1995, as supplemented and amended by that certain Lease Extension Letter Agreement dated May 7, 1996 and that certain Lease Extension Letter Agreement dated April 30, 1999 (as supplemented and amended from time to time, the "Lease"), covering the premises located at 2420 G Avenue, City of Newport News, Virginia (the "Premises"), as more fully described in the Lease; and

WHEREAS, the current Lease term expires July 31, 2022, subject to automatic one (1) year renewals; and

WHEREAS, Landlord and Tenant have agreed to amend the Lease to (i) extend the term of the Lease for three (3) years, (ii) provide Tenant with three (3) additional extension periods of three (3) years each beyond the Extended Term (as defined below), (iii) set forth the rent to be paid during the Extension Options (as defined below), and (iv) otherwise modify the Lease as provided herein.

NOW, THEREFORE, for and in consideration of the above recitals, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the undersigned, Landlord and Tenant hereby agree as follows:

(1) The term of the Lease is hereby extended for an additional three (3) year period, commencing August 1, 2022 and expiring July 31, 2025 (the "Extended Term"), under the same terms and conditions of the Lease, except as otherwise expressly provided for herein.

(2) Notwithstanding anything contained in the Lease to the contrary, the monthly rent during the Extended Term shall be as follows:

Extended Term

August 1, 2022 – July 31, 2023	\$3,353.75
August 1, 2023 – July 31, 2024	\$3,487.90
August 1, 2024 – July 31, 2025	\$3,627.42

(3) At the expiration of the Extended Term (July 31, 2025), Tenant shall have the option to renew the Lease for three (3) additional periods of three (3) years each (the "First Extension Option", "Second Extension Option" and "Third Extension Option", respectively and collectively, the "Extension Options"), upon the same terms and conditions as set forth in the Lease, save and except the modification in rent as provided for herein. Tenant may exercise the applicable Extension Option by providing written notice to Landlord at least one hundred eighty (180) days prior to the expiration of the then current Lease term.

(4) Landlord and Tenant hereby acknowledge and agree that the automatic one (1) year renewals set forth in the Lease shall be deemed null and void and no longer in force or effect.

(5) Should the Lease be extended for the First Extension Option, Second Extension Option and/or Third Extension Option, at the commencement of the applicable Extension Option, the monthly rent during the immediately preceding fixed rent period (the "Prior Rent Period") shall be increased by one hundred percent (100%) of the cumulative percentage increase in the CPI during such Prior Rent Period. In no event, shall the monthly rent be less than the monthly rent during the Prior Rent Period. As used herein, the term "CPI" shall refer to the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, United States City Average for Urban Wage Earners and Clerical Workers, Major Group Indexes, (1982-1984=100) All Items. If the CPI shall be discontinued, Landlord and Tenant shall agree upon a substitute index or a substitute formula. In the absence of such agreement, the matter shall be referred to arbitration under the rules of the American Arbitration Association then in effect. Commencing on the first anniversary of the commencement of the applicable Extension Option and continuing annually thereafter, the monthly rent during the Prior Rent Period, as adjusted herein, shall increase by three percent (3%).

(6) Notwithstanding anything contained in the Lease to the contrary, effective as of the date hereof, Landlord and Tenant shall each have the right to terminate the Lease upon at least twelve (12) months prior written notice to other party. If Landlord elects to terminate the Lease pursuant to the preceding sentence, Landlord shall pay to Tenant, upon the effective date of the termination, a fee equal to any unamortized improvements made by Tenant to the Premises. Improvements to the Premises made by Tenant must be approved in advance in writing by Landlord in accordance with the terms of the Lease with a stated expected amortization period. Unamortized tenant improvements will be subject to inspection by Landlord as of the effective termination date or such other date as mutually agreed to by the parties, with the reimbursement amount equitably reduced to the extent of any damage or dilapidation caused by Tenant. Normal wear and tear of the improvements will not be used to reduce the amount of the unamortized reimbursement. If Tenant elects to terminate the Lease in accordance with this paragraph, then any and all improvements to the Premises made by Tenant shall become the property of Landlord. All other termination options set forth in the Lease shall be deemed null and void and no longer in force or effect.

(7) Landlord and Tenant acknowledge and agree that Tenant's address (for notice purposes under the Lease) is hereby confirmed as:

Ferguson Enterprises, LLC
751 Lakefront Commons
Newport News, VA 23606
Attn: RE & Facilities Dept.

(8) To the best of the Landlord's and Tenant's knowledge, no event has occurred and no condition exists which with the giving of notice or the passage of time (or both) would constitute a default by Landlord or Tenant under the Lease, and all obligations of Landlord and Tenant have been fully performed in all material aspects.

(9) Except as amended herein, all other terms and conditions of the Lease are and shall remain in full force and effect, unaffected hereby. This Agreement shall override and supersede all sections of the Lease in conflict herewith and shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed in the Lease.

(10) This Agreement may be executed in two (2) or more counterparts, each of which will be deemed an original and all of which together shall constitute one (1) and the same instrument. Further, this Agreement may be executed through the use of facsimile, scanned signature pages or electronic signature technology (e.g., via DocuSign or similar electronic technology), which shall be deemed originals for all intents and purposes. The parties further consent and agree that (a) to the extent that a party signs this Agreement using electronic signature technology, by clicking "SIGN" (or similar election), such party is signing this Agreement electronically, and (b) the electronic signature(s) appearing on this Agreement shall be treated, for purposes of validity, enforceability and admissibility, the same as handwritten signatures.

IN WITNESS WHEREOF, Landlord and Tenant have caused the execution hereof by a duly authorized party.

WITNESS:

LANDLORD:

PENINSULA AIRPORT COMMISSION

_____ By: _____
Name: _____
Title: _____

WITNESS:

TENANT:

FERGUSON ENTERPRISES, LLC

By: _____
Kirk D. Wall, Senior Director of Facilities

Newport News Williamsburg Airport

August 8, 2022

Walsh Richards
CBRE | Advisory & Transaction Services | Occupier
100 East Pratt Street 17th Floor
Baltimore, MD 21202

RE: Letter of Intent - 2420 G Avenue, Newport News, VA 23602

Via Email to walsh.richards@cbre.com

Dear Walsh:

This is in response to Please respond to each of the following items to be included in this requirement:

1. Premises: 2420 G Avenue, Newport News, VA 23602
2. Premises Size: 8,049 square feet and associated parking, maneuvering and exterior storage areas.
3. Term:
Option A - Three (3) years
4. Lease Commencement: 8/1/2022
5. Base Rent: Please state any additional incentives Landlord is willing to provide for each option below:

Term Rental Rate and Type
Option A - Three Years **\$5.00** per square foot per year payable monthly. Initial monthly rent payment of **\$3,353.75**. Rent will escalate annually, on the anniversary of the lease inception date by **four** percent (**4%**).
6. Renewals: Three (3) options of three (3) years each
7. Renewal Rent: Rent shall continue to escalate in the first year of each renewal option by **one-hundred percent (100%) of the cumulative increase in CPI in the first year the renewal option, and by 3% in year 2 and 3**. In no instance shall the renewal rent be less than the preceding year's rent.
8. Right of First Refusal to Purchase: Item 8. Removed
9. Termination Option: Tenant and Landlord shall have the on-going option to terminate the Lease. Such option may be exercised by written notice delivered to Landlord or Tenant, as the case may be, at least twelve (12) months prior to the Lease Expiration Date, and at least twelve (12) months prior to the effective termination date. If Landlord elects to terminate the Lease, Landlord shall pay to Tenant, upon the effective date of the termination, a fee equal to any unamortized tenant improvement made to the property. Improvements to the property made by the Tenant must be approved in advance in writing by the Landlord with a stated expected amortization period. Unamortized tenant improvements will be subject to inspection by the Landlord as of the effective termination date, or other such prior date as mutually agreed to by the parties, with a reduction in reimbursement amount as a result of damage or dilapidation caused by the Tenant. Normal wear and tear of the improvements will not be used to reduce the amount of the unamortized reimbursement. If the Tenant elects to terminate the lease early, then any and all improvements to the property made by the Tenant become the property of the Landlord.

10. Lease Form: Upon mutual agreement of these proposed terms and conditions, Tenant would prepare a draft lease amendment incorporating the provisions contained herein.

11. Brokers: Tenant has engaged CBRE to assist with their identification, selection and negotiation of a lease renewal agreement. Landlord agrees to work with CBRE as the sole negotiating party for the Tenant. Landlord reserves the right to have legal counsel of their choosing review any said lease extension agreements as proposed by CBRE. Any fees due and paid to CBRE for their part in these negotiations will be the responsibility of the Tenant. The Landlord will be responsible any fees related for their own legal counsel

This Letter of Intent does not constitute a formal and binding agreement. This Letter of Intent merely reflects the basic terms and conditions upon which the parties would be willing to enter into lease negotiations with regard to the lease of the Premises and is intended solely as the basis for the preparation of a lease agreement by the Tenant. Neither shall either party have any obligation to consummate a final lease agreement or continue to negotiate in good faith until consummation of a final lease agreement. Only a fully executed lease agreement shall constitute a final and binding agreement between the parties. The terms and conditions set forth in this Letter of Intent shall be subject to modification, change or withdrawal without penalty.

Respectively yours,

Michael Giardino
Executive Director, Peninsula Airport Commission