

Peninsula Airport Commission Board of Commissioners Meeting Packet

Lindsey Carney Smith, Chair

John Borden, Interim Executive Director

Tuesday, February 28, 2023

8:00 a.m.

Commission Room

900 Bland Blvd

Newport News, VA 23602

AGENDAS

PENINSULA AIRPORT COMMISSION

REGULAR MEETING AGENDA

Date: February 28, 2023

Time: 8:00 a.m.

Location: Commission Room

- 1) Call to Order
- 2) Approval of Minutes from January 26, 2023
- 3) Approval of Minutes from February 13, 2023 Special Meeting
- 4) Read Instructions for Public Comment
- 5) Public Comment
- 6) Committee Reports
 - a) Finance & Audit
- 7) Old Business
- 8) New Business
 - a) Firehouse lease extension
- 9) Closed Session
 - a) Strategic Planning for Employee Organizational Structure
 - b) Discussion regarding Interim Executive Director
 - c) Legal advice concerning personnel matters
 - d) Air Service Discussion

2.2-3711.A.(1):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 evaluation of performance of departments or schools of public institutions of higher education where such evaluation will necessarily involve discussion of the performance of specific individuals. Any teacher shall be permitted to be present during a closed meeting in which there is a discussion or consideration of a disciplinary matter that involves the teacher and some student and the student involved in the matter is present, provided the teacher makes a written request to be present to the presiding officer of the appropriate board. Nothing in this subdivision, however, shall be construed to authorize a closed meeting by a local governing body or an elected school board to discuss compensation matters that affect the membership of such body or board collectively.(5) Prospective Business Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made; (8) Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel.

- 10) Adjourn

Newport News Williamsburg Airport

PENINSULA AIRPORT COMMISSION COMMITTEE MEETING AGENDA FINANCE & AUDIT COMMITTEE

**DATE: February 13, 2023
TIME: 4:00 p.m.**

- 1) Call to Order

- 2) New Business
 - a) Firehouse lease extension

- 3) Old Business
 - a) January Financial Results

- 4) Adjourn

MINUTES

Peninsula Airport Commission

Board of Commissioners Meeting Minutes

January 26, 2023, 8:00 a.m.

Commissioners in Attendance:

Chair, Lindsey Carney Smith
Vice Chair, Brian Kelly
Secretary, Sharon Scott (arrived 8:23 a.m.)
Assistant Secretary, Thomas "Tommy" Garner
Treasurer, James "Jay" Joseph
Assistant Treasurer, Jennifer Smith (arrived 8:03 a.m.)

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
Assistant Parking Supervisor, Inez Gomola
Shuttle Driver, John Short
DPS Chief, Todd Rittenhouse
Human Resources Manager, Regina Carson
Operations Manager, Rob Gay
Operations, T.J. Manning
Operations, Nick Zielke
Take Flight Restaurant, Jamie Riddle
Take Flight Restaurant Manager, Alvin Dimaiuat
Landscape Maintenance Supervisor, Skeeter Lavelle
Business Development Manager, Chris Walton

Public Officials Present:

Newport News Vice Mayor, Curtis Bethany
Assistant City Manager, Ralph "Bo" Clayton

Public Attendees:

Counsel, L. Scott Seymour
Airport One LLC, Steve Romme
Passero Associates, Andrew Holesko
Passero Associates, Lisa Cheung
Cherry Bekaert Advisory, Lauren Strobe (virtual presence)

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

Public Comment: No public comment

Presentation of Jared Alexander Award: John Borden presented the Jared Alexander Award to:
Jamie Riddle, Take Flight Restaurant
Nick Zielke, Operations
T.J. Manning, Operations
Rob Gay, Operations Manager

John Short, Shuttle Driver was unable to be present
Firefighter Wayne Woodcock was unable to be present
Fire Chief Dewain Starks was unable to be present

Mr. Giardino thanked each recipient personally.

Presentations: Audit review was presented by Lauren Strope of Cherry Bekaert. See Exhibits. There were no questions or comments from the Board of Commissioners.

A Master Plan Update was presented by Lisa Cheung and Andrew Holesko of Passero Associates. See Exhibits.

Chair Carney Smith asked what is the role of the Commission as Passero works through the process. Mr. Holesko said a workshop can be set up to work through different elements of the development of the plan, or they can do brief updates at Commission meetings. It would be up to the Board to determine what they would like from Passero. There will be a couple of "open houses" where the public can walk through the elements as well.

Mr. Giardino reminded the Board that the Planning and Development Committee did receive the scope of work. We will email it to the rest of the Commission as well. Meetings with the Department of Aviation and the FAA are scheduled for funding purposes.

Commissioner Smith expects a systematic approach as to how engage with Passero. She then asked how the State funding works. Ms. Cheung provided the explanation. Mr. Giardino expanded on the explanation.

Chair Carney Smith asked about next steps. Mr. Holesko said the next step is the submission of the draft of scope of work to the State and the FAA for their feedback.

Mr. Kelly said he was very happy to see the Urban Air Mobility in the draft. Regarding the electric EVTOL, he questioned if that was a significant infrastructure change to go electric for charging vehicles. Mr. Holesko said that piece can be significant depending on the location of the charging station and the Urban Air Mobility. The biggest challenge will be if that will be incorporated into the physical facilities of the airport, if it will be a general aviation function or if there will be a close tie with the terminal building. Those are two different coordinations. Mr. Giardino said EVTOL and Urban Air Mobility are a big consideration in the industry. Electrification is part of the future. Even the car rental agencies are interested in charging capabilities.

Chair Carney Smith acknowledged Newport News Vice Mayor Curtis Bethany III in attendance at the meeting.

A Marketing Update was presented by Steve Romme. See Exhibits.

Commissioner Joseph asked Mr. Romme to read the number of available seats and number of seats sold on American flights for the past two Januarys. Chair Carney Smith asked for the number of flights American flies through PHF. Mr. Giardino provided that information.

Commissioner Smith asked if weather affected load factor. The answer was that weather did not play much role in the load factor.

Commissioner Garner asked if the size of the aircraft last year was larger than what we currently get. The answer was no, however, we did have an American flight to Philadelphia which we no longer have.

There was some discussion about getting a flight back to Philadelphia. The response was that because of the regional pilot shortage, we likely won't see increased flights currently but we continue to talk to American Airlines and encourage them to add more service through PHF.

Commissioner Kelly asked if it was less expensive for American to fly through PHF than it is to fly through ORF and RIC. The answer was that our cost per enplanement is far less than Richmond and Norfolk, but that isn't part of American's calculus when determining to add flights. They look at revenue, not expenses.

Chair Carney Smith asked if the increased expense for the digital marketing came from the EDA. Mr. Romme answered that it was from the EDA and the airport. It is Ms. Carney Smith's understanding that only \$98,000 of the appropriated \$200,000 of the EDA marketing dollars has been used. Mr. Romme said that is about right. Chair Carney Smith then asked how much airport money has been used. Mr. Romme said probably close to \$80,000. The expected spend for Avelo will be about 70% of the earmarked funds in the first year.

Commissioner Joseph asked how marketing would be done differently next time with a new route. Mr. Romme said because in this instance, the airline has control over what marketing is done, he would not do anything differently. In the future, he would suggest the airport keep control over the marketing spend rather than the airline if possible.

Commissioner Smith asked if Mr. Romme was looking at spend or GRPs on Avelo marketing. Mr. Romme answered that he looks more at impressions. He believes people aren't aware of Avelo's air service through PHF. He is driving marketing to make more people aware of Avelo flights through PHF.

Commissioner Scott asked if the schedule of only flying two days a week (thereby forcing passengers to stay for 4 days) was a deterrent and also the additional add-ons was misleading. Mr. Romme said all other carriers have add-ons (baggage) and a passenger does not have to purchase a seat. Other low-cost carriers offer the same experience. Mr. Romme said typically low-cost carriers offer two fly days per week and they're successful. There was additional discussion about more flights meaning more labor costs but also more revenue in parking, rental cars, and restaurant, etc.

Old Business: None

New Business: None

Committee Reports:

Finance and Audit Committee: Did not meet

Planning and Development Committee: Did not meet

Minutes: Commissioner Smith moved to accept the December 21, 2022 regular PAC meeting minutes with clarifications. Commissioner Garner seconded and the minutes were approved unanimously.

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; and subsection A.39: Discussion or consideration of information subject to the exclusion of subdivision 3 of section 2.2-3705.6 proprietary financial information related to economic development and activities associated with Avelo Airlines.

A motion was made by Commissioner Smith and seconded by Commissioner Scott. A roll call vote was taken: Ms. L. Smith – Yes, Mr. Kelly – Yes, Mr. Joseph – Yes, Ms. J. Smith Ms. Scott – Yes, Mr. Garner – Yes. The motion passed unanimously. Closed session began at 9:29 a.m. Commissioner Kelly left the meeting at 9:30 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.”

Ms. J. Smith moved to open the meeting. The motion was seconded by Ms. Scott. A roll call vote was taken: Ms. L. Smith – Yes, Mr. Joseph – Yes, Ms. J. Smith – Yes, Mr. Garner – Yes, Ms. Scott – Yes. The motion passed and the meeting returned to open session at 11:30 a.m.

Attorney Seymour stated there was one motion coming out of the closed session with respect to the evaluation of the Executive Director for the year. He asked for the motion to that the results of the evaluation of the Executive Director and his performance as discussed in closed session by the Commissioners of the Peninsula Airport Commission be accepted as the annual evaluation of the Executive Director and that the Chair of the Commission is hereby directed to present and discuss such

evaluation and related plans of the Commissioners with the Executive Director and is hereby authorized, empowered and directed to take any and all actions to negotiate agreements, amendments to agreements to perform such other acts as she in her discretion may deem necessary in order to carry out the purpose and intent of the foregoing resolution.

Commissioner Garner moved and it was seconded by Commissioner J. Smith. A roll call vote was taken: Ms. L. Smith – For, Mr. Joseph – Against, Ms. J. Smith – For, Ms. Scott – For, Mr. Garner – For.

Commissioner Joseph stated for the record that Commissioner Kelly had to leave the meeting early and we do not have proxy voting, but as it pertains to this matter coming before the Commission, Commissioner Kelly requested it be expressed in the minutes that he would also have voted “Against” the motion had he been present.

Chair Smith asked if there was anything else to come before the commission. There being none, the meeting adjourned at 11:31 a.m.

DRAFT

Peninsula Airport Commission

Board of Commissioners Special Meeting Minutes

February 13, 2023, 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
Executive Assistant, Jamie O’Brien

Public Attendees:

Counsel, L. Scott Seymour
Counsel, Neil Talegaonkar
Peter Dujardin (Daily Press)
Janet Roach (News 13 Now)
Adrian Guerra (News 13 Now)

Chair Carney Smith called the meeting to order at 8:02 a.m. Jamie O’Brien called roll. All were present for the roll call except Ms. Scott (arrived 8:03 a.m.)

Chair Carney Smith asked 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 A1 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.

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

Closed session began at 8:03 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 Ms. J. Smith. Voice vote by roll call: Chair Carney Smith - YES, Mr. Joseph – YES, Mr. Garner – YES, Ms. J. Smith – YES, Ms. Scott - YES. Motion passed unanimously.

Open session resumed at 8:25 a.m.

Attorney Seymour stated that there is one matter of business to come before the open session. The Chair will entertain if it is the Commission's direction, the following resolutions:

RESOLVED, that the Executive Director is employed by the Peninsula Airport Commission to oversee and continue the growth and development of the PAC and the Newport News-Williamsburg International Airport, and his duties and responsibilities as the Executive Director of the Peninsula Airport Commission, include, but are not limited to meeting the performance standards established annually by the PAC; and be it further

RESOLVED, that the Commissioners of the Peninsula Airport Commission deem it to be in the best interest of the Peninsula Airport Commission to terminate the employment and related Employment Agreement of the Executive Director; and be it further

RESOLVED, that the Peninsula Airport Commission shall provide notice of the termination of the Employment Agreement entered into between the Peninsula Airport Commission and the Executive Director, dated October 13, 2017 pursuant to Section 3. of said Employment Agreement as provided therein, and the Executive Director shall be removed from such position effective immediately; and be it further

RESOLVED, that the Chair of the Peninsula Airport Commission, is, authorized, empowered and directed, for and on behalf of the Peninsula Airport Commission, to execute and deliver all such notices and to take such further acts and actions as she, in her judgment, may deem necessary, advisable or appropriate in order to carry out the purpose and intent of the foregoing resolution and the matters contemplated therein.

The motion was made by Mr. Garner and seconded by Ms. Scott. Voice vote by roll call: Chair Carney Smith - YES, Mr. Joseph – NO, Mr. Garner – YES, Ms. J. Smith – YES, Ms. Scott - YES. Motion passed 4 to 1 in favor of the resolution.

Chair Carney-Smith the meeting adjourned at 8:28 a.m.

FINANCIALS

Peninsula Airport Commission

Operating Income Statement results analysis

January 2023

Airline revenues down due to the reduced schedule for American Airlines.

Fixed Based Operators revenues down due to reduced fuel sales generally associated with the American Airlines reduction.

Expenses were higher than budgeted due to the following:

Repairs and Maintenance expense included ongoing repairs to the outside escalator. Other unbudgeted cost for outgoing baggage doors.

Utility expense is elevated due to inflation and the impact of unusually cold temperatures during December.

Restaurant expenses vary due to the irregular purchasing cycle of stocked nonperishable items for resale. Variable food costs are up due to general inflation. Labor costs for the Restaurant were back in line with budget due to scheduling improvements while still making sure Avelo days are properly staffed.

Labor expense is back to monthly budgeted amounts due to streamlining of the Avelo ground handling processes.

**PENINSULA AIRPORT COMMISSION
JANUARY 2023
PROJECTION OF CASH**

	YTD 01/23	Rest of yr	Projected 06/23
Unrestricted cash beginning	2,775,071	4,991,648	2,775,071
Operating (loss) YTD	(2,056,080)	(1,069,753)	(3,125,834)
Other income/(Expense)	4,336,859	(200,000)	4,136,859
Capital expenditures	(1,753,053)	(200,000)	(1,953,053)
Debt principal payments	(323,030)	(230,736)	(553,766)
Other Assets/Liability changes	200,661	(200,661)	-
Unrestricted cash received (used)	405,356	(1,901,150)	(1,495,794)
Restricted cash expense reimbursement	300,039	50,000	350,039
Restricted cash capital reimbursement	1,511,182	180,000	1,691,182
Unrestricted cash ending	4,991,648	3,320,498	3,320,498
Restricted cash beginning	13,468,205	13,109,073	13,468,205
Restricted cash received	1,452,089	1,676,000	3,128,089
Restricted cash expense reimbursement	(300,039)	(50,000)	(350,039)
Restricted cash capital reimbursement	(1,511,182)	(180,000)	(1,691,182)
Restricted cash ending	13,109,073	14,555,073	14,555,073

**PENINSULA AIRPORT COMMISSION
JANUARY 2023
OPERATING INCOME STATEMENT**

DESCRIPTION	JAN 2023 ACTUAL	JAN 2023 BUDGET		YTD ACTUAL	YTD BUDGET		ANNUAL BUDGET		PRIOR YR ACTUAL	
REVENUE										
Airline Fees	32,043	52,062	61.5%	289,279	388,074	74.5%	672,032	43.0%	619,644	46.7%
Fixed Based Operators	40,953	47,657	85.9%	315,510	344,314	91.6%	593,311	53.2%	533,896	59.1%
Property Rental	84,892	93,970	90.3%	699,333	679,215	103.0%	1,149,785	60.8%	1,563,252	44.7%
Rental Cars	158,985	135,957	116.9%	1,258,075	1,104,951	113.9%	1,937,986	64.9%	1,948,834	64.6%
Parking Lot	66,281	70,485	94.0%	466,456	497,237	93.8%	853,512	54.7%	815,823	57.2%
Restaurant Income	31,758	28,773	110.4%	235,557	234,303	100.5%	411,056	57.3%	341,169	69.0%
TOTAL REVENUE	414,912	428,904	96.7%	3,264,210	3,248,094	100.5%	5,617,682	58.1%	5,822,618	56.1%
EXPENSES										
Labor and Benefits	352,690	358,671	98.3%	2,547,208	2,510,697	101.5%	4,304,073	59.2%	4,252,201	59.9%
Marketing & Advertising	65,227	63,957	102.0%	374,097	443,019	84.4%	758,911	49.3%	647,857	57.7%
Office & Administration	40,390	38,535	104.8%	597,364	538,748	110.9%	821,674	72.7%	758,936	78.7%
Utilities	66,708	47,187	141.4%	453,821	392,809	115.5%	677,486	67.0%	646,068	70.2%
Repairs & Maintenance	114,765	49,895	230.0%	925,177	343,757	269.1%	588,618	157.2%	751,540	123.1%
Restaurant Expense	43,081	25,931	166.1%	289,441	209,456	138.2%	367,136	78.8%	361,674	80.0%
Bond Debt	18,735	15,838	118.3%	133,181	110,866	120.1%	190,052	70.1%	246,068	54.1%
TOTAL OPERATING EXPENDITURES	701,596	600,014	116.9%	5,320,289	4,549,352	116.9%	7,707,950	69.0%	7,664,344	22.1%
NET INCOME	(286,684)	(171,110)	167.5%	(2,056,079)	(1,301,258)	158.0%	(2,090,268)	98.4%	(1,841,726)	22.1%
OTHER ITEMS										
Trailer Park	(59,736)	(70,000)	85.3%	(572,078)	(500,000)	114.4%	(500,000)	114.4%	(361,014)	
Expense Subsidy	-	-		689,688	689,689	100.0%	689,688	100.0%	4,300,988	
Sale of Land	-	-		4,219,249	-		-		302,520	
NET AFTER OTHER	(346,420)	(241,110)		2,280,780	(1,111,569)		(1,900,580)		2,400,768	

BALANCE SHEET

	<u>Total</u>
Cash - Unrestricted	4,991,648
Cash - Restricted	13,109,073
Other Current Assets	376,666
Fixed Assets (Net of Depreciation)	78,373,444
TOTAL ASSETS	96,850,831
Current Liabilities	779,129
Long Term Notes Payable - Restricted	616,692
Long Term Notes Payable - Unrestricted	4,965,169
OPEB	6,441,300
TOTAL LIABILITIES	12,802,290
Net Capital Beginning	58,031,741
Capital Contributions	23,736,020
YTD Earnings Current Year	2,280,780
TOTAL LIABILITIES AND CAPITAL	96,850,831

AIR SERVICE REPORT

Monthly Air Service Report Summary January 2023

- Load factors:
 - 82.5% for American
 - 62.1% for Avelo
 - 72.3% Overall
- Flight Ops (landings & take offs)
 - 3548

<u>FY23 Actual PAX</u> <u>(7/1/22 – 6/30/23)</u>		<u>FY23 Budgeted PAX</u> <u>7/1/22 – 6/30/23</u>		<u>FY22 Actual PAX</u> <u>(7/1/21 – 6/30/22)</u>		<u>FY21 Actual PAX</u> <u>(7/1/20 – 6/30/21)</u>	
Jul:	15,044	Jul:	15,830	Jul:	21,586	Jul:	12,409
Aug:	14,280	Aug:	15,208	Aug:	18,582	Aug:	9,589
Sep:	12,372	Sep:	16,055	Sep:	16,210	Sep:	8,384
Oct:	13,649	Oct:	18,812	Oct:	19,044	Oct:	11,463
Nov:	14,626	Nov:	18,921	Nov:	16,375	Nov:	10,113
Dec:	14,860	Dec:	19,552	Dec:	15,846	Dec:	10,201
Jan:	9,029	Jan:	19,552	Jan:	10,538	Jan:	6,929
Feb:		Feb:	17,660	Feb:	11,864	Feb:	6,775
Mar:		Mar:	18,812	Mar:	16,810	Mar:	9,116
Apr:		Apr:	22,902	Apr:	15,896	Apr:	12,840
May:		May:	22,817	May:	12,719	May:	11,744
Jun:		Jun:	22,902	Jun:	13,702	Jun:	20,408
Total: 93,860 PAX		Total: 229,024 PAX		Total: 166,770 PAX		Total: 129,971 PAX	

RESOLUTION(S)

EXECUTIVE SUMMARY

Subject: City of Newport News Fire Station Lease Renewal

Background: In 2018, the PAC and the City entered into a lease for a Fire Station on PAC property. The lease, expires on June 30, 2023. The City is in the process of constructing a replacement fire station, but that station is likely to still be under construction upon the expiration of the current lease term. With the extension ending June 2023, the City of Newport News has expressed a desire to renew and is seeking a 2-year extension with 120-day termination rights.

Discussion: The City of Newport News has requested an extension to the fire station lease. Based on discussion with Chief Johnson, city engineering plans to complete construction near Winter 2024. PAC staff recommends extending the lease through an addendum to allow the Fire Department to remain tenants and the City of Newport News to complete construction on their new fire station building.

Budget Impact: There is no budget change as the lease rate with the municipality would remain the same.

Recommended Action: The Commission approve the addendum to the lease for a 2-year extension with 120-day notice termination rights on either party.

PENINSULA AIRPORT COMMISSION

**RESOLUTION 23-001 REGARDING LEASE WITH
CITY OF NEWPORT NEWS, VIRGINIA**

February 28, 2023

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 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 entered into an Agreement of Lease with the City of Newport News, Virginia, as Tenant (the “Tenant”), dated June 26, 2018 (the “Lease”), for Tenant’s occupancy of approximately 21,590 square feet of land and a 4,600 square foot building located thereupon, suitable for use as a fire station, commonly known as Fire Station 11 and having an address of 1000 Bland Boulevard, Newport News, Virginia (the “Leased Premises”);

WHEREAS, Staff of the Commission and the Tenant have agreed to the principal terms of an amendment (the “Lease Amendment”) to (i) extend the term of the Lease for one two (2) year renewal term, which shall run from July 1, 2023 through June 30, 2025 (the “Renewal Term”), and (ii) provide that the Tenant may terminate the Lease at any time during the Renewal Term by providing at least 120 days’ prior written notice of its intent to terminate, all as more specifically set forth in the form of such Lease Amendment attached hereto as Exhibit A and made a part hereof, and such Lease Amendment has been reviewed by the Planning & Development Committee and presented at this meeting; and

WHEREAS, the Commissioners of the Peninsula Airport Commission, after mature deliberation and upon the recommendation of the Planning & Development Committee, desire to approve the Lease Amendment and its execution and delivery on behalf of the Commission;

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

1. The Lease Amendment is approved, and the Chairman and the Vice-Chairman, either of whom may act, upon advice of counsel to the Commission, are authorized and directed to execute and deliver the Lease Amendment consistent with the provisions of this Resolution.
2. Except as otherwise amended by the Lease Amendment, all other provisions of the Lease shall remain in full force and effect, and the Tenant’s occupancy under the Lease is hereby ratified and confirmed.
3. This Resolution shall take effect immediately.

Exhibit A

LEASE AMENDMENT

PENINSULA AIRPORT COMMISSION

**REGARDING CITY OF NEWPORT NEWS FIRE STATION LEASE
EXTENSION**

FIRST LEASE AMENDMENT

THIS FIRST LEASE AMENDMENT (this "Agreement") dated as of the 23rd day of February, 2023 (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 **CITY OF NEWPORT NEWS, VIRGINIA** a municipal corporation. ("Tenant"), provides:

WHEREAS, Landlord and Tenant are parties to an Agreement of Lease dated June 26, 2018, as supplemented and amended by that certain Lease Extension Letter Agreement dated November 23, 2020 (as supplemented and amended from time to time, the "Lease"), covering the approximately 21,590 square feet of land and a 4,600 square for building for use as the City's Fire Station 11 in Newport News, Virginia (the "Premises"), as more fully described in the Lease; and

WHEREAS, the current Lease term expires June 30, 2023; and

WHEREAS, Landlord and Tenant have agreed to amend the Lease to (i) extend the term of the Lease for two (2) years, (ii) provide both Landlord and Tenant with the right to terminate upon giving 120 days written notice to other party, (iii) set forth the rent to be paid during the Extension (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 two (2) year period, commencing July 1, 2023 and expiring June 30, 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 annual rent during the Extended Term shall be as follows:

Extended Term

July 1, 2023 – June 30, 2024	\$20,700.00
July 1, 2024 – June 1, 2025	\$20,700.00

(3) Landlord and Tenant acknowledge and agree that Tenant's address (for notice purposes

under the Lease) is hereby confirmed as:

City of Newport News
2400 Washington Avenue
Newport News, VA 23607
Attn: Office of the City
Manager.

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:

CITY OF NEWPORT NEWS

By: _____

Cynthia D. Rohlif, City Manager

AGREEMENT OF LEASE

THIS AGREEMENT, made and entered into this 26th day of June, 2018, by and between the **PENINSULA AIRPORT COMMISSION**, a municipal corporation created by a special act of the General Assembly of Virginia, hereinafter referred to as “Lessor” or the “Commission,” party of the first part; and the **CITY OF NEWPORT NEWS, VIRGINIA**, a municipal corporation, hereinafter referred to as “Tenant,” “Lessee” or the “City,” party of the second part.

WHEREAS, Lessor is the owner and operator of an airport with appurtenant facilities, known as Newport News/Williamsburg International Airport (the “Airport”), located in the City of Newport News, Virginia, and is desirous of leasing to Tenant a portion of the Airport premises, and Tenant is desirous of renting same.

NOW, THEREFORE, WITNESSETH: That for and in consideration of the rents, covenants and agreements hereinafter contained, Lessor does hereby lease, demise, grant and let unto Tenant, and Tenant does hereby hire, take and lease from the Lessor the Premises hereinafter described, subject to the following terms, conditions and limitations, to wit:

1. **Premises.** The demised premises (“Premises”) are approximately 21,590 square feet of land and a 4,600 square foot building suitable for use as a fire station, as shown on Exhibit “A” hereto attached.

2. **Term.** The term of this Lease shall be for three (3) years, commencing on July 1, 2018, and ending on June 30, 2021. The Tenant shall have the option to renew this Lease for two (2) additional one (1) year terms, by providing written notice of its intent to renew to the Lessor at least one hundred eighty (180) days prior to the termination of the then existing term. In no event shall this Lease extend beyond June 30, 2023.

3. **Rent.** Tenant covenants and agrees to pay to Lessor, after the signing of this Lease, annual rent in an amount equal to TWENTY THOUSAND SEVEN HUNDRED DOLLARS (\$20,700), subject to the annual appropriation of the Newport News City Council. The first annual rental payment shall be made no later than July 30, 2018, and annual rent shall be paid on the anniversary of that date for successive lease years. The payment of rent hereunder shall be paid or delivered to the office of the Executive Director of Lessor, or to such other party and place as may be designated in writing.

4. **Use.** The Premises described herein shall be used by Tenant for the purpose of operating a fire station by the City of Newport News Fire Department, and no other.

5. **Utilities.** Utilities for the Premises to be leased will be separately metered, and Tenant will pay all utility bills including gas, water, sanitation, garbage collection, electricity, telephone and other public utilities used on or charged against the Premises.

6. **Rights of Tenant.** During the term hereof, Tenant shall have, and Lessor hereby gives and grants to Tenant, the following rights:

A. The right, at Tenant's sole expense, to install and thereafter to operate and maintain necessary signs directing the flow of traffic to and from the Premises, provided that no sign shall be installed until approved by Lessor.

B. The right, upon any termination of this Lease, to remove the fixtures, furnishings and equipment as may have been installed in or upon the Premises by Tenant, provided that the Premises be restored to its original condition by Tenant after such removal.

C. Lessor will provide at least fifteen (15) paved parking spaces exclusively for Tenant's use, which will be located immediately adjacent to the fire station on the Premises.

7. **Fire and Casualty Damage.** If the Premises shall be damaged by fire or other casualty, either party may immediately terminate this Lease; in such event Lessor shall repay Tenant the unused pro-rata portion of the rent.

8. **Insurance.**

A. Tenant shall, at its cost and expense, obtain and maintain during the term of this Lease, public liability and property damage insurance benefitting and adequate to protect Lessor and Tenant against liability and property damage (including defense costs), insurance benefitting and adequate to protect Lessor and Tenant against liability for injury to or death of any person in connection with the use, operation or condition of the Premises or other public places used by Tenant at the Airport in the operation hereunder (including defense costs), in an amount not less than One Million Dollars (\$1,000,000.00) for injury to, or death of, one person in any one accident, and in an amount not less than Two Million Dollars (\$2,000,000.00) for injury to, or death of, more than one person in any one accident, and against liability for damage to property in an amount not less than Five Hundred Thousand Dollars (\$500,000.00) for each occurrence. Tenant shall also obtain and maintain in effect fire/hazard insurance in the amount of Four Hundred Thousand Dollars (\$400,000.00) protecting Lessor and Tenant against liability for damage to the Premises and adjoining spaces caused by fire or other hazard.

B. All insurance policies required of Tenant under paragraph 8.A. shall be issued by reputable companies licensed to do business in the Commonwealth of Virginia, and copies of such policies of such insurance and certificates evidencing such insurance will be delivered to Lessor by Tenant, and Lessor shall be named as an additional insured thereon. Such policies and certificates showing additional insured status shall provide that Lessor shall receive at least 10 days advanced

notice in the event of cancellation thereof. Tenant will provide Landlord with current and updated policies and certificates of insurance annually, within 20 days prior to the expiration of any required policies.

C. Tenant agrees to maintain automobile liability and workers' compensation coverage as required by law. Tenant may self-insure for automobile and workers' compensation coverage as allowed and provided by Virginia Code.

D. Lessor agrees to notify Tenant in writing as soon as practicable of any claim, demand or action arising out of an occurrence covered hereunder of which Lessor has knowledge, and to cooperate with Tenant in the investigation and defense thereof.

9. **Repairs and Maintenance.** Tenant covenants and agrees, at its sole expense, to maintain all the improvements on the Premises, and the fixtures, furnishings and equipment therein, including the replacement thereof, in good repair throughout the term of this Lease and any extensions and renewals thereof. Tenant shall, at its own expense, provide janitor and cleaning services for the Premises from the supplier of services of its choice and shall keep the Premises in a clean and sanitary condition at all times. Tenant shall also, at its own expense, keep the Premises in a neat and attractive condition. There shall be no obligation on the part of Lessor to provide or accomplish snow removal on or at the Premises. Upon termination of the Lease, should Tenant's removal of its fixtures and equipment result in any damage to the Premises, the same will be repaired by Tenant to the Lessor's satisfaction.

10. **Service Standards.** Tenant hereby covenants and agrees:

A. That it will observe, comply with and be bound by all laws, ordinances and reasonable rules and regulations relating to the exercise of the rights and privileges granted by this

Lease and to the use, management, maintenance and operation of the Airport as same apply to the lease of the Premises, as well as the Rules and Regulations of the Newport News/Williamsburg International Airport.

B. That it will meet all expenses in connection with the use of the Premises hereunder and the rights and privileges herein granted, including, without limitation, by reason of enumeration, taxes, permit fees, license fees and assessments lawfully levied or assessed upon the Premises or improvements at any time situated thereon, and that it will secure all such permits and licenses.

11. **Termination by Lessor.**

A. In the event that Tenant (i) shall default in the payment of any sums when due hereunder and such default shall continue for a period of ten (10) days after notice thereof from Lessor to Tenant, or (ii) shall default in the performance of any other covenant required to be kept by Tenant hereunder and such default shall continue for a period of thirty (30) days after notice thereof from Lessor to Tenant, or (iii) if Tenant shall make an assignment for the benefit of creditors or be adjudged a bankrupt, Lessor shall have the right to terminate this Lease by giving written notice of such termination to Tenant, and in the event of such termination, Lessor may re-enter and take possession of the Premises leased hereunder.

B. In the event the Lessor, in its reasonable opinion, requires the use of the Premises for continued development of the Airport for Airport purposes, it shall have the right to terminate this Lease at the end of any annual rental period upon the giving of twelve (12) months prior written notice to Tenant.

12. **Termination by Tenant.** Tenant shall have the right, upon written notice to

Lessor to terminate this Lease upon the happening of one or more of the following events, and receive from Lessor the unused pro-rata portion of the rent paid, if said event or events shall then be continuing:

A. The issuance by any court of competent jurisdiction of any injunction, order or decree preventing or restraining the use by Tenant of all or any substantial part of the Premises, or the use of any part thereof which may be used by Tenant and which is necessary for Tenant's operation, which remains in force for a period of at least fifteen (15) days;

B. If Lessor shall default in fulfilling any of the terms, covenants, or conditions to be fulfilled by it under this Lease and shall fail to cure said default within thirty (30) days following receipt of written request by Tenant to do so;

C. If all or a material part of the Premises and the fire station facilities thereon shall be destroyed by fire, explosion, earthquake, civil commotion, or other casualty, or acts of God or the public enemy; or

D. If the United States Government or any of its agencies shall occupy the Airport or any substantial part thereof to such an extent as to interfere materially with Tenant's operations, for a period of fifteen (15) consecutive days or more.

13. **Assignment and Subletting.** Tenant shall not sell, assign, convey, encumber or sublet its interest in the Premises and the leasehold estate created hereby or any part thereof.

14. **Notice.** Any notice or other communication to Lessor or Tenant pursuant hereto shall be deemed validly given, served or delivered if sent by the United States mail, certified and with proper postage and prepaid, addressed as follows:

To Lessor:

The Peninsula Airport Commission

Newport News/Williamsburg International Airport
Newport News, Virginia 23602

With a copy to: James S. McNider, III
PO Box I
Hampton, Virginia 23669

To Tenant: City of Newport News
Attention: City Manager
2400 Washington Avenue, 10th Floor
Newport News, Virginia 23607

With a copy to: City of Newport News
Attention: City Attorney
2400 Washington Avenue, 9th Floor
Newport News, Virginia 23607

or to such other address as the parties may designate in writing delivered in accordance with the provisions hereof.

15. **Ingress and Egress.** Lessor and its invitees shall have reasonable ingress to and egress from the Premises at all times during the term hereof.

16. **Waiver.** Any waiver or any breach of covenants herein contained to be kept and performed by Tenant or Lessor shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent Tenant or Lessor from declaring a forfeiture for any succeeding breach either of the same, or a different condition or covenant.

17. **Non-Discrimination.** Tenant agrees that it will not with respect to its operations under this Lease, or with respect to its use in occupation of any premises of Lessor, discriminate by segregation or otherwise against any person because of race, color, creed, national origin or sex in providing or refusing to provide to any person or persons the use of any facility, including any and all services, privileges, accommodations and activities at the disposal of Tenant. In addition, Tenant

agrees that it will comply with all federal and state laws and legislation pertaining to civil rights and equal opportunity under the law, including Executive Orders and rules and regulations of appropriate federal and state agencies adopted and promulgated thereunder and rules and regulations of Lessor in connection therewith.

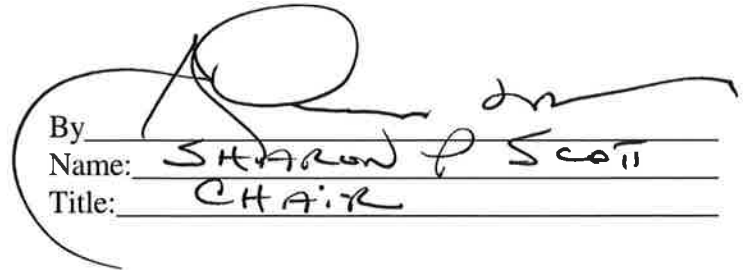
18. **Subordination.** It is mutually covenanted and agreed that this Lease shall be subordinated to the provisions of any existing or future agreement between Lessor and the United States of America, or Lessor and the Commonwealth of Virginia, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of said Airport.

19. **Miscellaneous.**

- A. Lessor shall maintain at all times an ingress route for Tenant.
- B. This Lease will be binding upon and inure to the benefit of the successors and assigns of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed by their duly authorized officers.

PENINSULA AIRPORT COMMISSION

By 
Name: SHARON P SCOTT
Title: CHAIR

COMMONWEALTH OF VIRGINIA
City of Newport News, to wit:

I, Rhonda Lynn Wissinger, a Notary Public in and for the City and Commonwealth aforesaid, whose commission expires on the 31st day of December, 2021, do hereby certify that Sharon P. Scott, as Chair of the Peninsula Airport Commission, whose name is signed to the foregoing writing, hereto annexed, has acknowledged the same before me in my City and Commonwealth aforesaid.

GIVEN under my hand this 9th day of July, 2018.



Rhonda Lynn Wissinger
Notary Public
Registration No. 7286975

CITY OF NEWPORT NEWS, VIRGINIA

Cynthia D. Rohlff
City Manager

ATTEST:

APPROVED AS TO FORM:

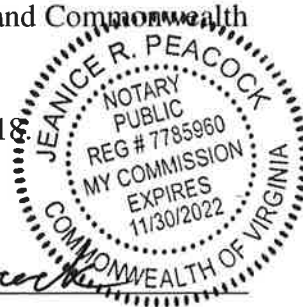
Mabel Washington Jenkins
City Clerk

Coll Ziegler
City Attorney

COMMONWEALTH OF VIRGINIA
City of Newport News, to wit:

I, Jeanice R. Peacock, a Notary Public in and for the City and Commonwealth aforesaid, whose commission expires on the 30th day of November, 2022, do hereby certify that the CITY OF NEWPORT NEWS, by Cynthia D. Rohlff, as City Manager and Mabel V. Washington-Jenkins, as City Clerk, whose names are signed to the foregoing writing, hereto annexed, have acknowledged the same before me in my City and Commonwealth aforesaid.

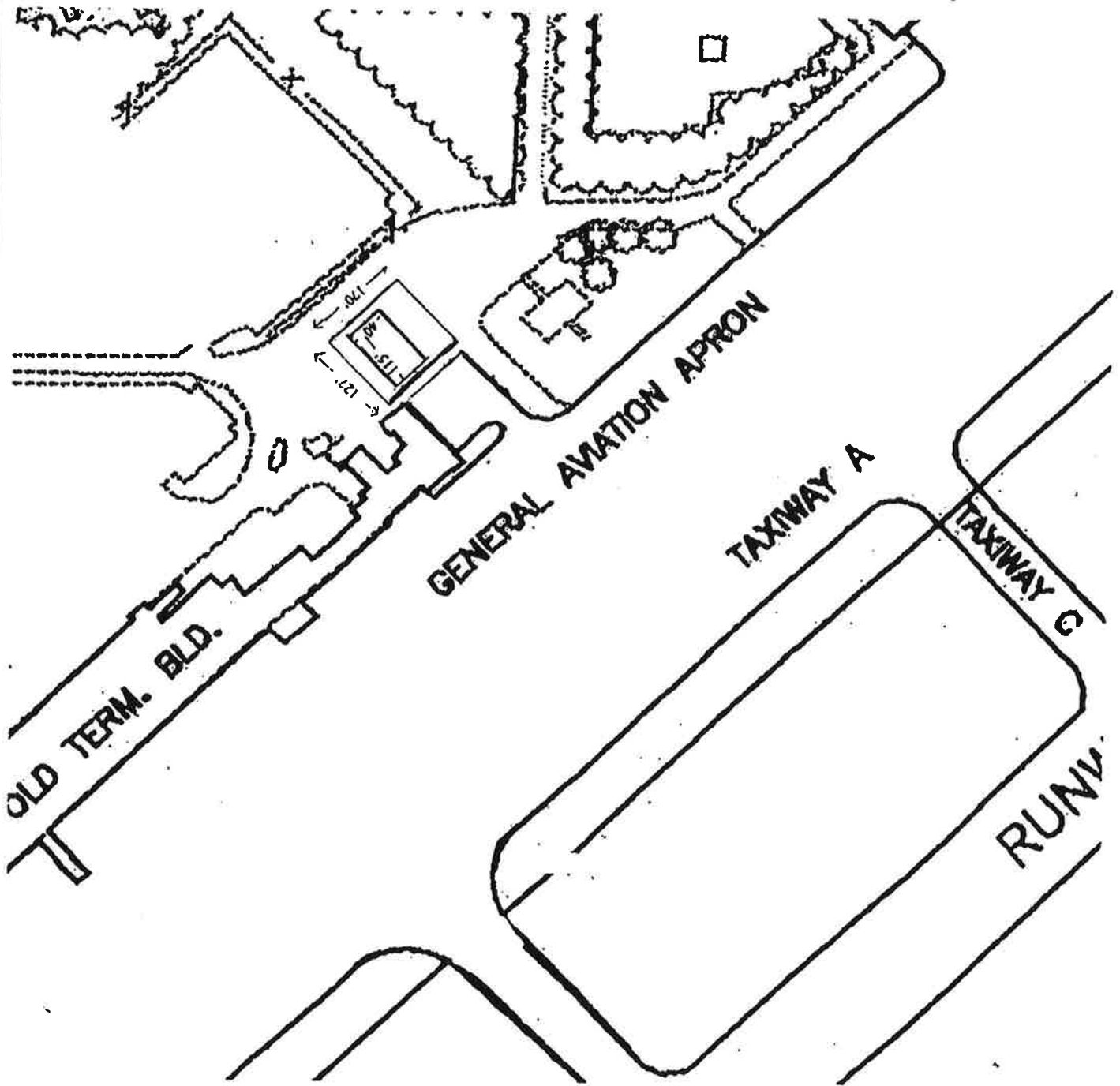
GIVEN under my hand this 3rd day of July, 2018



Jeanice R. Peacock
Notary Public
Registration No. 7785960

sdm16308

EXHIBIT "A"



EXHIBITS



Peninsula Airport Commission

A component unit of the City of Newport News, VA

January 26, 2022



Table of Contents

Engagement Summary

Overall Audit Results

Required Communications with Those Charged with Governance

Future Accounting and Reporting Changes



Engagement Summary



Engagement Services

- ▶ You have engaged us to provide the following for the year ended June 30, 2022:

Financial:

Audit of the basic financial statements in accordance with U.S. GAAS and *Government Auditing Standards*

Compliance:

Specifications for Audits of Authorities, Boards, and Commissions by the Auditor of Public Accounts

Uniform Guidance 2 CFR Part 200

Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration



Responsibility of the External Auditor

Plan

- Plan the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement
- Consider internal controls over financial reporting to design audit procedures appropriate in the circumstances

Perform

- Perform an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- Obtain audit evidence about the amounts and disclosures in the financial statements

Reporting

- Opine on the financial statements based on the sufficiency and appropriateness of the audit evidence obtained during our audit



Responsibility of the Commission

Management

- The preparation and fair presentation of the financial statements in accordance with U.S. GAAP
- The design, implementation, and maintenance of internal controls relevant to the preparation of financial statements that are free of material misstatement, whether due to fraud or error

Commission

- Oversight of internal controls over financial reporting and over compliance
- Oversight of management's policies and procedures

Both

- Setting the proper tone at the top and encouraging a culture of high ethical standards
- Ensuring operations are in accordance with provisions of laws and regulations



Overall Audit Results



Audit Deliverables

Audit Opinion

Basic Financial Statements

Notes to the Basic Financial Statements

In Relation to Opinion

Supplementary Information

Unaudited

Commission Members

Management's Discussion and Analysis

Required Supplementary Information



Engagement Results

- ▶ Financial Statement Audit Opinion as of and for the year ended June 30, 2022

Audit Opinion

Our opinion is unmodified:
Basic Financial Statements
Notes to the Basic Financial Statements

In Relation To

Our opinion is unmodified in relation to the financial statements taken as a whole:
Schedule of Operating Income
Schedule of Income(Loss) from Operations before Depreciation per Activity
Schedule of Pledged Revenue Coverage

Unaudited

We do not express an opinion or provide any assurance on:
Listing of Commission Members
Management's Discussion and Analysis
Required Supplementary Information – Pension/OPEB Schedules



Engagement Results

▶ Test of Compliance as of and for the year ended June 30, 2022

<i>Government Auditing Standards</i>	<p>We identified a certain deficiency in internal controls that we consider to be a material weakness (item 2022-001) and a significant deficiency (item 2022-002).</p> <p>The results of our testing disclosed no instances of noncompliance or other matters that are required to be reported. However, our audit does not provide a legal determination of compliance.</p>
<i>Specifications for Audits of Authorities, Boards and Commissions</i>	In process
Uniform Guidance	In process
Passenger Facility Charge	In process



Internal Control Communication

Material Weakness

- ▶ 2022-001 – Financial Reporting and Close Process
 - ▶ The Commission does not have adequate controls over the financial reporting and close process. Specifically, we identified 4 instances which required material adjustments to the Commission's financial statements to be reported in accordance with accounting principles generally accepted in the United States of America.

Significant Deficiency

- ▶ 2022-002 – Segregation of Duties
 - ▶ The Commission does not have adequate segregation of duties over initiating, recording, and reconciling transactions involving key financial cycles. Although the size of the Commission's accounting department limits the extent of separation of duties, we believe certain steps could be taken to separate duties performed by members of the accounting function. The basic premise is that no one employee or individual should have access to both physical assets and the related accounting records or to all phases of a transaction.



Required Communications with Those Charged with Governance



Required Communications

Accounting Policies

- Adoption of new accounting policies effective July 1, 2021
 - GASB Statement No. 87 – *Leases*
 - GASB Statement No. 93 – *Replacement of Interbank Offered Rates*
- Application of existing policies was not changed during 2022

Management Judgement and Accounting Estimates

- Allowance for Doubtful
- Compensated absences
- Depreciable lives of capital assets
- Pension and OPEB Liabilities



Required Communications

Corrected and Uncorrected Misstatements

- We identified the following misstatements which were corrected by management:
 - \$424,507 adjusting entry to construction work in progress and accounts payable.
 - \$200,727 adjusting entry to accounts receivable – Federal Aviation Administration and federal grant revenues.
 - \$2,410,756 adjusting entry to the net pension asset and a reduction of the pension expense.
- We identified the following misstatements which were not corrected by management:
 - \$999,916 adjustment to construction work in progress and beginning net position.



Required Communications

Disagreements with Management

- There were no disagreements with management regarding a financial accounting, reporting, or auditing matter

Difficulties Encountered in Performing the Audit

- We encountered no significant difficulties in working with management in performing and completing our audit

Consultation with Other Accountants

- To our knowledge, there were no cases in which management decided to consult with other accountants about auditing and accounting matters



Required Communications

Material Client Communications

- Management representation letter dated December 21, 2022

Other Audit Findings or Issues

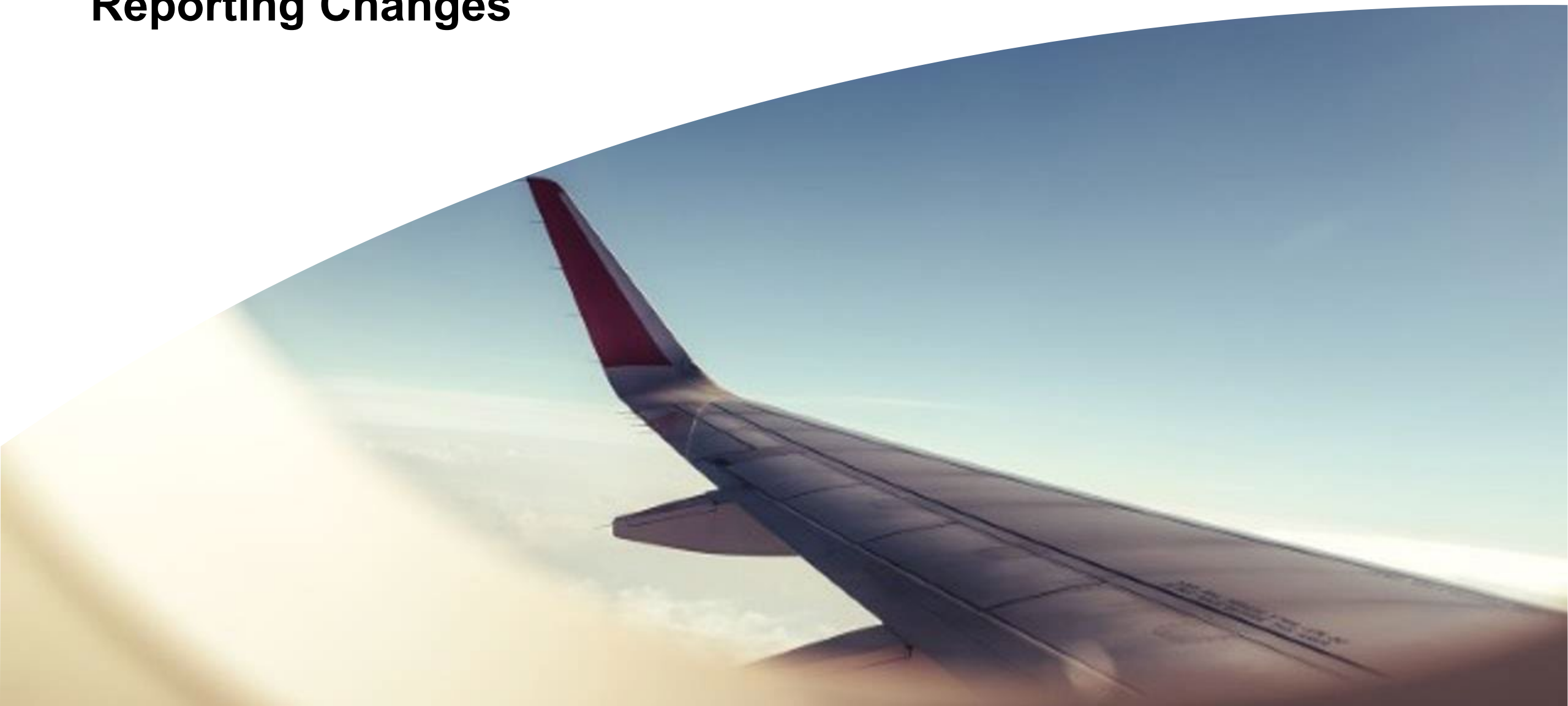
- All discussions with management occurred in the normal course of our professional relationship and our responses were not a condition to our retention

Independence

- We gave significant consideration to the nonattest services performed, specifically drafting the financial statements, which may reasonably be thought to bear on independence, in reaching the conclusion that independence has not been impaired



New and Future Accounting and Reporting Changes



Future Accounting and Reporting Changes

**GASB
statements
effective for
FY 2022**

- ▶ **Statement No. 87 – Leases**

Establishes criteria for determining the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflow of resources based on the payment provision of the contract.

- ▶ **GASB Statement No. 93 – *Replacement of Interbank Offered Rates***

Addresses accounting and financial reporting implications from the replacement of LIBOR (December 31, 2021), specifically relating to derivative instruments and leases.



Future Accounting and Reporting Changes

Statement on Auditing Standards effective for FY 2022:

- ▶ **SAS 134 – Auditor Reporting and Amendments**

Changes the layout of the standard audit report, adds optional disclosures of key audit matters, adds going concern considerations and additional required statements within the management's and auditor's responsibilities in relation to the audit.



Future Accounting and Reporting Changes

GASB statements effective for FY 2023:

- ▶ **GASB Statement No. 91 – *Conduit Debt Obligations***
Provides a single method of reporting conduit debt obligations by clarifying the definition of a conduit debt obligation, establishing that conduit debt obligations are not a liability of the issuer, establishing standards for additional commitments and voluntary commitments extended by issuers as well as arrangements associated with conduit debt obligations and improving required note disclosures.
- ▶ **GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements***
Improves accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users by establishing SBITAs as a right-to-use subscription asset, an intangible asset and corresponding subscription liability.



Questions?

Lauren Strobe

Director – Government Transportation Group

813-472-5749

lstrobe@cbh.com

About Cherry Bekaert

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CBH.com



Master Plan

- Why? Last completed 2014, needs updating, airport/airline/industry changes
- Funding? Federal Grant – 90% Federal, 8% State, **2% Local**
- Who? Master Plan team led by Passero and Talbert & Bright
- Critical Elements
 - Inventory
 - Forecasts - with your air service provider (CMT) – **FAA approval**
 - Alternatives – best use of airport, identify areas for aviation / econ development
 - Airfield, Terminal, Old Terminal Redevelopment, Cargo, Urban Air Mobility/EVTOL, ARFF, Cargo, General Aviation, Maintenance, Ground Access
 - Financial Plan – with your financial consultant (Frasca)
 - Airport Layout Plan – 20-year development graphic – **FAA approval**
 - Public Open House and Updates
- Schedule – anticipate start in April/May – conclusion in 18 months

TM

NEWPORT NEWS WILLIAMSBURG
INTERNATIONAL AIRPORT

Newport News Williamsburg Airport

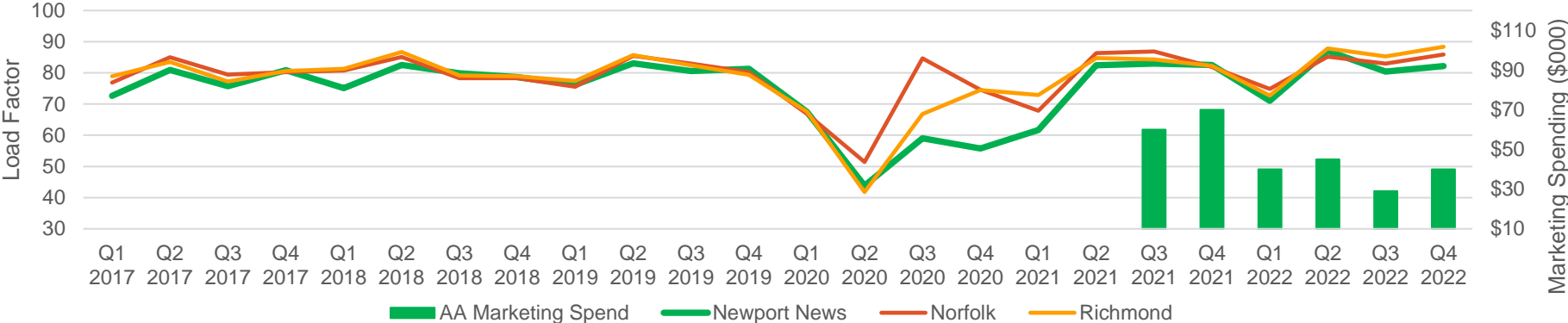
MARKETING UPDATE

January 2023

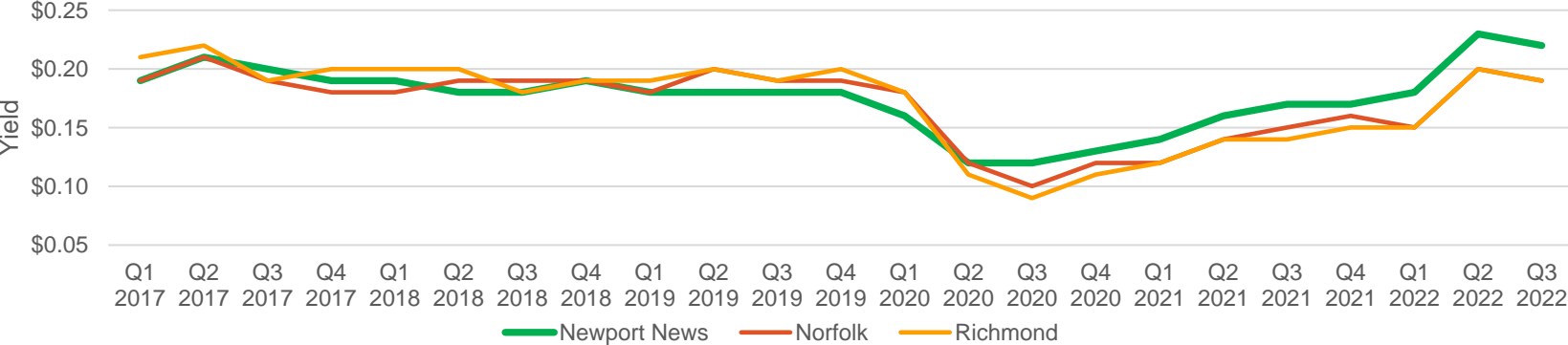
Results for American Airlines

Load Factors and Yields by Airport

Load Factors AA

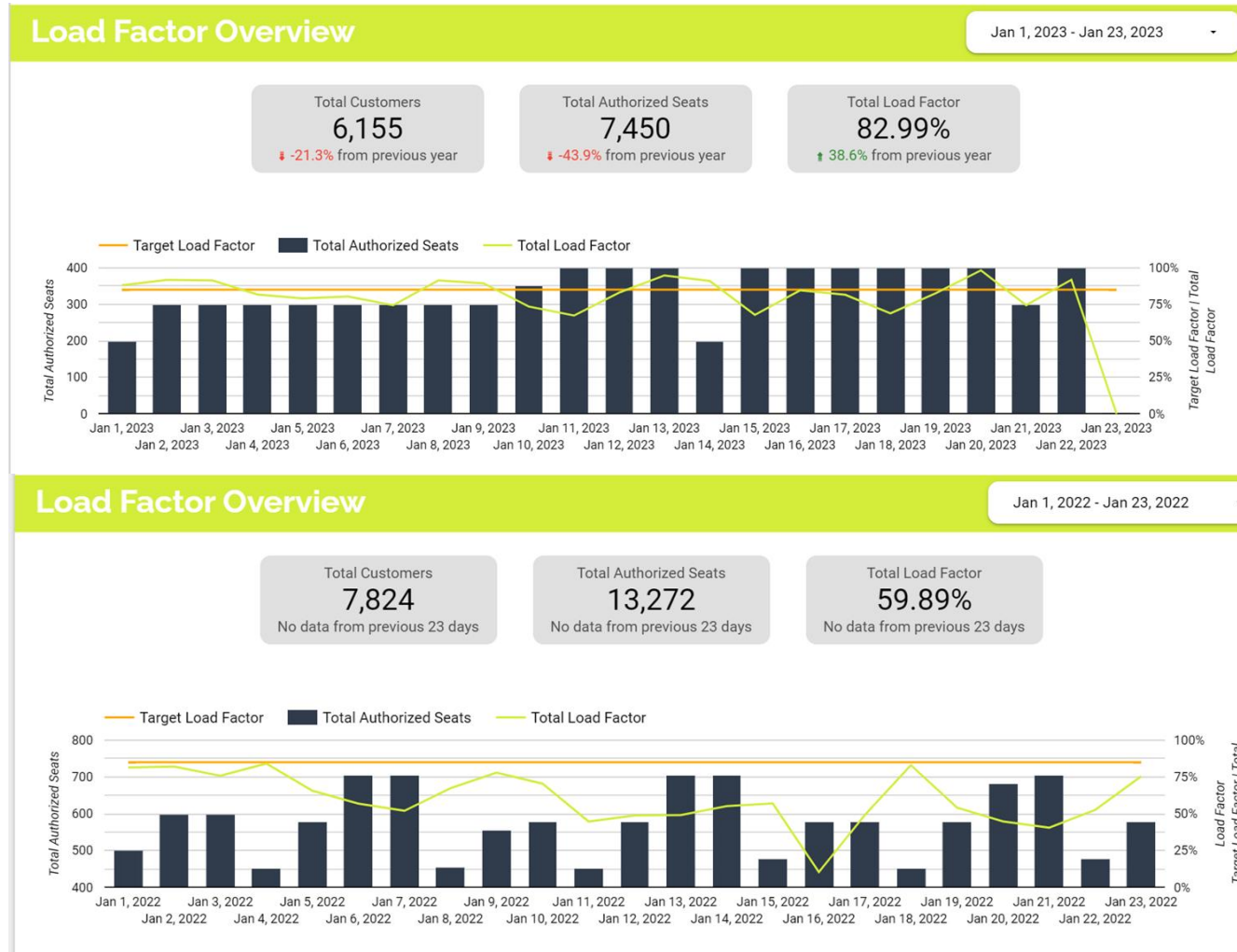


Yield AA



Results for American Airlines

Load Factors – 2022 YTD vs 2023 YTD



American Airlines Summary

- Load factor and yield performance has been good
- Marketing spending has become more efficient
- Current schedules create a larger challenge

Avelo Air Timeline

- **July**

- First meeting - Avelo will lead marketing
 - Airport funding immediate made available
 - EDA funds to be administered by Avelo

- **October**

- Avelo requests support to help administer untapped EDA funds

- **November**

- Airport One agrees to administer EDA funds on behalf of Avelo
- Comprehensive marketing plan created
 - Includes airport and EDA funds
 - Expands channels to include digital, radio, and military
- Expedited implementation begins mid-November

- **December**

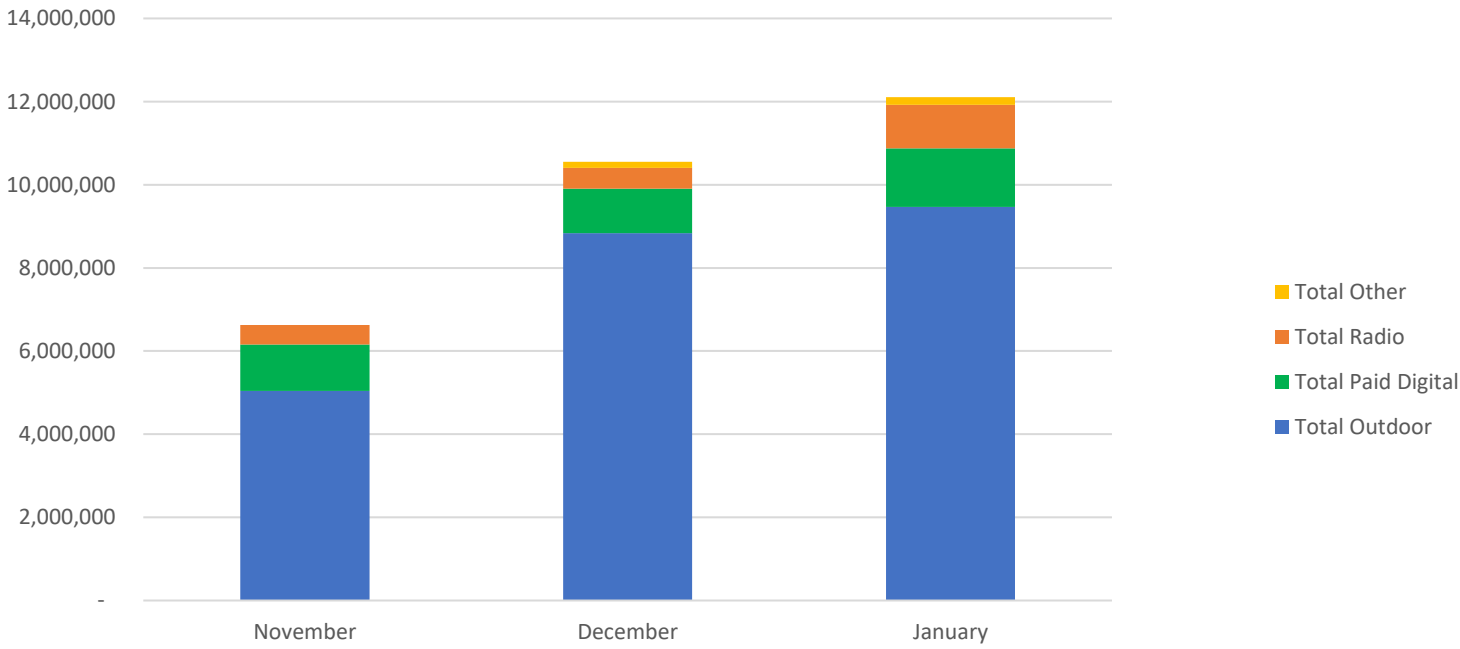
- Comprehensive plan implementation complete by end of December

- **January**

- Lower than expected bookings communicated on January 14
- Incremental and realigned marketing added by January 21
- Digital referrals to Avelo more than doubled

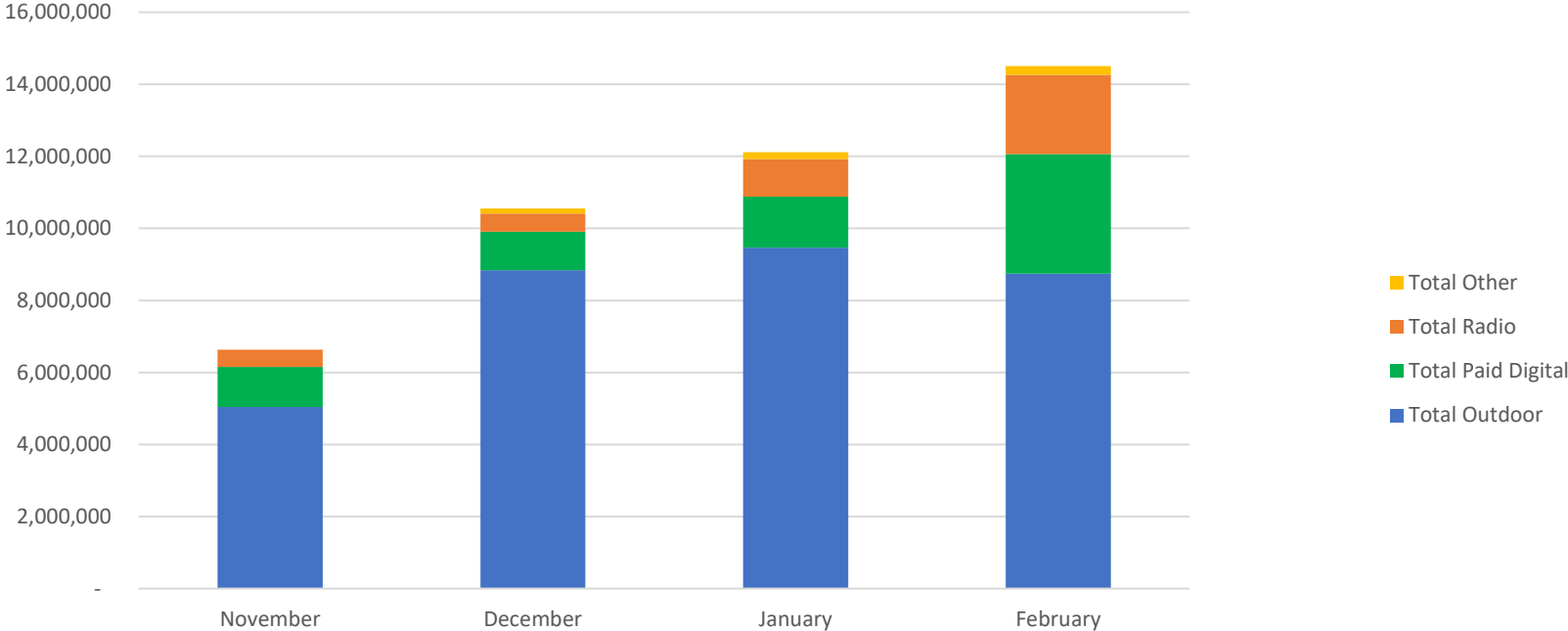
Avelo Marketing Plan Summary through January

Monthly Gross Impressions



Avelo Marketing Plan Summary Updated through February

Monthly Gross Impressions



- **Digital clicks to Avelo booking page**
 - Dec 750/day 23,000/month
 - Feb 1,500/day 46,000/month

Questions?