

Peninsula Airport Commission

Board of Commissioners Meeting Minutes

November 20, 2025 – Regular Meeting

Commissioners in Attendance:

Chair, Lindsey Carney Smith
Vice Chair, Thomas Garner
Treasurer, James “Jay” Joseph
Assistant Treasurer, McKinley Price, DDS

Staff Members in Attendance:

Executive Director, Chris Morello
Office Manager, Barbara Harris
Executive Assistant, Jenna Coyle
Chief Financial Officer, Mark Adams

Public Officials Present:

Ralph “Bo” Clayton, Deputy City Manager, City of Newport News
Jim Brigham, Chief of Staff – Office of the Mayor
Jody Saunders, Director of Communications, City of Newport News

Counsel:

L. Scott Seymour

Public Attendees:

Lauren Strobe, Cherry Bekaert, LLP (virtual)
David Hause, Kiln Creek HOA
Dave Dober, ATAC
Mark Lee, Atlantic Aviation
Brett Hall, WAVY 10

Chair Smith called the meeting to order at 8:00 a.m. She began by thanking everyone in attendance. Chair Smith reported that Mr. Lawson is absent due to a business conflict.

Approval of Minutes from October 16, 2025: Chair Smith asked if there were any comments or edits to the Minutes. Mr. Garner made a motion to approve the Minutes as presented and Dr. Price seconded the motion. The motion was approved via voice vote, **4-0**.

Public Comment: Chair Smith asked if there was anyone who signed up for Public Comment? Mrs. Harris stated that there were none.

Special Reports:

Draft PAC Audit Presentation – Cherry Bekaert, LLP. Chair Smith introduced Lauren Strobe of Cherry Bekaert, LLP for the draft audit presentation (Exhibit A). Ms. Strobe stated that she was pleased to report that there were no findings of non-compliance and that the audit team noted one internal control finding related to the review process for manual journal entries. Although the issue did not result in any journal entries needing adjustment, it highlights an efficiency concern because manual journal entries reviewed by someone other than the preparer is preferred. Ms. Strobe added that the team recommends these reviews occur more frequently, as well. Ms. Strobe also explained that the Passenger Facility Charge (PFC) audit was completed, that no compliance issues or internal control concerns were identified, that a clean PFC audit report will be issued.

As part of the audit, the auditors reviewed related-party relationships and transactions and found none that were undisclosed or significant, with all identified items already reported by management. Finally, the auditors noted that there were no significant or unusual transactions for FY25 that required further disclosure. She stated that the team consider the Commission's financial statements to be neutral, consistent, and clear. They also noted a disclosure in a footnote added last year, regarding the Commission's relationship with the City and how any budget deficit would be addressed. Ms. Strobe stated there were no difficulties in working with management during the audit and emphasized that the process went smoothly.

Ms. Strobe also mentioned upcoming financial reporting changes under GASB 103 and GASB 104. GASB 103 may result in minor updates, but no significant impact is expected. GASB 104 is likewise not anticipated to materially affect the Commission's financial statements. Mr. Joseph asked Ms. Strobe what was needed to complete the audit and she answered that the PFC information and the customary legal letter were the only remaining items. Mr. Garner made a motion to approve the draft audit and Dr. Price seconded the motion. The motion was approved by roll call vote, **4-0**.

Government Shutdown Impacts. Mr. Morello acknowledged and commended the TSA and FAA teams for their exceptional professionalism and performance during the federal government shutdown and commercial air carrier system reduction period. He reported that staff checked in with both agencies daily and confirmed that there were no callouts, no reported delays in passenger processing, and that both TSA screening operations and the FAA tower remained fully staffed throughout the disruption. During the eight-day FAA-mandated air service reduction, the airport experienced significant operational impacts, losing on average approximately one arrival and one departure flight each day, an overall reduction of about 25% in aircraft activity. Mr. Morello stated that booking data from TSA and outbound passenger counts from American Airlines indicated a 31% decline in inbound bookings and a 22% decline in outbound bookings during the same period. Staff also communicated with peer airports across the state to understand comparative impacts, and that Deputy Director, John Borden and Director of Operations, Rob Gay, are attending Department of Virginia Aviation meetings and should be able to gain additional insights.

Mr. Morello noted that the House of Representatives Transportation and Infrastructure Committee's Aviation Subcommittee has introduced bipartisan legislation aimed at preserving safety and efficiency within the national airspace system during future government shutdowns. He stated that the airport will monitor the progress of this legislation and report back as developments occur. Dr. Price asked what can be done in the future if legislation does not pass and a shutdown occurs again. Mr. Morello stated our efforts would focus on ensuring the airline preserves our flights and that they remain fully aware of our strong load factors as they make decisions during such an event.

Site Readiness – Air Commerce Park. Mr. Morello reported on progress related to site readiness for the Air Commerce Park areas, noting that the 280 acres in Air Commerce Park West and the 50 acres in Air Commerce Park East continue to move toward higher development readiness and better marketability. All required studies and site characterization work have been completed except for the Traffic Impact Analysis (TIA), which is now in its final stage. He reported that the consultant has submitted the TIA update to the City Engineering Department for review, which is expected to take approximately one week, while VDOT's review may take two to three weeks. These timelines are within state grant program deadline, for which VEDP is funding 75% of the project studies. He stated that upon completion, the Newport News Economic Development Authority and Airport will receive the final engineering and site characterization reports needed to elevate both Commerce Park sites from Tier 2 to Tier 4 status on the state's five-tier development readiness scale. He explained that while Tier 4 status for the East site has always been anticipated, the state has also indicated that the 280-acre West site may also conditionally qualify for Tier 4 status. Achieving Tier 4 status significantly enhances marketability and demonstrates that the sites are zoned for industrial activity by-right and development-ready, helping attract aviation, aerospace, and other business partners immediately. Mr. Morello expects to confirm the completion of all requirements and progress toward certification in December.

Committee Reports:

Finance & Audit. Mr. Joseph reported that the subjects requiring attention had already been addressed in both the special reports and anticipated in the Executive Director's report, and he had no additional items to present.

Facilities Committee.

Terminal Roof Replacement. Mr. Morello reported that contractors are now mobilized for the roof repair program. Laydown areas have been established, and materials continue to be delivered. All workers have been badged, and full project activity is expected to begin the week after Thanksgiving once all materials have been received.

Taxiway Delta. Mr. Morello reported that Atlantic Construction is progressing with the Taxiway Delta Rehabilitation Program. The contractor has submitted the required obstruction-related documentation to the FAA for cranes at the batch plant. Material specification submittals are currently under review by the consultants, Talbert & Bright. The contractor has also begun the

badging process to gain access to the airfield and secured areas. The project is scheduled to begin on January 5, 2026.

GA Ramp. Mr. Morello reported that the GA Ramp Program is progressing slightly ahead of the Taxiway Delta project. Contractor badging is underway, and material submittals remain in review with Talbert & Bright. A phasing plan has been developed to begin the concrete work near the ARFF building and the Atlantic FBO area, as concrete work is less temperature-dependent and can proceed now. The asphalt portion of the project, located near the former terminal area, is expected to begin in March when warmer weather will support proper paving conditions.

Bathrooms. Mr. Morello reported that the design work for the bathroom rehabilitation project in the atrium and lobby areas is ongoing and approached the 60% design stage. The 60% plans are expected to be completed in the second week of December and will then be reviewed with the architectural and engineering consultant, BSquare Design. The full bid package is anticipated to be finalized and released for bidding by late January or early February.

Jet Bridge. Mr. Morello reported that work is progressing on the installation of the jet bridge at Concourse B, Gate B1. The safety plan is currently under development, and the required obstruction documentation has been submitted to the FAA. He stated a geological and seismic study for the jet bridge foundation is also underway. Mr. Morello reported that the completion schedule for this study is still being confirmed.

Executive Director Report: Mr. Morello commended staff for their generosity and community support during the shutdown period. He reported that HR Director Regina Carson organized a major food collection campaign in response to increased demand at local food banks, resulting in several boxes of donated food that will be delivered next week. He stated that an internal departmental competition helped drive participation. Additionally, Ms. Carson secured restaurant gift cards through her industry contacts, which were provided to the TSA manager for equitable distribution among TSA employees. He stated the airport also supported the community by opening the banquet room to the food bank on two occasions to facilitate their distribution efforts for federal employees.

Mr. Morello reported that staff has begun a collaborative approach to developing the FY 2027 budget. He stated the goal is to present the proposed budget by January to meet the City's submission deadline, as the airport's budget is incorporated into the City's budget. He said that, internal to the airport, efforts are being made to move away from a siloed departmental budget-building approach, encouraging cross-departmental understanding and collaboration. This approach allows staff in one department to better understand the responsibilities and challenges of other departments in preparing for the upcoming fiscal year. Mr. Morello noted that these efforts are intended to create a meaningful process for all staff and will be reflected in the upcoming budget presentation.

Master Plan: Mr. Morello reported that the consultants, Passero and Talbert & Bright, are continuing work on the baggage handling alternatives assessment, with a specialized subcontractor completing the remaining portion of the facilities chapter for the Master Plan. He

reported that he had completed a revised draft of the Advanced Air Mobility section to better reflect the airport's capabilities and future potential, and this will be incorporated into the facilities chapter as well. Mr. Morello stated that the consultant team is now progressing toward development of the design alternatives, the environmental overview, and the identification of triggering events for future capital improvement needs. The airport continues to hold biweekly calls with the consultants to receive updates and provide input as the Master Plan work advances. Chair Smith added that at the next meeting, the team will begin work on the layout alternatives for aircraft operations, marking an exciting phase of the project.

Partnership Reports:

GOVA Grant – Mobile Innovation Center (MIC). Mr. Morello provided an update on the Mobility Innovation Center (MIC), a grant program that the airport partners have been pursuing for several months. He stated that it had originally focused on beyond visual line of sight (BVLOS) research and development, but has expanded significantly to include much greater workforce development emphasis and integration of various aerial systems and platforms. He reported that the grant application for the three-year program is being led by the Newport News Economic Development Authority, with the City of Hampton as a partner, and supported by regional organizations such as the Hampton Roads Alliance, Hampton Roads Executive Roundtable, and Go Virginia Region 5. Mr. Morello reported that the Airport serves as a supporting partner, with private-sector participation from the Newport News-based company USI, led by Dan Wolfe, who has extensive experience in aviation, military, UAS, and advanced air mobility (AAM) sectors. Mr. Morello reported that the total program value is approximately \$4.5 million, with \$3 million requested from Go Virginia. Mr. Morello stated that key objectives include research and development of crewed and uncrewed systems, workforce training, and advancing Hampton Roads' position in next-generation air mobility. Testing of BVLOS operations under the grant program would occur at the radio control aircraft facility in Newport News Park, which features a 400-foot asphalt runway. Mr. Morello stated that the program will also support FAA Part 107 drone pilot training and other workforce development initiative and the project is in the final stages of approval with the State Go Virginia Board. Chair Smith reported that the original concept of establishing a BVLOS hub at the airport, potentially operating from the hangar on G Avenue and on the airfield, has since evolved into a much larger workforce development initiatives and following discussions with the Department of Aviation, the project was determined to be better suited for an off-airport location. She stated that the airport remains a participating partner without any financial commitment, allowing it to stay at the forefront of emerging drone and uncrewed systems advancements. Appreciation was expressed for continued support of this initiative and for pursuing available Go Virginia funding. Mr. Joseph asked if the FAA will make an exception to allow uncrewed vehicles in controlled airspace for perimeter checks. Mr. Morello stated that many airports around the country are seeking exceptions to allow that kind of activity in accordance with forthcoming final guidance from the FAA.

FAA eVTOL Integration Pilot Program (eIPP). Mr. Morello reported that the EVTOL Integration Pilot Program (EIPP), a new initiative mandated by presidential executive order for the FAA and the U.S. Department of Transportation, is designed to accelerate the integration of emerging crewed and uncrewed technologies into the national airspace by establishing

demonstration sites and operational corridors for research. He stated that little research has been conducted on large-scale corridor operations, particularly counter-UAS capabilities, sensor systems, and regulatory frameworks, and that the FAA has been tasked with identifying partners capable of demonstrating these technologies and capabilities. Chair Smith, City staff, representatives from the Hampton Roads Executive Roundtable, Virginia Tech's Mid-Atlantic Aviation Partnership, and the Virginia Department of Aviation have been participating in early planning discussions, he said, and that Virginia Tech and DOAV are leading the effort to position Virginia as a host for one of five to seven national demonstration corridors. The corridor for Virginia is proposed to include Newport News/Williamsburg Airport, Richmond, Blacksburg, Roanoke, and Stafford, with a potential extension into West Virginia at Snowshoe Mountain. Mr. Morello noted that this initiative is still in its early stages, with FAA applications due in December or possibly January due to the recent government shutdown. He stated that the effort aligns closely with the Mobility Innovation Center (MIC)/Go Virginia grant initiative, creating strong synergy between regional workforce development, advanced aviation research, and emerging technology integration. Mr. Morello reported that Virginia Tech has provided a draft Memorandum of Understanding (MOU) for all participating airports to review as part of the pre-application process and further updates will be provided as the review progresses.

City Partnership. Mr. Morello expressed sincere appreciation for the financial assistance provided by the City during FY 2026, stating that the Airport received a \$1,000,000 transfer to support the roof replacement program, now underway, and an additional \$1,975,000 in operating support in early November. This leaves just over \$1,000,000 remaining from the City's pledged contribution toward operating expenses. He expressed gratitude on behalf of airport staff for the City's significant support.

Old Business: Mr. Morello reported that staff had conducted a detailed review of three potential fee adjustments previously discussed: a new landing fee for itinerant aircraft 12,500 pounds and greater, modest increases to passenger parking fees, and adjustments to the fuel flowage fee. The purpose of the review was to evaluate these options in the context of the airport's current charges and to compare them with fees at similar airports as had been previously requested by the Commission. He stated that while the analysis provides insight into how the airport's fees compare to peers' fees with the potential revenue increases, it does not predict price sensitivity or how fee changes might affect aircraft activity. Mr. Morello stated that the proposed new landing fee would only be on itinerant aircraft, meaning non-tenant aircraft arriving for charter, cargo, or fueling purposes, since these aircraft create wear and operational impacts on the airfield but unlike at many other airports nationwide currently do not pay landing fees at this airport. Mr. Morello stated that staff recommends implementing a landing fee of \$2.97 per 1,000 pounds above 12,499 pounds, with revenue billing and collection facilitated by a third-party agent. Based on prior fiscal year activity, the projected net revenue from implementing this fee could exceed \$100,000 annually after commission paid to the billing agent. He reported that Charlottesville Airport recently adopted a landing fee of \$3.92 per 1,000 pounds for aircraft over 7,500 pounds and greater with support from a third party billing vendor, Vector, further demonstrating movement toward such fee structures in the Commonwealth. Mr. Morello also discussed the staff recommendation to increase parking fees from \$2.00 to \$3.00 for hourly parking, and the daily rate from \$10.00 to \$12.00 per day. He said that prevailing rates at other facilities are mostly comparable or higher. Mr. Morello also gave an overview of staff's analysis

related to the proposed adjustment to the airport's fuel flowage fee from \$0.05 per gallon to \$0.08 per gallon. He clarified that the fee applies to fuel drawn from the FBOs' leased storage tanks, not at the point of fueling aircraft, and that the airport receives monthly payments based on the gallons transferred to trucks. Mr. Morello explained that the proposed rate of \$0.08 aligns with the national average observed at comparable airports and would position the airport within a typical mid-range among peer facilities. Chair Smith asked if approving the new landing fee is independent of entering into a contract with Vector. Mr. Morello confirmed that approving the landing fees would necessitate using a company like Vector due to administrative burden that staff would bear. Mr. Joseph asked if the Commission could authorize staff to adopt the proposed rates and fees with the understanding that implementing a landing fee would be subject to entering into a satisfactory agreement with Vector as the provider. Chair Smith confirmed her acceptance of that approach. Mr. Joseph moved to approve the proposed Rates and Charges with landing fee approval subject to Commission approval of an agreement with a third party billing agent and Mr. Garner seconded the motion. The motion was approved but roll call vote, **4-0**.

New Business: Chair Smith asked if there was new business and there was none.

Closed Session: Chair Smith asked Mr. Seymour to read closed session statements for §2.2-3711(A)(1): Personnel, §2.2-3711(A)(3) Acquisition & disposition of real property, and §2.2-3711(A)(5): Prospective Business.

Mr. Joseph made a motion to enter into Closed Session and Dr. Price seconded the motion. The motion was approved by roll call vote, **4-0, and the PAC entered Closed Session at 9:11 am.**

Chair Smith asked Mr. Seymour to read the required certification statement to return to Open Session. Mr. Garner made a motion to return to Open Session and Dr. Price seconded the motion. The motion was approved by roll call vote, **4-0, and the PAC returned to Open Session at 9:56 a.m.**

Chair Smith requested consideration of an action to approve an employment agreement with Mr. Morello to retain him as Executive Director. Mr. Garner made a motion and Dr. Price seconded the motion. The motion was approved by roll call vote, **4-0**.

Chair Smith adjourned the meeting at 9:56 a.m.

Next Regular Meeting Date: December 18, 2025, at 8:00 a.m.