

PENINSULA AIRPORT COMMISSION

MINUTES

May 28, 2015

PRESIDED: James Bourey

The regularly scheduled meeting of the Peninsula Airport Commission was held on Thursday, May 28, 2015 at 8:00 a.m. in the Airport Commission Room at the Newport News/Williamsburg International Airport.

Commissioners present were:

Herbert H. Bateman, Jr., Jim Bourey, LaDonna Finch, Aubrey Fitzgerald, Steve Mallon and George Wallace.

Executive Director

Mr. Ken Spirito

Assistant Airport Director, Operations and Maintenance

Ms. Melissa Cheaney

Assistant Airport Director, Planning and Development

Mr. Ted Kitchens

Director, Marketing and Public Relations

Ms. Jessica Wharton

Director, Finance and Administration

Ms. Renee Ford

Legal Counsel

Mr. Herbert V. Kelly, Jr.

Ms. Robyn Hansen

Executive Assistant

Ms. Rhonda Wissinger

Public in Attendance

Jay Talbert- Talbert & BRight

Nick Patterson- RS&H

Dave Ress- The Daily Press

Joe Frank-David, Kamp & Frank, L.L.C.

Wade Briggs- Dominion Power

Angela Diaz-Jones, Blechman, Woltz and Kelly

COMMENTS FROM THE PUBLIC

Mr. Bert Kelly introduced Angela Diaz, a student at William and Mary that will be interning with Jones, Blechman, Woltz and Kelly for the summer.

Mr. Kelly also reported that Ms. Catherine Westfall, his previous intern, has been hired full time with Jones, Blechman, Woltz and Kelly.

MINUTES OF COMMISSION MEETING HELD APRIL 23, 2015

RESOLVED, that the Peninsula Airport Commission approve the minutes of the Commission meeting held April 23, 2015.

Commissioner Steve Mallon made the motion to adopt the April 23, 2015 minutes. Commissioner Aubrey Fitzgerald seconded the motion.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, LaDonna Finch, Aubrey Fitzgerald Steve Mallon and George Wallace.

ASSISTANT AIRPORT DIRECTOR, OPERATIONS/MAINTENANCE REPORT

Ms. Cheaney, Assistant Airport Director, Operations and Maintenance gave the following report:

AWARD BID FOR TREE HARVEST MANAGEMENT SERVICES

Airport staff has identified undeveloped, wooded areas on airport property that have mature trees that could create airspace obstructions. One section of these trees also abuts the airport security fence. The ability to clearly see the fence line and potential threats in this area is currently obstructed. Clearcutting approximately 3 acres near the fence line and selectively harvesting the other areas outlined in the attached diagram will address both obstruction and security issues. Also, by selectively harvesting certain trees in the area, the remaining trees will have more space to grow and develop.

The airport has contacted the city to address any potential environmental concerns. The trees cut will not be grubbed so land disturbance permits will not be needed. The only requirement will be to protect any drainage inlets that exist.

Proposals were solicited from three forestry companies: Clearwater Environmental and Forestry, American Forest Management, Inc., and Turner Forestry, LLC. Clearwater Environmental and Forestry from West Point, Virginia was selected for this project. Clearwater had the most comprehensive proposal, outstanding references, and also the lowest commission percentage with 6%.

RESOLVED, that the Peninsula Airport Commission award bid for Tree Harvest Management Services to Clearwater Environmental and Forestry.

Commissioner Steve Mallon made the motion to award the bid for Tree Harvest Management Services to Clearwater Environmental and Forestry and Commissioner Aubrey Fitzgerald seconded the motion.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, LaDonna Finch, Aubrey Fitzgerald Steve Mallon and George Wallace.

Ms. Cheaney also reported the following:

On May 12th, there was an accident with a Lear 35 after it had departed Newport News. The pilot immediately reported a problem with the landing gear. The plane turned around and came back to Newport News as a precaution and the gears collapsed at landing and hit two runway lights. There were no injuries. The biggest concern was the aircraft lost 500 gallons of jet fuel. The aircraft was operated by Phoenix Aviation which is a subcontractor of L3 Communications. The Runway had to be closed for two days while an environmental company, CleanHarbors removed 100 tons of dirt that had been polluted with jet fuel. Also, the edge of the asphalt on the runway had been deteriorated. No operations were impacted, as we still had Runway 2-20 operational. The asphalt was repaired and new clean fill was brought in to fill in the areas where the dirt had been polluted. Phoenix Aviation is responsible for all costs associated with the closure. We will get reimbursed from the insurance company. Mr. Spirito stated we will also be reimbursed for all labor that was incurred during this incident.

The Annual Emergency Plan Review and Response was held on Wednesday, May 20th, as a part of our FAA guidelines to hold an annual meeting. We had about 30 participants from the City of Newport News, the City of Hampton, York County and Riverside Hospital. The meeting was very positive and allowed for us to review the response plan with all participants.

ASSISTANT AIRPORT DIRECTOR, PLANNING/DEVELOPMENT REPORT

Mr. Kitchens, Assistant Airport Director, Planning and Development gave the following report:

APPROVE WORK AUTHORIZATION WITH RS&H FOR LAND RELEASE

Mr. Kitchens reported that staff asked Reynolds, Smith and Hills to prepare a scope of work to prepare a Categorical Exclusion for the release of approximately 140 acres of land along Denbigh Boulevard. This land was identified as part of the Master Plan Update as a potential area for non-aeronautical revenue generation.

Through the acceptance of federal grant funds, the PAC is required to follow National Environmental Policy Act of 1969 (NEPA) implementing procedures promulgated by the FAA as part of our request to the FAA to release the land from federal obligations. The FAA has deemed a release of land a Categorical Exclusion which is a simplified environmental determination. The Categorical Exclusion effort will examine NEPA impact categories and result in an updated noise modeling effort to reflect a) a lower level of aircraft operations since the Master Plan base year, b) the change in aircraft mix flying in to the airport and c) a more realistic runway usage pattern. This will allow us to

better determine compatible versus incompatible land-uses within the area.

The cost to perform this work is \$54, 906. This cost will be added to a future negotiated price for fee simple purchase of the land.

RESOLVED, that the Peninsula Airport Commission approve Work Authorization with RS&H for land use.

Commissioner Steve Mallon made the motion to approve the Work Authorization with RS&H for land use. Herbert H. Bateman, Jr. seconded the motion.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, LaDonna Finch, Aubrey Fitzgerald, Steve Mallon and George Wallace.

APPROVE LAND LEASE OPTION WITH DOMINION POWER

Mr. Kitchens reported that staff was approached by Dominion regarding the leasing of 12 acres of land for a solar energy facility (SEF). This is part of Dominion's Solar Partnership Program which is a multi-year pilot program designed to expand Dominion's portfolio of community-based solar energy by studying its impact and assessing its benefits while supporting and encouraging solar energy growth in Virginia.

Under existing enabling legislation, Dominion is authorized to construct and operate up to 30 megawatts of solar facilities on leased rooftops or on the grounds of commercial businesses and public properties throughout Virginia. Dominion's interest at the airport was in regards to two targeted circuits: one along Jefferson Avenue and another along Oriana Road. This option agreement is for the Oriana Road circuit only. The agreement is for two-years and will allow Dominion to complete necessary due diligence on the site, including any engineering studies, re-zoning/site plan approvals and FAA concurrence on solar glare hazard to aircraft operations.

Dominion will own and operate the facility and will receive any and all environmental credits associated with the solar generation.

RESOLVED, that the Peninsula Airport Commission approve Land Lease option with Dominion Power subject to counsel approval.

Commissioner Steve Mallon made the motion to approve the Land Lease option with Dominion Power subject to counsel approval and Commissioner George Wallace seconded the motion.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, LaDonna Finch, Aubrey Fitzgerald, Steve Mallon

and George Wallace.

CLOSED MEETING

BE IT RESOLVED, that the Commission enter into a Closed Meeting pursuant to the Virginia Freedom of Information Act; Section 2.2-3711.A. pertaining to:

Discussion or consideration of the acquisition 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. Specifically, the Commission will discuss the disposition of publicly held real property.

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. Specifically, to discuss perspective business in the expansion of existing air service where no previous announcement has been made.

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. Specifically, to consult with counsel regarding specific legal matters requiring the provision of legal advice.

Commissioner Aubrey Ftizgerald made the motion, seconded by Commissioner George Wallace to hold a closed meeting.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, LaDonna Finch, Aubrey Fitzgerald, Steve Mallon and George Wallace.

The Commission entered into a Closed Meeting at 8:25 a.m. and reconvened in Open meeting at 9:40 a.m. Upon reconvening, it was

RESOLVED, that to the best of the Commission's knowledge, only public business matters lawfully exempt from open meeting requirements, and only such public business matters as were identified in the motion by which the Closed Meeting was convened, were heard, discussed or considered in Closed Meeting.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, LaDonna Finch, Aubrey Fitzgerald, Steve Mallon and George Wallace.

DISCUSSION WITH JOE FRANK ON BEHALF OF DOMINION POWER

Mr. Joe Frank, Attorney with David, Kamp and Frank, L.L.C. approached the Commission on behalf of Dominion Power to discuss the need for support of a project that would provide a new power source to the Peninsula. Mr. Frank explained that in April of 2016 the Yorktown plant which currently uses two coal burning generators as a power source to the Peninsula, will need to close due to new EPA (Environmental Protection Agency) standards that are not being met. Mr. Frank is working to get an extension to close April 2017 instead of April 2016. If a new power source is not in place at the time of closure, the Peninsula is at risk of losing power 80 days a year or 1 out of 4 days. These power losses would occur during peak times of summer and winter. This will affect area businesses. Dominion Power would like to put power lines above ground across the James River that would transfer power from the Surry plant to the Peninsula. There has been some opposition to this plan by the residents of Kingsmill and James City County. Mr. Wade Briggs, Project Manager of this project explained the urgency of keeping a power supply running to the Peninsula. Mr. Joe Frank stated he is trying to build support of this project from area businesses and asked the Commission to go on record and write a letter to James City County supporting this project. Other companies that have gone on record with their support include the Shipyard, Patrick Henry Mall, Jefferson Lab and Canon.

Mr. Ken Spirito, Executive Director, said the board will consider showing support with a letter and Mr. James Bourey, Chairman suggested the board talk about it in more detail at the next Commission meeting. Mr. Spirito stated he will get more information to bring to the next meeting for discussion.

(Commissioner George Wallace left at 10:09 a.m.)

DIRECTOR OF MARKETING AND PUBLIC RELATIONS

Ms. Jessica Wharton, Director of Marketing and Public Relations gave the following report:

- April passenger numbers were down 15.4%. Norfolk passenger numbers were down 5.4% for the month of April and Richmond passenger numbers were down 3.7% for the month of April.
- FY16 Advertising Budget is currently being worked on
- Website revision-Ms. Wharton stated she will be working on revising our current website.
- Langley Civic Leaders Association will be having a reception this Friday, May 29th at the Air and Space Museum.

DIRECTOR OF FINANCE & ADMINISTRATION

Renee Ford, Director of Finance & Administration gave the following report:

Ms. Ford reported the Airport's revenues were 3% above budget and .2% above April 2014. Our expenditures for April 2015 totaled 8.2% lower than budget and 3% below April 2014.

(Commissioner LaDonna Finch left at 10:13 a.m.)

APPROVE FY16 OPERATING/CAPITAL BUDGET

Ms. Ford presented the proposed operating budget for FY 2016. After discussion, Ms. Ford recommended that the FY 2016 operating budget be approved as presented.

RESOLVED, that the Peninsula Airport Commission approve the proposed operating budget for FY 2016.

Commissioner Herbert H. Bateman, Jr. made the motion to approve the proposed operating budget for FY 2016 and Commissioner Aubrey Fitzgerald seconded the motion.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, Aubrey Fitzgerald and Steve Mallon.

Disclosure to the Peninsula Airport Commission by Herbert H. Bateman, Jr. regarding the budget vote:

- I am an employee of TowneBank
- Pac has a banking relationship with TowneBank
- I do not manage that relationship
- I derive no direct income from the Aforementioned relationship
- I believe that I am able to vote fairly and objectively on this matter.

A copy of Mr. Herbert H. Bateman, Jr.'s disclosure with his signature has been attached.

APPROVE FY16 RATES AND CHARGES POLICY

Ms. Ford presented the FY 16 Rates and Charges Policy and reported that there were two changes that had been made. The changes that were made were an increase per deplaned passenger which is for the FIS (Federal Inspection Station) and the landing fee rate had increased. Ms. Ford recommends the FY16 Rates and Charges Policy be approved as presented.

RESOLVED, that the Peninsula Airport Commission approve the FY16 Rates and Charges Policy as presented.

Commissioner Steve Mallon made the motion to approve the FY16 Rates and Charges Policy as presented and Commissioner Aubrey Fitzgerald seconded the motion.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, Aubrey Fitzgerald and Steve Mallon.

APPROVE VRS RESOLUTION

Ms. Ford reported that we have been phasing in the 5 percent member contribution for employees hired before July 1, 2012 Under Chapter 822 of the 2012 Act of Assembly over a five year period. Ms. Ford recommends that we approve the VRS Resolution as presented.

RESOLVED, that the Peninsula Airport Commission approve the VRS Resolution as presented.

Commissioner Steve Mallon made the motion to approve the VRS Resolution as presented and Commissioner Aubrey Fitzgerald seconded the motion.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, Aubrey Fitzgerald and Steve Mallon.

APPROVE VRS RESOLUTION FOR EMPLOYERS CONTRIBUTION RATE

Ms. Ford reported that three years ago the PAC elected to phase in the 5 percent member contribution for employees hired before July 1, 2012 under Chapter 822 of the 2012 Act of Assembly (SB 497) over a five year period. For fiscal years 2013-2015 we elected a 1% contribution with an offsetting salary increase. This resolution is requiring us to make our election for fiscal year 2016.

PAC must approve the amount of the member contribution that these employees will pay beginning July 1st. PAC must also certify that employees will receive a comparable offsetting salary increase effective July 1st of each year of the phase-in-period. We have included in the fiscal year 2016 budget a 1% increase in salary to offset the increased member contribution required.

Currently PAC is paying 2% of the 5% member contribution. Ms. Ford recommends that the PAC approve the resolution to decrease the employer paid member contribution to 4%.

RESOLVED, that the Peninsula Airport Commission approve the VRS Member

Contribution by Salary Reduction Resolution.

Commissioner Steve Mallon made the motion to approve the VRS Member Contribution by Salary Reduction Resolution and Commissioner Aubrey Fitzgerald seconded the motion.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, Aubrey Fitzgerald and Steve Mallon.

EXECUTIVE DIRECTOR 'S REPORT

Mr. Ken Spirito, Executive Director, gave the following report:

APPROVE ATLANTIC AVIATION LEASE EXTENSION

Mr. Spirito reported that management has met with representatives of Atlantic Aviation and they are prepared to make an investment of over \$612,000 to existing facilities under their leasehold.

Some of the improvements include:

- Roofing Repairs and replacement to 3 hangars and to the offices and FBO terminal.
- Renovations to two hangars
- LED Upgrades to 65 lights in their parking areas and one hangar
- Hangar Door replacement to hangar three

Atlantic Aviation is requesting an additional two years on the base term. The current base term is set to expire on 3/31/2024. Approving this extension will change the base term to 3/31/2026. Mr. Spirito recommends approval of the lease extension.

RESOLVED, that the Peninsula Airport Commission approve the Atlantic Aviation Lease Extension.

Commissioner Aubrey Fitzgerald made the motion to approve the Atlantic Aviation Lease Extension and Commissioner Steve Mallon seconded the motion.

Voting yes were:

Herbert H. Bateman, Jr., Jim Bourey, Aubrey Fitzgerald and Steve Mallon.

Mr. Spirito also reported that we are moving forward steadily with our Consolidated Checkpoint Project and will continue to move forward in two phases. As we move forward, we will be presenting Construction Documents to the board for consideration at the July Commission Meeting.

DISCUSS OFFICER SELECTION FOR 2015-2016

Mr. Bourey appointed Commissioner LaDonna Finch and Commissioner George Wallace to serve on a Committee for PAC Officer Selection for the 2015-2016 year.

ADJOURNED

There being no further business, the meeting was adjourned at 10:22 a.m.

NEXT MEETING

The next meeting of the Peninsula Airport Commission will be held on Thursday, June 25, 2015 at 8:00 a.m. in the Commission Room.