

PENINSULA AIRPORT COMMISSION

MINUTES

November 29, 2018

PRESIDED: Sharon Scott

The regularly scheduled meeting of the Peninsula Airport Commission was held on Thursday, November 29, 2018 at 8:00 a.m. in the Commission Room at the Newport News/Williamsburg International Airport.

Commissioners present were:

Rob Coleman, Jay Joseph, Sharon Scott and George Wallace

Executive Director

Mr. Michael Giardino, C.M.

Assistant Executive Director

Ms. Melissa Cheaney, A.A.E.

Director of Finance and Administration

Ms. Renee Ford

Director of Air Service, Marketing and P.R.

Ms. Jessica Wharton

Legal Counsel

James S. McNider, III, Esq.

Administrative Assistant

Ms. Patricia F. Speno

Public in Attendance

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Viveca Munger-Legal Assistant
Alan McDonald – RS&H
Leslie Roberts – Dixon Hughes Goodman
Peter Dujardin- Daily Press

COMMENTS FROM THE PUBLIC

None.

APPROVAL OF MINUTES OF COMMISSION MEETING HELD OCTOBER 25, 2018.

RESOLVED, that the Peninsula Airport Commission approve the minutes of the Commission meeting held October 25, 2018.

Commissioner Rob Coleman made the motion to adopt the October 25, 2018 minutes and Commissioner Jay Joseph seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott and George Wallace

FY 2018 FINANCIAL AUDIT (DIXON HUGHES GOODMAN)

Ms. Leslie Roberts (Dixon Hughes Goodman), gave the following report:

- Ms. Roberts reported the FY2018 Financial Audit went very well. She reported we had no incidence of noncompliance. The financial records that were produced were fair and accurate. The Commonwealth of Virginia's laws, regulations, contracts and grants for which we performed tests of compliance :
- Cash and Investments
 - Retirement Systems
 - Procurement
 - Unclaimed Property
 - Reporting

The Commssioners will receive and review the audit before voting to accept the findings.

ASSISTANT EXECUTIVE DIRECTOR REPORT

Ms. Melissa Cheaney, Assistant Executive Director, gave the following report:

- Ms. Cheaney reported that that she and The Executive Director met with the FAA and The Department of Aviation earlier this month. She reported that they wanted to submit their Capital Improvement Plan in the February time frame which takes a look at plans for five to seven years out. She reported that presently we do have a solid plan for the next three years for numerous airfield improvements, however, what they really wanted to

talk about at this meeting was the Master Plan which was done in 2014. This plan took a look at our runway 2/20, our smaller runway, at 6,500 feet, and recommended a pretty significant change which would be decoupling it where it intersects and then extending it, which would require the realignment of Oriana Rd. When this plan was submitted in 2014 our enplanements and operations were much higher at the airport. Before we submit our next 5 to 7 year plan to the FAA we sat down with that team and are very pleased to report that The FAA is going to support a new planning and focus on the new runway 2/20 shift, taking into account the changes in operations and enplanements at the airport. To know that the FAA is going to support and fund new planning to look at alternatives, was the positive we were hoping for out of that meeting.

- Environmental – Ms. Cheaney reported on an update to our environmental process for our property on South Corporate. Ms. Cheaney stated we were hoping this would be a 3 month process to get through FAA for approval. During that process, there were wetlands defined on that property which extended the environmental process. The FAA, however, did approve our categorical exclusion (NEPA). As a result of the wetlands, we had to submit a joint permit application to DEQ. DEQ reviewed that application which also has to go through coordination with several Federal Agencies. DEQ gave us minor feedback that when and if construction happens we will need to add a small berm to keep lands from draining. As soon as DEQ hears back from the Core of Engineers, they will issue us the permit.
- Community Outreach- Ms. Cheaney reported on her progress with the 5K on the runway project. She advised the board of the actions needed to get done for the September event. She stated the need to designate a charitable partner. Ms. Cheaney reported she spoke with several airports that have done this project as well as the City on how to solicit their charitable partner. She stated we have a team to brainstorm and come up with some guidelines. Ms. Cheaney said she would like to make some recommendations on what our guidelines would be for an application for a charitable partner. We would then like to leave that application open until the end of January and then come to The Board in February with a recommendation. Ms. Wharton added we can put the form up on our website as well as a press release letting the charities know that this opportunity is out there. She also stated we will put the message out on Social Media.

DIRECTOR OF AIR SERVICE, MARKETING AND PUBLIC RELATIONS

Ms. Jessica Wharton, Director of Air Service, Marketing and Public Relations, gave the

following report:

- Ms. Wharton reported October passenger numbers for the month increased by 2.9%. We served 34,880 passengers this month compared to 33,908 in October 2017. Ms. Wharton reported American Airlines were up for the month in passenger traffic and also our seat capacity was up as well. Load factors were very good for the month and remained strong into the fall. Delta is running at 83% load factor and American is at 79.4%.
- Commonwealth Grant PR0035 – Ms. Wharton reported that we applied for a Marketing and Promotion grant. This grant requires you to spend \$70,000.00 in advertising marketing for PHF. In doing so we can be reimbursed up to \$35,000.00. Ms. Wharton reported we have been approved for the grant and we need to have 3 copies of the grant executed to send back to the State. Ms. Wharton asked the Commission for acceptance of Commonwealth Grant PR0035.

RESOLVED, that the Executive Director of the Peninsula Airport Commission is authorized to accept and enter into the Commonwealth Department of Aviation Marketing Grant Agreement.

Commissioner Rob Coleman made the motion to accept the grant and Commissioner Jay Joseph seconded the motion.

Voting yes were:

Rob Coleman, Jay Joseph, Sharon Scott and George Wallace

- Holiday Events- Ms. Wharton reported the Christmas concerts featuring local students will be starting in the terminal next week. . Holiday decorations went up yesterday with trees and décor in the terminal and past security as well. The airport will be represented on December 8th at the Holiday 25 Nights of Lights event in City Center. Ms. Wharton said the airport will be set up with a tent and handouts for the public attending.

DIRECTOR OF FINANCE & ADMINISTRATION

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

- The Airport reported a gain of \$75K for the month against a budgeted

gain of \$12K and last October's loss of \$6K. Revenues totaled \$731K, \$49K or 7.2% greater than budget and \$75K or 11.5% better than last October. Our expenditures this month totaled \$656K, \$14K or 2% below budget and \$5K, or .8% below last October. The highlights for this month's results are as follows:

Actual vs. Budgeted Revenues

- Terminal revenue increased \$11K or 9.3% compared to budget as a result of vending concessions and Take PHFlight operations, along with airline rents based on enplaned passenger numbers. The restaurant was up almost \$7K or 14.2%, and airline rent increased almost \$2K or 5.2% for October.
- Landside revenues were also favorable to budget as a result of customer facility charges and rental car commissions. Both revenue sources increased significantly over the monthly budget. CFCs ended \$26K, or 32.9% above budget and RAC commissions were \$22K, or 23.6% better than budget. Parking revenues were down slightly at \$4K or 2.5%.
- Trailer park revenue has been trending lower than budget for the last few months. This month it is \$6K or 15.3% lower than budget. There are several tenants in arrears and the current management company has been doing a less than satisfactory job. Staff is diligently working on a solution to this situation.

Actual vs. Prior Year Revenue

- Terminal revenues increased \$29K or 28.6% compared to last October due to the operation of the restaurant Take PHFlight and the increase in airline rents due to rates and enplaned passengers. Enplaned passenger numbers increased 18.1% over last October. Restaurant revenue increased \$18K or 48.9% and airline revenue increased \$11K or 28.4% for October.

Landside revenues also increased \$42K or 12.3% compared to last October. Again customer facility charges and RAC commissions surpassed last

year by \$25K or 30.3% and \$19K or 19.5%, respectively. Parking revenue fell short \$3K or 1.7%.

Actual vs. Budgeted Expenditures

- Total expenditures were \$656K, \$14K or 2% better than the budget. Favorable variances included labor & benefits for \$30K, repairs & maintenance for \$9K, supplies for \$3K, and travel \$3K. There are two budgeted positions that remain vacant. One in administration and the other is in terminal maintenance. There was also an employee out on short term disability in October. The unfavorable variances were utilities for \$10K, and services for \$21K. Utilities were unfavorable in the Terminal and the Trailer Park. Lastly services were unfavorable due to legal fees.

Actual vs. Prior Year Expenditures

- Overall expenditures were \$5K or .8% lower than last October. Favorable variances were posted in repairs & maintenance \$13K, supplies \$13K, and bond costs \$5K. The unfavorable variances were in labor & benefits \$3K, advertising \$10K, and utilities \$13K compared to last October. The advertising campaign was very minimal last year, however efforts have picked up as the airport is re-branded.

There is \$1.2M in unrestricted cash and there are no outstanding FAA reimbursements.

EXECUTIVE DIRECTOR'S REPORT

Mr. Michael Giardino, Executive Director, gave the following report:

- Legal Services RFP – Mr. Giardino reported that in July we issued a RFP for Legal Services for The Peninsula Airport Commission. There were six respondents for the request for proposal and Mr. Giardino expressed gratitude to all that sat on the selection committee. Those proposals were scored analytically and those scores were shared with each Commissioner. Mr. Giardino reported The Committee Chair from Governness and Finance

Committees and he interviewed the top three from the analytics that was provided and stated he now has a recommendation.

It was found that the combination of the proposal from Kaufman and Canoles and Hogan Lovells was found responsive and added team member, Eric Ballou, whose expertise was above and beyond. It is my recommendation that the Peninsula Airport Commission select Kaufman and Canoles and Hogan Lovells for general legal services. The current rate will be \$375.000 per hour. I would recommend the combination of those two firms be retained per the RFP for General Council for the Peninsula Airport Commission.

Commissioner Coleman thanked and commended Attorney Jim McNider and Viveca Munger for the job they did for the Commission and the airport and for their service to the board. Mr. Coleman stated the Commission is very appreciative and wanted to publicly thank them. Commissioner Scott also expressed her gratitude and appreciation to Mr. McNider

RESOLVED, that pursuant to Virginia code section 2.2-4301 retaining professional legal services, Eric Ballou, Esq. of the firm of Kaufman and Canoles PC, and Hogan Lovells US LLP shall be retained as general counsel for the Peninsula Airport Commission. The Director of Finance is authorized and directed to issue a purchase order at the rate of \$375.00 per hour for Mr. Ballou with paralegals and other associated standard attorneys at their standard billing rates plus out of pocket expenses.

Commissioner Joseph made the motion to retain the professional services of legal counsel, Erick Ballou, Esq. of the law firm Kaufman and Canoles and Hogan Lovells US LLP. Commissioner Coleman seconded the motion.

Voting Yes:

Mr. Coleman, Mr. Joseph and Mr. Wallace.

Abstaining:

Sharon Scott. Ms. Scott chose to abstain from the vote stating she had not been more engaged in the selection process.

- Retooling and Alignment - Mr. Giardino asked the Commission for their support in his role to bring personnel on to help with functions which included audit, governmental affairs and business management. Mr. Giardino asked the PAC to permit and amend

the budget \$110,000.00 for this fiscal year for the addition of personnel. Mr. Joseph stated he completely supports this idea and asked that we put this in a plan with goals and objectives. Mr. Coleman added he is in full support and asked for a job title, duties description and budget. The Commission agreed to a meeting to discuss this further and Mr. Joseph stated he wants to be supportive of the Director and facilitate a quick resolution.

- Authorization of Ground Lease and Wetlands Purchase for Hangar Construction – Mr. McNider did state he has a resolution on the preparatory Wetlands credit and the background on that is apparently as The Assistant Director, Ms. Cheaney has reported. There is a precondition as wetlands have been discovered on the Air Jordan site. Mr. Giardino reported the lease in its red line state was forwarded to the tenant in November and it has been agreed too. The lease is ready for the tenant's signature. All exhibits have been provided. I would recommend the PAC authorize the Chair to enter into a lease providing the joint Permit being issued. We have a document which has been agreed upon by all parties pending the DEQ permit.

RESOLVED, that the Chairman of the Peninsula Airport Commission (the Commission) is hereby authorized to execute and deliver the Deed of Ground Lease between the Commission and Air Jordan, L.L.C. as presented to the Commission today. Until this Deed of Ground Lease is executed and delivered, the adoption of this resolution does not create any rights for the benefit of any party.

Commissioner Joseph made the motion to execute and deliver the Deed of Ground Lease between the Commission and Air Jordan. Commissioner Coleman seconded the motion.

Voting Yes:

Mr. Coleman, Mr. Joseph, Ms. Scott and Mr. Wallace

APPROVAL OF WETLANDS PURCHASE FOR HANGAR CONSTRUCTION

RESOLVED, that the Chairman of the Peninsula Airport Commission (the "Commission") is hereby authorized to purchase .6 wetlands credit from Resource Environmental Solutions in the amount of \$19,200.00 (80% of which is state entitlement eligible) upon receipt of the Virginia Department of Environmental Quality's approval of the Joint Permit Application relative to the Air Jordan ground lease.

Commissioner Coleman made the motion for the approval of Wetlands Purchase for

Hangar Construction. Commissioner Wallace seconded the motion.

Voting Yes:

Mr. Coleman, Mr. Joseph, Ms. Scott and Mr. Wallace.

- Governance Study Initiation Meeting – Mr. Giardino reported Commissioner Joseph and himself met with DecideSmart. The meeting went very well. The scope of services is being finalized.

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.

Mr. McNider reported that neither he nor the Executive Director have any collateral motion for closed session. Management has nothing for closed session.

Ms. Scott indicated the Commission can forego going into closed session.

NEW BUSINESS

None.

OLD BUSINESS

Mr. Coleman spoke about hangar availability. He asked how the process works with regards to hangar rental. Mr. Coleman wanted to make sure we are getting the word out with regards to availability and that we have reduced our rates.

Ms. Scott reported on a resident of York County who has written her about noise. Mr. Giardino reported that he too has met with this citizen. Mr. Giardino has invited him to attend our meetings and twice he has declined. Mr. Giardino also has met with this citizen and his biggest concern is rotary wing military aircraft. Mr. Giardino reported to the Commission we will remain engaged.

ADJOURNED

There being no further business, the meeting was adjourned at 10:15 a.m.

NEXT MEETING

The next regular meeting of the Peninsula Airport Commission will be held on Thursday, January 24, 2019 at 8:00 a.m. in the Commission Room.