

Board of Commissioners Meeting Packet

Tuesday, May 23, 2023, 1:00 p.m.

2023

Norfolk Airport Authority



2200 Norview Avenue
NAA Board Room
Norfolk, Virginia 23518
(757) 857-3351

Deborah H. Painter
Chair

Mark A. Perryman, Assoc.
AIA, President & CEO and
Board Secretary

Norfolk Airport Authority

Board of Commissioners Meeting

Tuesday, May 23, 2023

1:00 p.m.

AGENDA

1. **CALL TO ORDER**
2. **REGULAR AGENDA**
 - *Approval of Board Meeting Minutes, Thursday, March 23, 2023*
3. **PUBLIC COMMENTS**
4. **CEO & STAFF REPORT**
5. **NAA BOC CHAIR REPORT**
6. **COMMITTEE REPORT**
 - Finance and Audit Committee
 - Final FY24 Budget Approval
 - Truist Bank Change from LIBOR to SOFR
 - Financial Authority of President & CEO
 - Business & Commercial Committee
 - FBO Path Forward Recommendation
 - Facilities Development Committee
 - Alpha Concourse Expansion
7. **OLD BUSINESS**
8. **CLOSED MEETING (Required)**
9. **RECONVENE MEETING (Required)**
10. **NEW BUSINESS**
 - Airport Exhibit Recognizing Hampton Roads Sports Legends
11. **ADJOURNMENT**



Regular Agenda

**Board Meeting Minutes
Thursday, March 23, 2023**

Norfolk Airport Authority

Board of Commissioners Meeting Minutes | Thursday, March 23, 2023, 1:00 pm.

The Norfolk Airport Authority (NAA) Board of Commissioners Meeting was held on Thursday, March 23, 2023, at the Norfolk International Airport (NIA), the NAA Board of Commissioners Room, Main Passenger Terminal. Deborah H. Painter, Chair presided.

Commissioners Present: Michael D. Burnette, CCIM
Peter G. Decker III, Esquire
Paul D. Fraim, Esquire
Mekbib Gameda
Peggy H. Newby, RN, BSN, CAOHC, CPC-A
Deborah H. Painter
Susan C. Pilato
Charles ‘Chip’ W. Rock, Rear Admiral, USN, Retired
Bruce B. Smith

Commissioners Absent: None absent

Staff Present: Jeffery J. Bass, P.E., Associate Vice President, Facilities
Mark A. Perryman, Assoc. AIA, President & CEO
and Board Secretary
Jarred M. Roenker, CPA, Vice President &
Chief Financial Officer
Anthony Rondeau, Executive Vice President &
Chief Development Officer
Steven C. Sterling, Executive Vice President &
Chief of Staff and Board Assistant Secretary
Shelia D. Ward, Ph.D., Vice President & Chief Operations
Officer
Sheri Watts, Executive Administrative Assistant and Board
Assistant Secretary

Others Present: Anita O. Poston, Esquire, Woods Rogers Vandeventer
Black, Counsel
Bret Hall, Reporter, WAVY-TV 10

Welcome and Call to Order (Deborah H. Painter, Chair):

Deborah H. Painter, Chair, determined that a quorum was present and called the meeting to order at 1:00 pm.

REGULAR AGENDA

Approval of Minutes:

Chair Painter entertained a motion by Commissioner Fraim to approve the minutes of the meeting held on Thursday, January 19, 2023. Commissioner Smith seconded the motion, which was then unanimously approved.

Public Comments:

Chair Painter welcomed public comments. No one from the public requested to comment.

CEO Report (Mark A. Perryman, President & CEO):

Mr. Perryman's presentation included the following:

Featured Department Manager:

Mr. Rondeau introduced Mr. Jeffrey Bass, Associate Vice President, Facilities, and briefly summarized his primary role at the Authority.

Skytrax Results:

Mr. Perryman announced that the Airport was certified with the 4-Star Regional Airport Rating for facilities, comfort, cleanliness, shopping, food & beverages, and staff service standards. Also, the Airport was ranked sixth in the *World Airport Awards* for 2023. Customers vote for this award in the annual *Global Airport Customer Satisfaction Survey*. The survey and awards are independent of airport control, influence, or input.

Departures by Aircraft Seat Class:

The Norfolk Airport is moving towards larger aircraft that will provide a better customer experience.

Top Unserved U.S. Transatlantic Markets:

Norfolk is number six in the top ten unserved U.S. transatlantic market. Currently, over 40 airports in the U.S. now have non-stop European flights. The staff is exploring this opportunity with international travel services in high demand.

Air Service/Marketing:

- The ORF market share continues to grow during February 2023, the highest in the Airport's history.
- ORF is Virginia's only Airport to surpass pre-pandemic 2019 airline seat capacity:
 - 2023 v 2019, recovery from the pandemic was quicker and exceeded the U.S. system in scheduled seats by over 20%.
 - 2023 v 2022, the U.S. system is recovering post-pandemic; ORF exceeds in scheduled seats by over 10%.

Capital Projects included:

- Runway 5/23 Concrete Extensions Project: The project design is being finalized. Phase 1 completion is anticipated in November 2023, and Phase 2 in November 2024. The

projected construction and design cost for both phases is \$30 million. Bid opening occurred on January 31, 2023.

- Moving Sidewalk Project: Bid opening is anticipated in June 2023, with construction beginning in January 2024 and completion in June 2024. The estimated project cost is \$6M. In addition, the Authority received \$5.4M in funding with the discretionary Bipartisan Infrastructure Law Airport Terminal Program.
- Alpha Gate Addition Project: The project includes three Common Use Gates and additional restrooms. The estimated design and construction cost is \$28M.
- Terminal Development: The project consists of a linear ticket lobby, consolidated check baggage inspection system, expanded baggage make-up area, new shipping and receiving area, and consolidated checkpoint. The design phase will begin in FY 2024, the anticipated construction in FY 2025, and be completed in FY 2027. The estimated cost is \$260M. Funding will come from Passenger Facility Charge (PFC) for eligible passengers and General Airport Revenue bonds.
- Federal Inspection Services Facility Project: The project will allow passengers access to their baggage before screening. Staff is considering two options: 1) Redesign the existing FIS facility to provide a *Unified Primary*, and 2) Build a new stand-alone *Bags First* facility adjacent to the existing facility, which fully meets today's new standards.

Finance/Administration:

Financial highlights include:

- The January 2023 Financial Report: Operating Revenues are over budget, and Expenses are under budget.
- New Airline Use & Lease Agreement: The current agreement expires on June 30, 2023. Meetings with the airlines regarding the new agreement are continuing.

Strategic Plan:

Mr. Sterling provided a current overview of the Strategic Plan and each of the four goals.

Board Chair Report:

Chair Painter commented positively on the CEO and Staff presentation and welcomed questions and comments from the Board.

Committee Report:

Finance and Audit Committee:

On behalf of the Finance and Audit Committee, Committee Chair Pilato recommended approval of the Preliminary Budget for FY 2024 and moved for its adoption. The motion was unanimously approved.

Old Business: None

Closed Meeting:

Vice Chair Gameda moved that the Board of the Norfolk Airport Authority convene in a closed meeting pursuant to Section 2.2-3711. A.3 of the Code of Virginia for the following business:

Subsection 3. Discussion of the acquisition of real property by the Authority for the benefit of the Norfolk International Airport and the related disposition of real property owned by the Authority, where discussion in an open meeting would adversely affect the bargaining position and negotiating strategy of the Authority;

Subsection 8. Consultation with staff and with legal counsel retained by the Authority regarding specific legal matters requiring the provision of legal advice by such counsel; and

Subsection 29. Discussion of the award of a public contract involving the possible expenditure of public funds and discussion of the scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

Treasurer Decker seconded the motion, and the vote to approve was unanimous. Following the vote, the Authority convened in a closed meeting.

Reconvene Open Meeting:

Following the closed meeting, Chair Painter reconvened the open meeting. Vice Chair Gameda moved for the adoption of the following Resolution and Certification:

Now, therefore, be it resolved that the Board of the Norfolk Airport Authority hereby certifies that to the best of each Commissioner’s knowledge (i) only public business matters lawfully exempted from open meeting requirements under the Virginia Code, 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 closed meeting.

Commissioner Burnette seconded the motion. The motion was approved by roll call vote as follows:

Commissioner	Response	Commissioner	Response
Michael B. Burnette	Yes	Peter G. Decker III	Yes
Paul D. Fraim	Yes	Mekbib Gameda	Yes
Peggy H. Newby	Yes	Deborah H. Painter	Yes
Susan C. Pilato	Absent	Charles ‘Chip’ W Rock	Yes
Bruce B. Smith	Yes		

New Business:

Approval of Resolution on behalf of St. Mary’s Home for Disabled Children, Inc.:

Staff recommended approval of the attached resolution adopting modifications to certain revenue bonds previously issued on behalf of St. Mary’s Home for Disabled Children, Inc.

Commissioner Decker moved to approve the resolution, which was seconded by Commissioner Newby and unanimously approved.

Adjournment (2:35 pm):

There being no further business, Vice Chair Gemeda moved that the meeting adjourn.

Commissioner Smith seconded the motion, which was unanimously approved. The next meeting is scheduled for Tuesday, May 23, 2023, at 1:00 pm.

Deborah H. Painter
Chair

Mark A. Perryman, Assoc. AIA
President & CEO and Board
Secretary



Committee Reports

- **Finance and Audit Committee**
- **Business & Commercial Committee**
- **Facilities Development Committee**

Norfolk Airport Authority
Norfolk International Airport
Budgeted Income Statement

	Actual FY 2022	Projected FY23	Budget FY23	Budget FY24	Variance FY24 Budget vs FY23 Budget
Operating Revenues:					
Parking	18,418,315	21,560,826	20,325,000	23,150,000	2,825,000
Landing fees	7,890,044	8,242,129	8,633,500	10,281,000	1,647,500
Rent	6,799,802	7,920,687	8,029,803	15,053,000	7,023,197
Concessions	3,535,816	4,083,811	3,582,000	4,224,000	642,000
Rental Cars	8,761,848	8,778,972	9,000,000	9,800,000	800,000
Other	1,017,232	1,300,954	1,017,000	1,427,000	410,000
Total Operating Revenues	46,423,056	51,887,378	50,587,303	63,935,000	13,347,697
Operating Expenses:					
Salaries, wages and benefits	19,505,012	19,951,337	22,068,585	23,955,695	1,887,110
Advertising and promotion	873,274	818,616	1,127,000	1,197,000	70,000
Utilities	2,943,672	3,618,024	3,038,390	3,457,788	419,398
Insurance	1,090,412	1,010,455	1,250,000	1,250,000	-
Payment to City of Norfolk	2,650,000	2,650,000	2,650,000	2,650,000	-
Stormwater and Sanitation	1,100,977	1,200,251	1,100,000	1,136,200	36,200
Professional services	547,325	646,535	700,500	907,500	207,000
Maintenance and repairs	3,136,427	2,794,639	3,214,600	3,367,200	152,600
Administrative expenses	713,991	803,812	830,780	1,037,030	206,250
Services	3,817,861	4,372,344	4,226,020	4,521,089	295,069
Other	462,511	512,075	734,900	995,950	261,050
Total Operating Expenses	36,841,463	38,378,090	40,940,775	44,475,452	3,534,677
Operating Income	9,581,593	13,509,289	9,646,528	19,459,548	9,813,019

Summary of Revenues

Exhibit A

	Actual FY 2022	Projected FY23	Updated		Variance from		Variance from	
			Budget FY23	Budget FY24	PY Budget	%	Projected	%
Landing Fees	7,890,044	8,242,129	8,633,500	10,281,000	1,647,500	19.1%	2,038,871	24.7%
Airline Space	3,774,716	4,651,231	5,138,594	11,151,000	6,012,406	117.0%	6,499,769	139.7%
Common Use	430,538	638,105	350,000	900,000	550,000	157.1%	261,896	41.0%
Passenger Loading Bridges	111,030	123,007	138,209	293,000	154,791	112.0%	169,993	138.2%
Airline Rent	4,316,284	5,412,343	5,626,803	12,344,000	6,717,197	119.4%	6,931,657	128.1%
Building Rent	1,981,448	1,921,266	1,955,000	2,147,000	192,000	9.8%	225,734	11.7%
Ground Rent	112,928	175,754	103,000	207,000	104,000	101.0%	225,734	11.7%
Conference Rooms	6,768	5,860	5,000	5,000	-	0.0%	31,246	17.8%
Non-Airline Rent	2,101,144	2,102,881	2,063,000	2,359,000	296,000	14.3%	256,119	12.2%
Food/Beverage Concessions	1,322,014	1,737,494	1,300,000	1,800,000	500,000	38.5%	62,506	3.6%
Retail Concessions	1,377,159	1,443,401	1,500,000	1,550,000	50,000	3.3%	106,599	7.4%
Advertising	279,621	318,461	250,000	300,000	50,000	20.0%	(18,461)	-5.8%
Vending Machines	20,656	22,626	22,000	22,000	-	0.0%	(626)	-2.8%
ATMs	21,506	22,891	20,000	22,000	2,000	10.0%	(891)	-3.9%
Concession Fees	3,020,957	3,544,873	3,092,000	3,694,000	602,000	19.5%	149,127	4.2%
Parking Revenue	18,062,934	21,035,276	20,000,000	22,500,000	2,500,000	12.5%	1,464,724	7.0%
Employee & Tenants	355,381	525,550	325,000	650,000	325,000	100.0%	124,450	23.7%
Parking	18,418,315	21,560,826	20,325,000	23,150,000	2,825,000	13.9%	1,589,174	7.4%
Rental Cars Commission	8,761,848	8,778,972	9,000,000	9,800,000	800,000	8.9%	1,021,028	11.6%
Carshare Commissions	-	41,282	-	90,000	90,000	100.0%	48,718	118.0%
Rental Car	8,761,848	8,820,254	9,000,000	9,890,000	890,000	9.9%	1,069,746	12.1%
Rideshare Commissions	779,710	1,012,021	850,000	1,125,000	275,000	32.4%	112,979	11.2%
Taxicabs	16,440	17,305	15,000	20,000	5,000	33.3%	2,695	15.6%
Vehicle Access Privilege Fee	1,230	994	1,000	1,000	-	0.0%	6	0.6%
Ground Transportation Services	797,380	1,030,320	866,000	1,146,000	280,000	32.3%	115,680	11.2%
Gourmet Gang - Catering	93,367	103,758	75,000	105,000	30,000	40.0%	1,242	1.2%
Signature Flight Support (FBO)	421,493	435,180	415,000	425,000	10,000	2.4%	(10,180)	-2.3%
Concessions	514,859	538,938	490,000	530,000	40,000	8.2%	(8,938)	-1.7%
Fuel Farm	382,373	405,464	340,000	350,000	10,000	2.9%	(55,464)	-13.7%
Cargo Terminal	278,585	294,869	250,000	275,000	25,000	10.0%	(19,869)	-6.7%
Miscellaneous	67,041	96,670	10,000	60,000	50,000	500.0%	(36,670)	-37.9%
SIDA Fees	69,484	76,362	50,000	80,000	30,000	60.0%	3,638	4.8%
Security Reimbursements	69,632	80,140	80,000	123,000	43,000	53.8%	42,860	53.5%
Telephone Reimbursements	13,695	17,462	11,000	18,000	7,000	63.6%	538	3.1%
Other	880,810	970,967	741,000	906,000	165,000	22.3%	(64,967)	-6.7%
OPERATING REVENUE	46,701,641	52,223,530	50,837,303	64,300,000	13,462,697	26.5%	12,076,470	23.1%
Rental Cars-CFC	2,724,476	3,040,903	2,880,000	3,200,000	320,000	11.1%	159,097	5.2%
State Grants	35,000	35,000	35,000	35,000	-	0.0%	-	0.0%
TSA - Canine Grants	151,500	151,500	151,500	151,500	-	0.0%	-	0.0%
Interest/Investments	111,851	993,944	20,000	500,000	480,000	2400.0%	(493,944)	-49.7%
Off Airport Property Rent	323,455	362,194	300,000	400,000	100,000	33.3%	37,806	10.4%
CARES/CRRSA/ARPA Grants	14,176,031	7,694,575	7,694,575	-	(7,694,575)	-100.0%	(7,694,575)	-100.0%
NON-OPERATING REVENUE	17,522,313	12,278,115	11,081,075	4,286,500	(6,794,575)	-61.3%	(7,991,615)	-65.1%
TOTAL REVENUE	64,223,954	64,501,646	61,918,378	68,586,500	6,668,122	10.8%	4,084,854	6.3%

* Projected FY23 represents the 12 months ended February 2023

Expense Summary

Exhibit B

	Actual FY 2022	Projected FY 2023	Budget FY 2023	Budget FY 2024	Variance from PY Budget	%	Variance from Projected	%
Salaries & Wages	14,477,107	14,409,881	16,246,205	17,817,095	1,570,890	9.7%	3,407,214	23.6%
Advertising & Promotion	873,274	818,616	1,127,000	1,197,000	70,000	6.2%	378,384	46.2%
Consultant Fees	363,014	490,856	483,000	674,500	191,500	39.6%	183,644	37.4%
Sick Time Redeemed	101,993	142,358	130,000	136,900	6,900	5.3%	(5,458)	-3.8%
Education & Tuition	54,263	72,984	150,600	228,000	77,400	51.4%	155,016	212.4%
Electricity	2,175,052	2,630,874	2,271,000	2,534,000	263,000	11.6%	(96,874)	-3.7%
Employee & Comm Relations	48,656	63,441	85,400	127,550	42,150	49.4%	64,109	101.1%
Equip & Office Rental	13,959	7,993	24,000	9,500	(14,500)	-60.4%	1,507	18.9%
Fuel & Lubricants	160,696	178,711	190,300	225,400	35,100	18.4%	46,689	26.1%
Heating	270,875	357,034	260,000	314,500	54,500	21.0%	(42,534)	-11.9%
Health Insurance	1,817,679	2,154,204	2,337,780	2,350,400	12,620	0.5%	196,196	9.1%
Insurance	1,090,412	1,010,455	1,250,000	1,250,000	-	0.0%	239,545	23.7%
Laundry and Uniform Cleaning	59,493	72,960	60,000	69,000	9,000	15.0%	(3,960)	-5.4%
Legal Fees	173,759	136,342	200,000	200,000	-	0.0%	63,658	46.7%
Employee Allowances	577	66,115	-	12,000	12,000	100.0%	(54,115)	-81.8%
Miscellaneous	-	26,983	600	600	-	0.0%	(26,383)	100.0%
Postage	4,249	5,480	4,850	5,350	500	10.3%	(130)	-2.4%
Publications & Dues	72,886	89,950	73,230	118,630	45,400	62.0%	28,681	31.9%
Safety Apparel & Equipment	40,692	40,193	68,500	78,350	9,850	14.4%	38,157	94.9%
Sanitation & Stormwater	1,100,977	1,200,251	1,100,000	1,136,200	36,200	3.3%	(64,051)	-5.3%
Services	3,817,861	4,372,344	4,226,020	4,521,089	295,069	7.0%	148,745	3.4%
Social Security	1,059,516	1,075,069	1,160,900	1,293,000	132,100	11.4%	217,931	20.3%
State Insurance	172,509	182,929	210,900	219,300	8,400	4.0%	36,371	19.9%
State Retirement	1,876,208	1,986,896	1,982,800	2,139,000	156,200	7.9%	152,104	7.7%
Telephone	146,624	165,217	139,190	183,328	44,138	31.7%	18,111	11.0%
Tools & Equip	202,816	175,433	269,750	380,750	111,000	41.1%	205,317	117.0%
Travel	47,101	73,431	93,600	148,000	54,400	58.1%	74,569	101.5%
Uniforms	41,078	42,098	47,850	71,750	23,900	49.9%	29,652	70.4%
Unemployment Insurance	3,109	-	20,000	10,000	(10,000)	-50.0%	10,000	100.0%
Water	190,426	286,188	177,900	200,560	22,660	12.7%	(85,628)	-29.9%
Signs	10,552	19,337	17,500	33,000	15,500	88.6%	13,663	70.7%
Maint & Repair	2,893,769	2,568,628	2,934,600	3,087,200	152,600	5.2%	518,572	20.2%
Maint & Repair - Fuel Farm	242,658	226,010	280,000	280,000	-	0.0%	53,990	23.9%
Supplies	588,200	644,943	667,300	785,500	118,200	17.7%	140,557	21.8%
Total	34,192,040	35,794,205	38,290,775	41,837,452	3,546,677	9.3%	6,043,247	16.9%
Capital Expenditures - Not Amortized			829,000	1,052,150	223,150	26.9%		
Total Operating Expenditures	34,192,040	35,794,205	39,119,775	42,889,602	3,769,827	9.6%	7,095,397	19.8%
Enplaned Passengers	1,970,887	2,055,192	2,250,000	2,250,000				
Operating Expenditures per Enplanement	17.35	17.42	17.39	19.06				
			Budget FY 2023	Budget FY 2024				
Debt Service - Bonds			7,695,169	7,859,405				
Payment to City			2,650,000	2,650,000				
Capital Expenditures - Amortized			1,151,516	1,355,897				
Total Other			11,496,685	11,865,302				

Summary of Capital Expenditures

Exhibit C

Item	PROJECT	Department	Total Estimated Cost	Federal Funding Entitlements	BIL AIG Funds	BIL ATP Funds	State Funding Entitlements	PFC Funds	Rental Car CFC	FBO Reserve	Local Funding	Local Funding
								(Interim Financing)	Funds	Funds	Amortized	Expensed
1	Alpha Concourse Terminal Expansion - Design and Construction	Terminal	\$33,000,000		\$11,000,000			\$22,000,000			\$0	
2	Ticket Lobby & CBIS / Consolidated Checkpoint - Design Development & CMR Fees	Terminal	\$8,000,000					\$5,600,000			\$2,400,000	
3	Pedestrian Bridge People Movers - Construction	Terminal	\$6,000,000			\$5,400,000		\$600,000			\$0	
4	Arrivals Terminal Restrooms Rehabilitation - Construction	Terminal	\$4,000,000					\$4,000,000			\$0	
5	Alpha Concourse Roof Replacement - Construction	Terminal	\$4,000,000				\$1,360,000	\$2,640,000			\$0	
6	Mill and Overlay Taxiway C - Mid-field - Design and Construction	Field	\$3,500,000				\$2,800,000				\$700,000	
7	Mill and Overlay General Aviation Aprons - Design and Construction	Field	\$3,000,000				\$2,400,000			\$600,000	\$0	
8	Interior Wayfinding Improvements - Construction (PFC 7)	Terminal	\$3,000,000					\$2,000,000			\$1,000,000	
9	Fuel Facility Rehabilitation	Fuel	\$2,500,000								\$2,500,000	
10	Rental Car Ready / Return Combination Improvements - Garage A and Ticket Lobby - Design	Rental Car	\$2,000,000						\$2,000,000		\$0	
11	Holdroom seating per New ULA - Year 1 Allowance	Terminal	\$2,000,000								\$2,000,000	
12	Gate 1 Federal Inspection Services Facility Modernization (Design)	Terminal	\$2,000,000		\$1,800,000			\$200,000				
13	Stairwell Refurbishment - Construction (PFC 7)	Terminal	\$1,500,000					\$1,500,000			\$0	
14	Administrative Offices Consolidation - Design	Administrative	\$1,500,000								\$1,500,000	
15	Concourse SARAs per ADA audit - Design and Construction	Terminal	\$750,000					\$750,000			\$0	
16	Airport Layout Plan Update	Administrative	\$500,000				\$400,000				\$100,000	
17	Stormwater Master Plan	Field	\$500,000								\$500,000	
18	AOA Automatic Gate Modernization	Field	\$500,000								\$500,000	
19	Build Out of Discover Hampton Roads Shell	Terminal	\$500,000								\$500,000	
20	Arrivals Terminal Curbside Accessibility Improvements - Concept Development and Schematic Design	Terminal	\$350,000								\$350,000	
21	Safety Management System	Field	\$350,000								\$350,000	
22	Remove Underground Storage Tanks at FBO	Field	\$300,000							\$300,000	\$0	
23	IT Network Component Replacement (Switches, One Server, hardware updates)	Administrative	\$300,000								\$300,000	
24	Mill and Overlay ARFF Training Facility Pavement - Construction	Field	\$250,000								\$250,000	
25	Property Acquisition	Field	\$250,000								\$250,000	
26	Upgrade Chiller Control Panels	Terminal	\$200,000								\$200,000	
27	Switchgear Modernization - Design	Terminal	\$150,000								\$150,000	
Total Major Capital Expenditures			\$80,900,000	\$0	\$12,800,000	\$5,400,000	\$6,960,000	\$39,290,000	\$2,000,000	\$900,000	\$13,550,000	\$0
			Total Estimated Cost	Federal Funding Entitlements	BIL AIG Funds	BIL ATP Funds	State Funding Entitlements	PFC Funds (Interim Financing)	Rental Car CFC Funds	FBO Reserve Funds	Local Funding Amortized	Local Funding Expensed
28	IT Network Evaluation and Master Plan	Administrative	\$150,000									\$150,000
29	Bay Ceiling Insulation	Field	\$120,000									\$120,000
30	Personal Protective Equipment	Fire	\$102,000									\$102,000
31	Office buildout and furniture for additional staff	Administrative	\$100,000									\$100,000
32	Ventrac Tractor and Attachments	Terminal	\$75,000									\$75,000
33	IT Upgrades in Board Room	Terminal	\$75,000									\$75,000
34	Vehicle Replacement- AP-80	Police	\$64,500									\$64,500
35	Vehicle Replacement- AP-73	Canine	\$62,000									\$62,000
36	Network Video Recording (DVR) Upgrade (3 Needed)	Police	\$60,000									\$60,000
37	Refurbish the Field Maint Facility - Replace Floors/Cabinets	Field	\$45,000									\$45,000
38	2 Parking Ambassador golf cart style vehicles	Parking	\$44,000									\$44,000
39	Vehicle Replacement - AP 50	Parking	\$40,000									\$40,000
40	Ops Center Workstation expansion and Supervisor Office	Parking	\$37,000									\$37,000
41	Furniture for the Field Maint. Facility and Sleeping Quarters	Field	\$32,650									\$32,650
42	Janitorial Department Floor cleaning equipment - Two Units	Terminal	\$30,000									\$30,000
43	Copy Machine Replacement	Police	\$15,000									\$15,000
Total Minor Capital Expenditures			\$1,052,150	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,052,150
Total			\$81,952,150	\$0	\$12,800,000	\$5,400,000	\$6,960,000	\$39,290,000	\$2,000,000	\$900,000	\$13,550,000	\$1,052,150

Summary of Capital Expenditures - FY24 NAA Budget

Item	PROJECT	DESCRIPTION
1	Alpha Concourse Terminal Expansion - Design and Construction	Enplanements, as projected by the Airlines, in FY24 exceed the Planning Activity Level 2 enplanements within the Master Plan Update. Per the Master Plan Update we require 4 additional gates to accommodate this amount of passengers. A study effort conducted in FY23, combined with discussions between the Airlines and the Authority has resulted in a conceptual design which includes 3 gates with common holdrooms which are serviced by 4 passenger loading bridges. The concept also includes a second set of restrooms for the concourse. This project will fund the design and construction of these improvements.
2	Departures Terminal Expansion - Design Development and Construction Manager Fees	This effort will continue to develop the design option that is selected from the FY23 terminal study. The primary elements to be designed include the Ticket Lobby Expansion and the Consolidated Checked Baggage Inspection Services facility improvements. The secondary element will be the Consolidated Security Screening Checkpoint. This effort will also initiate procurement of a Construction Manager for further development of design and input on construction techniques and phasing. Construction expenses for the Ticket Lobby and CBIS improvements will be requested in FY25. The consolidated checkpoint construction expenses will be requested in a future year to be determined.
3	Pedestrian Bridge Moving Walkways - Construction	Installation of Moving Walkways on the pedestrian bridge connecting the Arrivals Terminal/Parking Garage complex with the Departures Terminal Building. This effort addresses many customer complaints regarding in-terminal walking distances.
4	Arrivals Terminal Restrooms Renovations - Construction	Renovation of the three sets of Men's and Women's restrooms to complement the new restrooms on the concourses and in the Departures Main Lobby. The Arrivals restrooms have not been updated since they were constructed 20 years ago.
5	Alpha Concourse Roof Replacement - Construction	The existing roof system was installed in 1994 and is approaching 30 years in age. The roof is out of warranty and has developed numerous leaks in recent years which require many expensive repairs. This project will replace the modified asphalt built-up roof with a PVC membrane system.
6	Mill and Overlay Taxiway C - Mid-field - Design and Construction	The sections of TWY C that were not rehabilitated with recent airfield projects will be milled and overlaid. The 2019 Pavement Management Plan rated the mid-field area of Taxiway C as being in Fair condition. However, projected deterioration rates per the PMP place much of the pavement in the Poor category in 2024.
7	Mill and Overlay General Aviation Aprons - Design and Construction	The 2019 Pavement Management Plan rated the General Aviation Facility apron and taxiway pavements as being in Fair condition. However, projected deterioration rates per the PMP place much of the pavement in the Poor category in 2024.
8	Interior Wayfinding Improvements - Construction	This project will fund construction related expenses for the replacement of the existing interior wayfinding with improved signage that provides consistent and efficient messaging for passengers within the terminal and concourse complex. Signage will move away from the bronze standard that exist today and will become the Authority's previously selected blue standard to allow for increased visibility.
9	Fuel Facility Rehabilitation - Design and Construction	Rehabilitate the existing fuel facilities based on the condition assessment report issued by the consultant in April 2023. Improvements will address all items which were identified as needing immediate attention per the Air Transport Associate of Americas (ATA) Standard for Jet Fuel Quality Control at Airports - ATA Specification 103.
10	Rental Car Ready / Return Combination Improvements - Garage A and Ticket Lobby - Design	As an alternative to the construction of a large consolidated rental car facility, this project will design individual floors within Garage A for each of the rental car families. It is anticipated that dedicated entrance and exit helixes will be used to access three levels of Garage A. This project will also allow for the cobranding of ticket counters in the Arrivals Terminal lobby.
11	Holdroom Seating per Airline Use and Lease Agreement	Under the proposed conditions of the new Airline Use and Lease Agreement the Authority will own and maintain all holdroom furniture. This project will purchase and install new holdroom seating in 18 holdrooms.
12	Gate 1 Federal Inspection Services Facility Modernization (Design)	US Customs and Border Protection has notified the Authority that the existing commercial air carrier international clearance facilities at Gate 1 require modifications in order to stay current with CBP's layout and processing standards. This project will coordinate the design with Customs and provide a cost estimate for construction.
13	Stairwell Refurbishment - Construction	Holdroom stairwells need painting, and the risers, treads and handrails need replacing. Lighting upgrades will also be provided.
14	Administrative Offices Consolidation and Relocation - Design	The Authority's administrative offices are in multiple locations throughout the Departures Terminal Main Lobby. This project will combine all administrative office spaces into a single space intended to promote improved communication, cooperation and efficiencies amongst the Authority's administrative staff.
15	Concourse Service Animal Relief Areas - Design and Construction	The Authority has identified locations for SARA facilities on the Alpha and Bravo Concourses. This project will cover design and construction expense related to the SARA facilities.
16	Airport Layout Plan Update	Updates as require to the Airport Layout Plan (ALP) to reflect Airfield and Terminal Improvements evaluated and revised since ALP was signed in April 2021.
17	Stormwater Master Plan	This document will determine onsite and offsite strategies to address the Authority's water quality and water quantity requirements for proposed future development as shown in the Master Plan Update. The plan will take into consideration both airside and landside projects.
18	Automatic Vehicle Gate Upgrades	Replacement of the airfield access gate controllers and vehicle loops. The existing equipment is nearing the end of its useful life and the reliability of these gates has decreased in recent years. This project will add emergency power heaters in each controller which will result in increased operational reliability during inclement weather conditions.
19	Buildout of Vacant Main Lobby Concession Shell	The future use of the concession space previously occupied by Hudson News has yet to be determined. This project will cover buildout expenses once the best use of the space is determined by the Authority.
20	Arrivals Terminal Curbside Accessibility Improvements - Schematic Design	This effort will identify improvements needed to provide passenger loading zones that meet current accessibility standards. Options will be presented with costs estimates and phasing requirements. Staff will select the preferred option for design and construction in FY25.
21	Safety Management System	The FAA issued a final ruling at the national level in February 2023 that requires SMS at ORF. The SMS will be an organization-wide comprehensive approach to managing safety and will include a safety policy with formal methods for identifying hazards and mitigating risk.
22	Remove Underground Storage Tanks at General Aviation Facility	The underground tanks which previously stored aviation gas for piston powered general aviation aircraft have recently been replaced by an above ground storage tank adjacent to the Fuel Farm. This effort will decommission and remove the underground tanks that are no longer required.
23	IT Network Components Replacement	This project will replace one network server and multiple network switches that are nearing the end of their useful life.
24	Mill and Overlay Fire Training Facility Pavement - Construction	The Fire Training Facility parking lot pavement is in poor condition and requires rehabilitation.
25	Property Acquisition	Properties in the vicinity of the airport routinely become available for acquisition. This project services as a budget placeholder for such opportunities should one arise in the fiscal year.
26	Main Terminal Electrical Switchgear Modernization - Design	This project will evaluate and design electrical switchgear replacement for the main terminal and concourses. Much of the existing equipment is becoming obsolete and it is very difficult to obtain parts.
27	Upgrade Chiller Control Panels	Upgrade to the chiller control panels for one unit in the Departures Terminal and two units in the Arrivals Terminal. The parts and programming for the current controls are being phased out which is making it more difficult to purchase parts and download programming.
28	IT Network Master Plan	This effort will develop detailed mapping of existing network infrastructure and plan for the long term replacement and development of the Authority's information and technology system.
29	Field Maintenance Equipment Bay Ceiling Insulation Repairs	The existing insulation is deteriorating and falling to the floor in numerous locations. The insulation will be repaired where possible and replaced where required.
30	Personal Protective Equipment Replacement	Personal protective equipment (PPE) is required by National Fire Protection Association to be replaced every 10 years. The Fire Department's current PPE will expire in June of 2024.
31	Office Buildout and Furniture for Additional Staff	Purchase of office furniture and equipment for four new administrative positions. Construction expenses for the buildout of three positions requiring new office spaces.
32	All-Weather Utility Vehicle	To be used for year round exterior terminal building maintenance.
33	Videoconferencing Upgrades in Board Room	Installation of a permanent videoconferencing system in the new Authority Board Room which currently only has a projector and laptop. Upgrades will add camera and microphones.
34	Vehicle Replacement- AP-80	Replace 2017 model year, high mileage, full-size SUV that is nearing the end of its service life with a current model year vehicle.
35	Vehicle Replacement- AP-73	Replace 2016 model year full-size SUV that is nearing the end of its service life with a current model year vehicle.
36	Network Video Recording Upgrade	This project will replace video recording devices that are nearing the end of their useful life and are nearing storage capacity limits. New devices will provide additional storage.
37	Refurbish Field Maint Facility - Replace Floors/Cabinets	Facility is 25 years old and the existing floors and cabinets need to be replaced in numerous locations.
38	Parking Ambassador Vehicles	Provide two electric utility vehicles as part of the "Parking Ambassador" program rollout. These vehicles will be used throughout the parking facilities to perform various duties.
39	Vehicle Replacement - AP 50	Replace 2018 model year SUV that is reaching the end of its service life and has become costly to maintain. An electric vehicle will be considered for this replacement.
40	Operations Center Workstation Expansion and Supervisor Office	Additional computers and equipment necessary to expand the Operations Center and create the Supervisor's Office for the Parking Department.
41	Field Maintenance Facility and Sleeping Quarters Furniture	Replace the 15 year old furniture in the breakroom and training rooms. Install furniture in the new sleeping quarters as needed.
42	Replace Floor Cleaning Equipment - Janitorial Department	Replace two ride-on floor scrubbers that are 10 years old. These units are used daily to maintain the terrazzo throughout the terminals and concourses. The existing units have become difficult and expensive to maintain in recent years.
43	Copy Machine Replacement	Police Department copy machine is nearing the end of its useful life and requires replacement.

Landing Fee Rate Worksheet

EXHIBIT D

	Actual FY 2022	Final Budget FY 2023	Budget FY 2024
Airfield O&M Expenses	6,341,299	9,496,640	10,406,611
Airfield Debt Service	-	-	-
Airfield Payment to City	400,945	400,945	400,945
Airfield Capital Expenditures - Amortized	116,328	114,354	128,290
Total Requirement	6,858,572	10,011,939	10,935,846
Signatory Landed Weight	2,486,968	2,723,075	2,999,561
Weighted Nonsignatory Landed Weight	261,946	600,299	143,393
Total Weighted Landed Weight	2,748,914	3,323,374	3,142,954
Signatory Landing Fee Rate	\$ 2.50	\$ 3.01	\$ 3.48
Non-Signatory Landing Fee Rate	\$ 3.12	\$ 3.77	\$ 4.35
Signatory Landing Fees	6,205,013	8,203,489	10,436,915
Nonsignatory Landing Fees	653,559	1,808,450	498,931
Total Landing Fees	6,858,572	10,011,939	10,935,846
Landing Weights (in 000s)			
Signatory Carriers	2,486,968	2,723,075	2,999,561
Non-Signatory Carriers	209,557	480,239	114,714
Total Landing Weights	2,696,525	3,203,314	3,114,275

Terminal Rental Rate Worksheet**EXHIBIT E**

	Actual FY 2022	Final Budget FY 2023	Budget FY 2024
Terminal O&M Expenses	13,515,622	18,157,892	20,942,096
Terminal Debt Service (Net of PFC's)	-	-	1,311,964
Terminal Payment to City	544,045	544,045	544,045
Terminal Capital Expenditures - Amortized	950,700	974,000	970,457
Total Requirement	15,010,367	19,675,936	23,768,562
Less Reimbursements:			
Telephones	13,695	11,000	18,000
Security	69,632	80,000	123,000
Net Requirement	14,927,039	19,584,936	23,627,562
Rentable Terminal Space (square feet)	485,890	485,890	281,557
Post-Abatement Terminal Rental Rate (per square foot) \$	30.72	\$ 40.31	\$ 73.49
Airline Leased Terminal Space (square feet)	127,485	127,485	153,587
Airline Terminal Rents	3,916,479	5,138,594	11,286,442

Passenger Loading Bridge Rate Worksheet

	Actual FY 2022	Final Budget FY 2023	Budget FY 2024
Passenger Loading Bridge O&M Expenses	315,194	202,707	429,619
PLB Debt Service (Net of PFC's)	-	-	-
PLB Capital Expenditures - Amortized	-	-	-
Total Requirement	315,194	202,707	429,619
Number of NAA Passenger Loading Bridges	22	22	22
Rent per Passenger Loading Bridge	14,327.01	9,213.94	19,528.12
Airline Leased Passenger Loading Bridges	15	15	16
Airline Passenger Loading Bridges Rent	214,905	138,209	312,450

Cash & Debt Analysis

Exhibit F

	<u>Operating</u>
Deposits	17,996,048
Cap Expenditures	(14,602,150)
Debt Service	(7,859,405)
Investment Income	900,000
Net Change	<u>(3,565,507)</u>

Current Unrestricted balance	65,093,466
Change in CY	<u>(3,565,507)</u>
	61,527,959
Budgeted Op Ex	45,011,855
Ratio	1.37
Days Cash on Hand after FY24	499
Current Days Cash on Hand	528
Change	(29)

Reconciliation to Operating Deposits

Operating income	19,459,548
CFC O&M offset	1,000,000
K9 Grant Income	151,500
VA Advertising Grant	35,000
City Payment	<u>(2,650,000)</u>
Operating Deposits	17,996,048

Debt Service Coverage **262.4%**

Headcount Analysis

	Current Employees	Open Positions	New FY24 Positions	Total
Parking	45	3	1	49
Police	43	3	1	47
Janitorial	27	2	2	31
Fire	23	-	-	23
Terminal	16	-	1	17
Field Maintenance	15	-	2	17
Administration	9	1	4	14
Operations	7	-	2	9
Finance	5	-	-	5
Human Resources	4	-	1	5
Information Technology	3	-	1	4
Market Development	3	1	(1)	3
Passenger Loading Bridges	-	-	1	1
	200	10	15	225

Norfolk Airport Authority
Rates and Charges Analysis

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>Budget FY 2023</u>	<u>Budget FY 2024</u>	<u>Variance</u>
Signatory Landing Fee Rate	\$ 4.06	\$ 3.01	\$ 3.14	\$ 3.22	\$ 3.06	\$ 3.01	\$ 3.48	\$ 0.47
Average Terminal Rental Rate	\$ 46.43	\$ 36.25	\$ 37.93	\$ 27.64	\$ 29.62	\$ 40.31	\$ 73.49	\$ 33.18
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>Budget FY 2023</u>	<u>Budget FY 2024</u>	<u>Variance</u>
Landing Fees	6,575,117	5,234,970	4,939,662	5,339,578	6,841,224	7,710,794	9,660,209	1,949,416
Airline Space Rental	4,741,853	3,851,880	4,327,923	2,981,513	3,774,715	5,276,803	11,598,892	6,322,089
Reimbursements	33,738	38,145	11,011	11,011	83,326	91,000	141,000	50,000
Total Airline Cost	<u>11,350,708</u>	<u>9,124,995</u>	<u>9,278,596</u>	<u>8,332,102</u>	<u>10,699,265</u>	<u>13,078,596</u>	<u>21,400,101</u>	<u>8,321,505</u>
Enplanements	1,741,125	1,928,129	1,471,918	1,100,972	1,970,887	2,250,000	2,250,000	
Cost Per Enplanement	\$ 6.52	\$ 4.73	\$ 6.30	\$ 7.57	\$ 5.43	\$ 5.81	\$ 9.51 *	

* Surplus returned to airlines is subtracted from the Total Airline Cost for years prior to FY22



NORFOLK AIRPORT AUTHORITY

RESOLUTION OF THE NORFOLK AIRPORT AUTHORITY AUTHORIZING THE IMPLEMENTATION OF AN ALTERNATE VARIABLE INTEREST RATE FOR THE AUTHORITY'S 2020 LINE OF CREDIT

WHEREAS, the Norfolk Airport Authority (the "Airport Authority") has previously issued its Subordinate Lien Airport Revenue Note, Series 2020 (Revolving), in the aggregate principal amount outstanding at any one time not to exceed \$30,000,000 (the "Subordinate 2020 Note"), to finance certain capital improvements at Norfolk International Airport, pursuant to the following "Line of Credit Documents:" a Fifth Supplemental Indenture of Trust, between the Airport Authority and U.S. Bank National Association, as trustee, supplementing a Master Indenture of Trust dated as of April 1, 2001, between the Airport Authority and the trustee, and a Subordinate Lien Revolving Credit Agreement, between the Airport Authority and STI Institutional & Government, an affiliate of Truist Bank;

WHEREAS, the Subordinate 2020 Note is currently outstanding and bears interest at a variable rate based on the LIBOR Rate (as such term is defined in the Subordinate 2020 Note), subject to adjustment as provided in the Subordinate 2020 Note and the Subordinate Credit Agreement, including the adjustment to an "Alternate Rate" in the event that the LIBOR Rate is no longer maintained; and

WHEREAS, in contemplation of the cessation of LIBOR on June 30, 2023, the Airport Authority and the Line of Credit Lender desire to implement the "Alternate Rate" provisions of the Subordinate Credit Agreement to provide for a successor rate to the LIBOR Rate;

NOW, THEREFORE, BE IT RESOLVED BY THE NORFOLK AIRPORT AUTHORITY:

1. The Airport Authority hereby authorizes the President and CEO, Chairman and Vice-Chairman, any of whom may act, with the advice of the Airport Authority's financial adviser and counsel, to negotiate, approve, enter into and execute such modifications, amendments, and supplements to the Line of Credit Documents to provide for a successor rate to the LIBOR Rate, provided that (i) any such modification, amendment, or supplement shall result in a successor rate that is approximately the economic equivalent to the LIBOR Rate, and (ii) no such modification, amendment, or supplement shall increase the principal amount of the 2020 Subordinate Note or extend its maturity.

2. Each authorized officer is authorized to execute and deliver on behalf of the Airport Authority such other instruments, documents or certificates and to do and perform such other things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution

3. This Resolution shall take effect immediately upon its adoption.

CERTIFICATE

The undersigned Assistant Secretary of the Norfolk Airport Authority (the “Airport Authority”) hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Commissioners of the Airport Authority present and voting at a meeting duly called and held on May ____, 2023, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

WITNESS the following signature this ____ day of May, 2023.

Assistant Secretary, Norfolk Airport Authority



NORFOLK AIRPORT AUTHORITY

PROPOSED RESOLUTION REGARDING CERTAIN FINANCIAL AUTHORITY OF THE PRESIDENT

WHEREAS, the President and Chief Executive Office is charged with managing the operations of the Norfolk Airport Authority, and

WHEREAS it is necessary and appropriate for the President to take action which requires the expenditure of funds of the Authority in order to carry out the responsibilities of his position and the directions and policies of the Board; and

WHEREAS the President has responsibility to direct the expenditure of funds approved in the capital and operating budgets annually approved by the Board.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The President and Chief Executive Officer shall have full authority to implement the annual budgetary plans and projects approved by the Board and to proceed with any expenditure approved in the annual operating and capital budget without further approval by the Board; and
2. The President and Chief Executive Officer shall be, and hereby is, authorized to delegate to the management staff of the Airport such authority as he shall determine for the expenditure of funds approved in the budget; and
3. The President and Chief Executive Officer shall have the authority, in his discretion, to make commitments for capital and operating expenditures not otherwise approved in the annual budget in an amount not to exceed a total of \$1,000,000 in any fiscal year.

CERTIFICATE

The undersigned Assistant Secretary of the Norfolk Airport Authority (the “Airport Authority”) hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Commissioners of the Airport Authority present and voting at a meeting duly called and held on May ____, 2023, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

WITNESS the following signature this ____ day of May, 2023.

Assistant Secretary, Norfolk Airport Authority



Closed Meeting and Reconvene Meeting Document

Norfolk Airport Authority

Board of Commissioners Meeting

Tuesday, May 23, 2023

Closed Meeting and Reconvene Meeting Script and Certificate

Closed Meeting:

I move that the Board of the Norfolk Airport Authority convene in a closed meeting pursuant to Section 2.2-3711. A.3 of the Code of Virginia:

Subsection 3. Discussion of the acquisition of real property by the Authority for the benefit of the Norfolk International Airport and the related disposition of real property owned by the Authority, where discussion in an open meeting would adversely affect the bargaining position and negotiating strategy of the Authority.

This motion will need to be moved, seconded, and approved in the open meeting.

Reconvene Meeting:

Upon the conclusion of the closed meeting, the following certification must be taken in the open meeting and approved by roll call vote:

Now, therefore, be it resolved that the Board of the Norfolk Airport Authority hereby certifies that to the best of each Commissioner's knowledge (i) only public business matters lawfully exempted from open meeting requirements under the Virginia Code, 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 closed meeting.



Adjournment

Norfolk Airport Authority

Board of Commissioners Meeting

Tuesday, May 23, 2023

Adjourn Meeting

Adjourn Meeting:

I move that the Board adjourn, and the next regular public meeting of the Board will be held at

1:00 p.m.

on

Thursday, July 27, 2023

in the

NAA Board Room,

Main Passenger Terminal,

Norfolk International Airport

or as otherwise determined and noticed.



NORFOLK AIRPORT AUTHORITY