

**MINUTES OF THE MEETING OF THE MEMBERS
OF THE CAPITAL REGION AIRPORT COMMISSION**

August 30, 2022

I. CALL TO ORDER

Chairman Wayne T. Hazzard called the regular monthly meeting of the members of the Capital Region Airport Commission to order at 8:00 a.m. on August 30, 2022. The meeting was conducted in the Commission Boardroom in the Terminal Building. A quorum was present.

The following members were present: Commissioners Carroll, Dibble, Fulton, Hazzard, Heston, Holland, Hinson, Macfarlane, Nelson, Thornton, Trammell, Ukrop, and Williams. Present by invitation were Perry J. Miller, President and Chief Executive Officer; John B. Rutledge, Chief Operating Officer; Basil O. Dosunmu, Chief Financial Officer; Troy Bell, Director – Marketing and Air Service Development; Regina Crocket, Manager – Accounting; Steve Owen, Director – Finance; Russ Peaden, Director – Properties and Concessions; Susan Joy Linn, Recording Secretary; and W. David Harless from Christian & Barton, LLP.

Commissioner Winslow was absent.

At Chairman Hazzard's request, Commissioner Hinson provided the invocation, and Chairman Hazzard led the Pledge of Allegiance to the flag of the United States.

II. CLOSED MEETING

There was none.

III. OPEN MEETING

A. COMMISSION CHAIRMAN'S COMMENTS

Chairman Hazzard thanked Commissioner Holland for filling in for him last month. Chairman Hazzard then welcomed the Commission's newest members: Commissioner Fulton, representing the City of Richmond, and Commissioner Carroll, who was introduced last month in his absence.

Commissioner Fulton voiced it being a privilege to work with the Commission.

1. Updated Standing Committee Assignments

Chairman Hazzard stated it was good to have a full Commission again and thanked Commissioner Nelson for his willingness to transition between committees. Chairman Hazzard assigned Commissioner Fulton to the Finance & Audit Committee and moved Commissioner Nelson back to the Planning & Construction Committee.

B. CONSIDERATION OF AGENDA AMENDMENTS

There were none.

C. APPROVAL OF July 26, 2022, MINUTES

At Chairman Hazzard’s request, Commissioner Williams moved to approve July 26, 2022, minutes, and Commissioner Holland seconded the motion.

The motion passed unanimously.

D. PRESIDENT’S REPORT

1. Aviation Activity Report

At Mr. Miller’s request, Mr. Bell presented the following:

Passenger Traffic: For July 2022, Richmond International Airport (RIC) reports total passenger traffic of 370,838, an increase of 4.4 percent over the total for July 2021 (355,268). American Airlines was the month’s market leader with a 31.4 percent share, followed by Delta (27.4%) and United (13.1%).

For the first seven months of the calendar year, RIC has welcomed 2.25 million passengers, an increase of more than 700,000 compared to the same period a year ago.

Cargo: In July, total cargo (the sum of freight and mail) decreased 4.3 percent to 13.7 million pounds versus 2021 totals for the same month.

Operations: Aircraft operations increased 9.2 percent year-over-year, with air carrier, air taxi, and general aviation segments all reporting strong gains.

Additional Comments

- July 2022 is the 29th month adversely affected by the COVID-19 pandemic.
- The month’s passenger traffic count represents a 95.8 percent recovery of the pre-pandemic July 2019 total of 386,931, RIC’s “best-ever” July.
- JetBlue network planning notified RIC that the Richmond-Los Angeles route has been removed from the 2023 schedule due to ongoing concerns about network constraints – primarily crew staffing.
- Scheduled seat capacity via Airline Data, Inc., as reported on August 19, 2022:

Month	Monthly	Change from Previous Year
July 2022	454,576	+10.6%
August 2022	456,604	+10.0%
September 2022	441,654	+9.4%
October 2022	478,935	+6.4%
November 2022	463,236	+5.3%
December 2022	496,696	+17.8%

2. **Other**

Mr. Miller asked Mr. Bell to update the Commission on the staff’s RVA Community Outreach and Mr. Rutledge to present the East Side Update requested from the last meeting.

a. **RVA Community Outreach Update**

Mr. Bell presented the following:

RVA Community Outreach Efforts

Meetings with key stakeholders to provide airport and air service development updates.

- Management Round Table, May 23, 2022, at The Jefferson Hotel.
- CRAC Jurisdictional Meeting plus Richmond Region Tourism, Chamber RVA, Greater Richmond Partnership, and Sports Backers, July 29, 2022, at Richmond Region Tourism.
- Greater Richmond Partnership Regional Leadership Circle, August 29, 2022, at the boardroom for Atlantic Union Bank.
- The summer 2022 business travel survey was offered at each location.

Summer 2022 Business Travel Survey

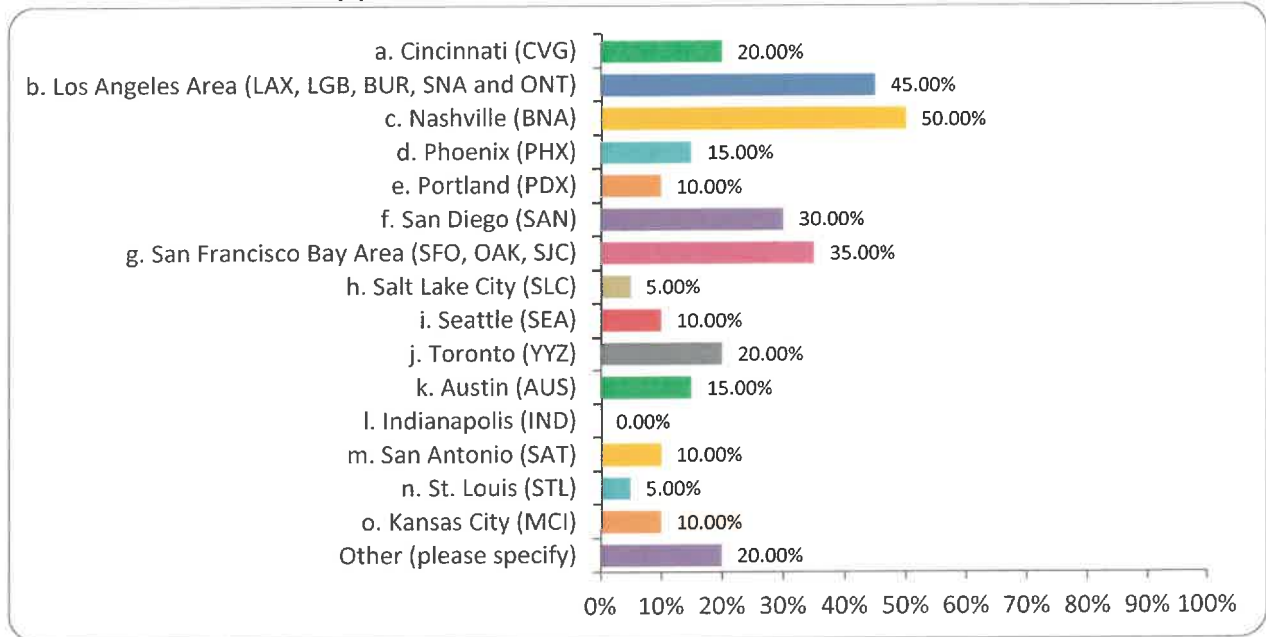
Emerging destination needs, business travel recovery following the COVID-19 pandemic

- Basics: size, industry, and location.
- Top destinations and spend for the same.
- Top markets from a suggested list (answer prompts) of 15 that either offer less-than-daily service or no service.
 - Nashville 50%
 - Los Angeles 45%
- General airport usage.
- Influence of frequent flyer programs.

- Current office status: 60% operating under a hybrid model.
- Still open for additional input from large RVA air service consumers.

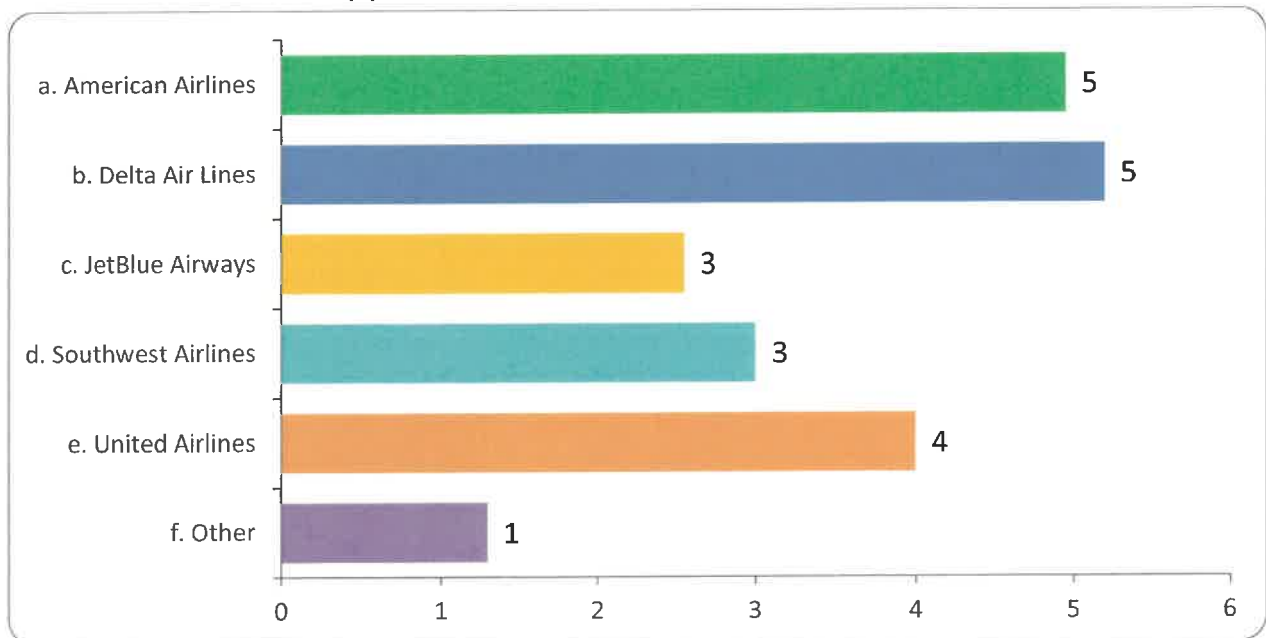
Q5: Please select your top business destinations not receiving daily service from the list below:

Answered: 20 Skipped: 0



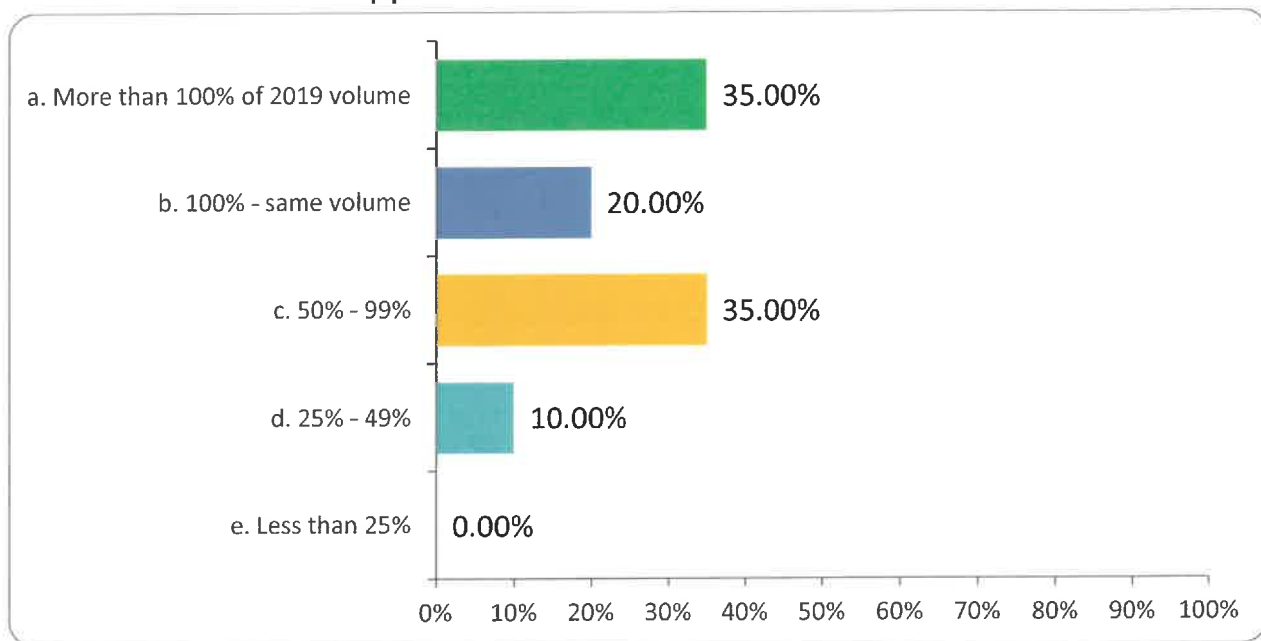
Q10: From 1 (Most Often) to 6 (Least Often), please rank your organization's frequency of use of each airline to/from Richmond.

Answered: 20 Skipped: 0



Q20: Please select which of these represent your anticipated 2023 air travel volume compared to 2019.

Answered: 20 Skipped: 0



b. Airport East Side Update

Mr. Rutledge presented the following with various photographs:

East Side Development Update

In 2005

- Virginia Air National Guard (VaANG) 192nd Fighter Wing occupies leased base on East Side of Airport
- No Commission development on East Side

In 2008

- Virginia Air National Guard base closed
- New government entity leases a portion of the old VaANG base
- Old barracks and maintenance shop near ballfields demolished
- No Commission development on East Side

In 2012

- East Apron 3 has been constructed as well as parking lot and building pad
- Portion of old VaANG infrastructure demolished with construction, majority remains

- 2 “Alert” shelters removed from VaANG Apron and reconstructed adjacent to Apron 3

In 2016

- East Side Road & Utilities Constructed – 4 Lane Industrial Roadway with water & sewer
- Clearing & Grubbing, demo of old VaANG buildings & pavements
- Taxiway M Re-construction to ADG Group IV Specification

In 2021

- East Apron 1 completed (35,500 s.y. Concrete)
- East Apron 3 expanded (10,000 s.y. Asphalt)
- Runway 7-25 converted to Taxiway H
- Dominion Energy begins construction on new hangar

Future Fixed Base Operators (FBO) Location

- Existing FBO leases expire 2026
- RFP issuance for East Side FBO/FBOs imminent
- Proposed location in the former Runway Protection Zone of Runway 7-25

Area of Re-zoning

- Most of Airport deemed to be a pre-existing non-conforming use under zoning ordinance
- Allows most any function associated with an airport with exception aircraft assembly
- In 2012 re-zoned approximately 132 acres on East Side to M-2C (allows aircraft assembly)
- Currently working with USACE, DEQ to mitigate existing drainage ditch.

Beulah Road Property Purchase

- Commission recently purchased 162 acres east of Beulah Road, south and east of Runway 16-34
- Commission owns an adjoining 54-acre parcel to the north of recently purchased parcel
- County water is adjacent to parcel, County sewer approximately 2,500 feet away

- Ownership of parcel could facilitate future relocation of Beulah Road

Virginia Army National Guard

Army Aviation Support Facility Relocation

- Current Lease with Army Guard expires in 2032
- Current Army Aviation Support Facility (AASF) is in conflict with potential close-in parallel runway to Runway 16-34
- Army Guard is in design process for relocation to a facility to the east of Beulah Road
- Army Guard desires access to the airfield through a connector taxiway from the future facility

New Aircraft Rescue and Fire Fighting Facility

- Existing Facility was constructed in 1980 and is near end of useful life
- Site feasibility study performed as required by FAA (has been submitted to FAA for approval)
- 6 sites studied including existing facility
- Preferred site is near the south end of Taxiway H (formerly RW 7-25)
- Anticipate design complete Spring of 2023
- Funding will be combination of FAA, DOAV and Commission funds

E. COMMISSION STANDING COMMITTEE REPORTS

1. Finance and Audit Committee

a. Monthly Financial Update July 31, 2022

Mr. Dosunmu reviewed the following:

This is the first month in fiscal year (FY) 2023. July's operating revenues were \$4.96 million, versus the budget of about \$4.7 million, mainly due to parking and concessions revenues attributed to increased enplanements. In comparison, last July's revenues were \$4.3 million.

July's operating expenses were \$2.2 million, compared to \$2.7 million budgeted. In comparison, last July's expenses were \$1.7 million. Operational costs have increased, but the Commission remains under budget and doing well.

The combination of the two numbers (July's total revenues and expenses) creates the gross margin percentage. As the fiscal year advances and passenger activity takes shape, this margin will show the Commission's alignment to the budget. Year-to-date, for July, the gross margin is 56%, compared to where it would have been based on a budget of 43%. At the same time last year, the gross margin was 60%.

b. Authorization for Expenditures That Qualify for Reimbursement Under Airport Rescue Plan Grant No. 3-51-0043-073-2021

Mr. Dosunmu reviewed the following resolution:

Staff recommends that the Commission adopt the following:

WHEREAS, Section 8 of the Commission's Enabling Act, 1980 Acts of Assembly, Chapter 380, as amended (hereinafter "Enabling Act"), authorizes the Commission to apply for and accept grants of money or other financial assistance from the United States of America and agencies and instrumentalities thereof; and

WHEREAS, pursuant to the American Rescue Plan Act ("ARP Act", or "the Act"), Public Law 117-2, effective March 11, 2021, the United State Congress appropriated approximately \$8.0 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 pandemic; and

WHEREAS, the Capital Region Airport Commission (the "Commission" or "Sponsor") submitted to the Federal Aviation Administration ("FAA") on July 29, 2021, an Airport Rescue Grant Application, and in accordance with the Act, for a grant of Federal funds at or associated with the Richmond International Airport (the "Airport") for use for any purpose for which airport revenues may be lawfully used for reimbursement of the Airport's costs related to operations, personnel, cleaning, sanitization, janitorial services, and combating the spread of pathogens at the Airport incurred on or after January 20, 2020, and for debt service payments that are due on or after March 11, 2021, all in accordance with the limitations prescribed by the Act; and

WHEREAS the FAA submitted to the Commission an Airport Rescue Grant Agreement ("Grant Agreement") for Grant No. 3-51-0043-073-2021, offering to the Commission the maximum obligation of the

United States payable under the Grant Agreement of \$16,681,833.00 (“ARP Act Funds”);

WHEREAS, at its meeting on August 31, 2021, the Commission authorized the President and CEO to execute and bind the Commission to the Grant Agreement, to accept on behalf of the Commission funding to the Airport up to \$16,681,833.00 in accordance with and subject to the terms and provisions thereof, and to undertake such additional actions as were necessary to fulfill the terms, obligations, and conditions of the among the conditions of the Grant;

WHEREAS, on or about August 31, 2021, the President and CEO and legal counsel for the Commission signed the Grant Agreement, thereby binding the Commission to the terms and conditions of the Grant Agreement, and to accept the ARP Act Funds subject to the terms of the Act and the Grant Agreement; and

WHEREAS the Commission wishes to authorize the President and CEO to move forward with expenditures on behalf of the Commission that qualify for reimbursement under the Act and the Grant Agreement.

WHEREFORE, BE IT RESOLVED, in accordance with and under the authority granted by the Enabling Act of the Commission, Chapter 380 of the Virginia Acts of Assembly of 1980, as amended, the Commission hereby authorizes and directs the President and CEO (i) to make expenditures on behalf of the Commission that qualify for reimbursement under the Act and Grant Agreement, and do so with the advice and consent of the Chairman of the Commission and the Chairman of the Commission’s Finance and Audit Committee, and (ii) to thereafter seek reimbursement for such qualified expenditures for such purposes and under such timing as is permitted by the terms of the Act and the Grant Agreement, all subject to review by legal counsel; and

BE IT FURTHER RESOLVED that the President and CEO shall report to the Commission no less frequently than quarterly the amounts and purposes of expenditures for which the Commission has applied and/or received reimbursements under the Act and the Grant Agreement.

At Chairman’s Hazzard’s request, Commissioner Heston motioned to authorize the qualifying expenditures under the ARPA Grant.

Commissioner Hinson seconded the motion, and the motion passed unanimously.

c. Lessor Consent to Grant by Wawa, Inc. to Tesla, Inc. of License to Install Supercharger Stations on Wawa Leasehold

Mr. Peaden reviewed the following resolution:

Commission staff recommends that the Commission adopt the following resolution:

WHEREAS the Capital Region Airport Commission (the “Commission”) was created by and pursuant to Chapter 537 of the Acts of Assembly of 1975, as amended, and continued by Chapter 380 of the Acts of Assembly of 1980, as amended (the “Enabling Act”) for the purpose of operating the Richmond International Airport (the “Airport”); and

WHEREAS, pursuant to that certain Deed and Agreement of Lease by and between the Commission, as landlord, and Wawa, Inc., a New Jersey corporation (“Wawa”), as tenant, dated September 26, 2003 (the “Lease”), Wawa leases from the Commission certain real property located at 500 South Airport Drive, Sandston, Virginia 23150, as more particularly described in the Lease (the “Leased Premises”); and

WHEREAS Wawa desires to grant Tesla, Inc., a Delaware corporation (“Tesla”), the right and license to install and operate an electric vehicle supercharging station (the “Proposed Use”) on a portion of the Leased Premises, and has requested the Commission’s consent to grant same; and

WHEREAS the Commission desires to accommodate the Proposed Use, recognizing that Wawa’s ability to offer its customers access to electric vehicle charging stations may enhance the use of the Premises.

NOW, THEREFORE, BE IT RESOLVED BY THE CAPITAL REGION AIRPORT COMMISSION, in accordance with Chapter 380, Virginia Acts of Assembly of 1980, as amended, that the President and CEO is hereby authorized to approve and execute, for and on behalf of the Commission, upon advice of legal counsel, such consents and/or other agreements necessary to evidence the Commission’s consent to the granting by Wawa to Tesla of the Proposed Use on a portion of the Leased Premises, provided that such Proposed Use is non-exclusive and Wawa retains the

right to grant to other persons or entities the right and license to install and operate electric vehicle charging stations on the Leased Premises.

At Chairman's Hazzard's request, Commissioner Holland moved to approve the revised resolution provided by Mr. Harless in the meeting for the Wawa Leasehold to license with Tesla. Commissioner Trammell seconded the motion, and the motion passed unanimously.

d. Foreign-Trade Zone (FTZ) Subzone Application

Mr. Peaden reviewed the following resolution and gave an overview of the current Foreign-Trade Zone applicants.

The Capital Region Airport Commission (the "Commission"), as grantee of Foreign-Trade Zone #207, operates the FTZ under the "Alternative Site Framework", as approved by the U.S. Foreign-Trade Zones board in 2014, which designation allows greater flexibility and responsiveness to serve single operator/user locations. Under the Alternative Site Framework, a "usage driven" site or "subzone" may be designated for a company ready to pursue FTZ activity within 30 days or less. The designation is tied to the specific company and limited to the space detailed in the approved application. At the present time, only facilities located in the Counties of Amelia, Appomattox, Brunswick, Buckingham, Caroline, Charles City, Charlotte, Chesterfield, Cumberland, Dinwiddie, Essex, Greenville, Goochland, Hanover, Henrico, King and Queen, King George, King William, Lancaster, Lunenburg, Mecklenburg, Middlesex, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond and Westmoreland and the Cities of Colonial Heights, Emporia, Hopewell, Petersburg, and Richmond are able to use the expedited procedures of the Alternative Site Framework.

voestalpine High Performance Metals LLC ("vHPM") purchased the South Boston, VA operations of the former Bohler-Uddeholm Specialty Metals Inc. vHPM is an American Limited Liability Company established in Delaware and authorized to transact business in Virginia.

The parent company of vHPM is Voestalpine AG which consists of 500 group companies arranged into four divisions. The U.S. High Performance Metals group, headquartered in Elgin, Illinois, focuses on technologically demanding product segments and is a U.S market leader for specialty steels and tool steel. The most important customer segments are

the automotive, oil and natural gas exploration, and mechanical engineering industries as well as the consumer goods and aerospace industries.

The current spike in energy prices in Europe has created an opportunity for vHPM to process metals in the United States for export back to Europe. Operating as an FTZ will allow them to take advantage of this opportunity in South Boston without the need to worry about the newly imposed import tariffs on steel or the timing of import quotas on raw materials. FTZ approval will also allow vHPM to defer duty payment on sales to the U.S. domestic market. The proposed subzone will be used to warehouse, process, distribute, scrap, and destroy specialty metals for vHPM's customers in the United States and abroad.

vHPM's South Boston, VA location is in Halifax County, outside the Alternative Site Framework service area of any of the foreign-trade zones in Virginia. vHPM is seeking sponsorship from the Commission, as Grantee of Foreign-Trade Zone #207, for a Traditional Site Framework application for subzone status at its facility located at 2306 Eastover Drive, South Boston (Halifax County), Virginia. Commission staff has met with vHPM's consultant and has prepared the required documents to initiate the application. The annual fee for the subzone once activated will be \$18,000 under the Commission's current FTZ schedule of rates and charges.

The application process is anticipated to take three (3) months and the Commission staff is working with vHPM and U.S. Customs to expedite the process in every manner possible. Staff, with the concurrence of the Finance and Audit Committee, recommends to the full Commission the adoption of the following resolution:

NOW THEREFORE, BE IT RESOLVED, in accordance with Chapter 380, Virginia Acts of Assembly of 1980, as amended, that the Capital Region Airport Commission, Grantee of FTZ #207, hereby authorizes the President and CEO to make all applications necessary to the Foreign-Trade Zones Board of the United States on behalf of voestalpine High Performance Metals LLC (the "Company") for a federal grant of authority, including production authority, and further authorizes the President and CEO to execute the applicable agreement(s) to establish a foreign-trade subzone at the Company's location in South Boston, Virginia, to be used and operated by the company, subject to review by legal counsel.

At Chairman's Hazzard's request, Commissioner Holland motioned to approve the FTZ application for voestalpine High Performance Metals LLC. Commissioner Carroll seconded the motion, and the motion passed unanimously.

2. **Planning & Construction Committee**

Committee Chair Hinson stated that the Planning & Construction Committee did not meet.

IV. **NEXT MEETINGS**

The next meeting of the **Capital Region Airport Commission** will be held on Tuesday, September 27, 2022, at 8:00 a.m.

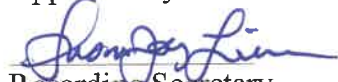
The **Executive Committee meeting** will be held on Tuesday, September 13, 2022, at 9:00 a.m. following the **Finance & Audit Committee** meeting that will be held on Tuesday, September 13, 2022, at 8:00 a.m.

The **Planning & Construction Committee** meeting will be held on Thursday, November 17, 2022, at 8:00 a.m., all in the Commission Boardroom in the Terminal Building.

V. **ADJOURNMENT**

Chairman Hazzard adjourned the meeting at 9:13 a.m.

Approved by the Commission:


Recording Secretary


Wayne T. Hazzard, Chairman

Date 9.27.22