

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

February 28, 2023

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 February 28, 2023. The meeting was conducted in the Commission Boardroom in the Terminal Building. A quorum was present.

The following members were present: Commissioners Carroll, 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 Crockett, Interim Director – Finance; Carol Gaddis, Director – IT and Innovations; Russ Peaden, Director – Properties and Concessions; Susan Joy Linn, Recording Secretary; W. David Harless and Michael Guanzon, legal counsel from Christian & Barton, LLP. A special invited guest was Jennifer Wakefield, President and CEO of the Greater Richmond Partnership.

Commissioners Dibble and Winslow were 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. OPEN MEETING

A. COMMISSION CHAIRMAN'S COMMENTS

Chairman Hazzard stated that the airport always has potential environmental issues. Since the Commission has two attorneys on its board, Commissioner Williams and Winslow, Chairman Hazzard asked if they would be willing to work with Mr. Harless on some of the environmental issues going forward. Chairman Hazzard added that the Commission should be pleased with today's excellent airport report.

B. CONSIDERATION OF AGENDA AMENDMENTS

There were none.

C. APPROVAL OF JANUARY 31, 2023, MINUTES

At Chairman Hazzard's request, Commissioner Thornton moved to approve January 31, 2023, minutes, and Commissioner Holland seconded the motion.

The motion passed unanimously.

D. PRESIDENT'S REPORT

1. Greater Richmond Partnership Update from Jennifer Wakefield, President and CEO

Chairman Hazzard welcomed Ms. Wakefield, who thanked the Commission for the opportunity to present the following:

- The Greater Richmond Partnership, Inc. (GRP) is the lead regional economic development organization for the City of Richmond and counties of Chesterfield, Hanover, and Henrico in Virginia.
- GRP works to attract new companies to the region by providing in-depth market data, marketing the region globally and generating quality economic opportunities.
- Current Chair of GRP is John Asbury, with Atlantic Union Bank. GRP is both a public/private entity. The four public partners of GRP pay about half of the GRP budget and the remainder comes from predominantly the regional leadership and investors.
- GRP works to generate leads via marketing and research
- Target audiences: C-Suite Executives in targeted industries, site location consultants, corporate advisors, developer plus brokers, investors – Public & Private
- Target industries: Advance Manufacturing, BioScience, Corporate Services, Finance & Insurance, Food & Beverage, Information Technology, and Supply Chain
- Vision: Greater Richmond will be the top mid-sized region in the U.S. for companies to invest.
- Mission: To aggressively generate economic opportunities that create quality jobs for residents in the region and increase the tax base for needed community services.
- Recent Announcements: CoStar Group, Amazon, Civica, Intact, ISOGroup, LEGO, Starplast, Plenty, Unilock, and Lowes
- Announced Projects 2021-2022:
 - 13 Projects
 - 4,894 New jobs
 - \$1.62 Billion – Capital Investment
 - 4.45 Million sq.ft. of Real Estate Impacted
 - 42 Prospect Visits to the Region

- Project Origination: Domestic 69% and International 31%
- GRP was named top metro for economic development projects, out ranking, Dallas, Chicago & Houston
- Year-to-Date Results
 - Won 5 projects: Plenty, Civica, Unilock, Pulas, and ISOGroup
 - 437 Jobs
 - \$384 Million capital investments
 - 500K sq.ft. real estate
- Current Pipeline
 - Approximately 430 prospects
 - 22K potential jobs
 - \$73 Billion potential investment
 - 12 Million potential sq.ft. real estate
- Current Mega Projects (anything over 500 jobs, more than \$1 Billion and 1 million sq.ft.)
 - 4 Prospects
 - 9K Potential Jobs – 41% of jobs in pipeline
 - \$66 Billion Potential Investment – 90% of the pipeline
- Pipeline
 - Lead Source: Direct, Virginia Economic Development Program (VEDP) and Referrals
 - Industries: Advance Manufacturing – 32%, IT – 19%, BIO – 12%, Food & Beverage – 13%, Supply Chain – 9%, Financial and Insurance – 5 %, Corp – 5 %, and Other – 5%.
- Reason Projects Closed from January 20-23
 - No response – 35%, Cancelled – 20%, Real Estate – 13%, Bad Lead – 10%, Workforce – 9%, Proximity - \$6%, Cost/Incentives – 4%, Unknown - \$2%, Other – 1%
- Population Size – RVA is smaller than most peers, ranked 8th in population out of 12.
- Population Growth – RVA is slowly growing, not like some of our peers
- GDP Growth – RVA is on par with U.S. but only ahead of Louisville, Hartford, Birmingham, and Virginia Beach
- Perception Research:
 - Survey results say that one of the challenges is that Corporate Executives don't know much about the Greater Richmond Area.
 - Chief Executives Ranking Best and Worst states for Business in 2022, Virginia is ranked 14th. Losing war on perception, but winning the war on objective factors.
 - Site Selection Consultants rank Richmond 7.0 out of 10, better than Corporate Executives ranking Richmond at 6.2 out of 10.

- Rating Site Selection Factors: Ranked higher in quality of higher education, life and workforce, but lowest in direct air service, and available sites/real estate.
- Strengths: Talent/workforce, Accessibility/location, and Operating costs
- Weaknesses: Air Service (direct flights) and Sites/buildings

- Comparison to Peers: Richmond has 33 direct flight Destinations up 36% since Mr. Miller’s arrival
- Support for New Routes
 - In Summer 2021, we ran a campaign promoting JetBlue’s new direct flight to LA which resulted in 11.8 Million impressions and 77K clicks
- Together GRP & RIC Partnership
 - Location = Greatest strength & weakness
 - Continue Partnership – research, marketing to recruit more air service – assist with conferences, mission trips
 - Share key messages with others: connect us with potential prospects
 - Work on more economic development projects together
 - Would like to see results on airport surveys
 - Partner to advertise to business travelers in the airport

MSA	Direct Flight Destinations
Atlanta	220
Charlotte	181
Nashville	103
Raleigh	59
Charleston	47
Columbus	45
Hartford	39
Jacksonville	38
Hampton Roads	37
Louisville	37
Richmond	33
Birmingham	18

2. **Employee Service Awards**

a. **Phyllis Birdsong, Procurement Specialist – 25 Years of Service**

Mr. Dosunmu presented Mrs. Byrdsong with her 25-year service award. Mr. Dosunmu stated that Mrs. Byrdsong started as an administrative assistant at the airport and is now serving the Commission as a procurement specialist. Mrs. Byrdsong has earned numerous certifications and participates on behalf of the Commission in several purchasing associations.

b. **Russ Peaden, Properties & Concessions Directors – 25 Years of Service**

Mr. Miller presented Mr. Peaden with his 25-year service award and thanked him for all his contributions to the airport. Mr. Peaden started as a Foreign Trade Zone manager and DBE liaison officer and has taken on many additional responsibilities over the years.

3. **Aviation Activity Report**

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

Passenger Traffic: For January 2023, Richmond International Airport (RIC) reports 305,221 passengers, a 38.4 percent increase over January 2022 – a month

adversely affected by the omicron variant of COVID-19. For the month, Delta Air Lines was the market leader with a 28.0 percent share of passengers, followed by American (26.6%) and United (16.4%).

For fiscal year-to-date 2023 (FYTD23), passenger traffic has increased 12.2 percent year over year, a gain of about 270,000 passengers.

Cargo: January’s total cargo volume of 13.7 million pounds was a 22.6 percent increase from the same period a year ago. For FYTD23, total cargo has increased 6.2 percent.

Operations: Aircraft operations increased 18.1 percent from January a year ago and for FYTD23, the airport reports a 7.7 percent increase (+4,285 operations).

Additional Comments

- January’s passenger total represents a **95.1 percent recovery** of pre-pandemic January 2020 volume. A year ago, the recovery rate was 68.7 percent.
- The **COVID-19** pandemic has affected aviation activity for 35 consecutive months.
- **Breeze** announced two new markets earlier this month, Cincinnati (CVG) and Islip (ISP). In May, the carrier will start/restart service to five markets with Los Angeles (LAX), Jacksonville (JAX), and Providence (PVD) joining CVG and ISP.
- Also in May, **Sun Country** will start twice-weekly service to Minneapolis/St. Paul (MSP) and **Delta** will add daily service to the same destination starting in June.
- In September, **Southwest** will resume daily flights to Denver (DEN), joining **United** as a nonstop provider to this important western hub.
- Scheduled seat capacity via Airline Data, Inc., as of February 22, 2023:

Month	Monthly	Change from Previous Year
January 2023	433,449	+7.2%
February 2023	421,526	+11.7%
March 2023	490,073	+15.4%
April 2023	477,734	+11.5%
May 2023	504,394	+12.7%
June 2023	541,992	+17.2%

4. Capital Improvement Plan (CIP) Update

Mr. Rutledge presented the following Capital Improvement Plan (CIP) charts regarding the airport’s projects for the next 5-6 years, reviewed by the strategic planning committee. The CIP must be kept on file with the Federal Aviation Administration (FAA) and the Virginia Department of Aviation (DOAV); it’s a requirement.

Fiscal Year 2023 (All projects are fully funded either currently under construction, out to bid, or in the design phase).

- Concourse B Apron Expansion and Deicing Pad – fully funded by FAA & DOAV
- FIS Customs Facility Renovation – partially funded by FAA & DOAV.
- Electrical Switchgear Replacement – aged dating back to 1985, feeds the older parts of the terminal. The project is currently out to bid.
- Replacement of lights in Concourse B, Lower-level terminal curbside lighting, and hourly parking garage
- Restrooms Renovations of Concourse A.
- Mill and overlay of Airport Drive from Clarkson Rd to Charles City Rd

FY 2024

- Aircraft Rescue and Fire Fighting Facility Relocation – FAA funded
- Taxiway intersection reconstruction projects
- LED Runway Edge Lights
- Landscaping Projects – “Center Core” Flagpole area & surface lot and entrance-way signage replacement
- Consolidated Checkpoint – In the design phase
- Infrastructure for Eastside General Aviation Terminal Facilities
- Security Camera Survey for Campas – creating a gap analysis.

FY 2025

- Consolidated Checkpoints – Construction Phase
- Terminal Systems Upgrades (HVAC, Electrical, Plumbing, and IT)
- Snow Removal & ARFF Equipment
- Taxiway Rehab Projects
- Airport Surveillance Radar Relocation Feasibility Study – due to the potential vertical expansion of the parking garage, the radar may need to be moved.
- Eastside GA Development of Apron 2 – Design for FBO

FY 2026

- Rental Car Counter Relocation and Enclosed Walkway – 2 levels

Mr. Miller stated that this plan and the budget would be presented to the Commission for approval. The schedule will be provided so the Commission can speak to it should questions arise. Flexibility is being asked as things may need to be tweaked as it is just a plan.

Lastly, Mr. Rutledge stated that the FAA recently informed him that RIC will receive \$4.6 Million in funding to replace the six Passenger Boarding Bridges that are about 36 years old.

5. **Other**

a. **Ironclad Coffee Roasters**

Mr. Peaden provided a brief update on Ironclad Coffee Roasters' arrival at RIC this week with a soft opening, replacing Caribou Coffee in the airport. Ironclad Coffee is part of Delaware North's airport contract refurbishment. On March 17th, a grand opening will take place to introduce this local coffee company to RIC.

E. **COMMISSION STANDING COMMITTEE REPORTS**

1. **Finance and Audit Committee**

a. **Monthly Financial Update January 31, 2023**

Mr. Dosunmu reviewed the following:

Year-to-date operating revenues for January were \$34.7 million, or about \$3.1 million greater than the budget or 9.9%. Compared to the same time last year, this year's revenue is about \$4.5 million or 14.7% greater than last year's, mainly due to increased enplanements with corresponding parking and concessions revenues.

Year-to-date operating expenses were \$17.4 million, \$1.3 million less than budget or 7.0%. Compared to \$3.9 million or 29.0% above last year's operating expenses, this year's increase was primarily due to additional personnel added to the 2023 budget.

Overall, comparing pure operating revenue, the year-to-date gross margin is 50% or about \$17.4 million for the fiscal year (FY). It is about \$4.4 million above budget or 34.3%, providing the Commission with a robust outlook.

Lastly, the year-to-date interest income is a little over \$1 million compared to the budget of \$46 thousand, keeping a strong cash balance.

Mr. Dosunmu provided the Commission with Fitch Rating's latest report noting a few points of interest:

- Revised rating went from stable to positive.
- Confirmed the Commission's conservative debt structure.
- Strong traffic performance
- Stable airline costs

- Trend of robust financial metrics
- Strong economic base supported by business entities: government, education, and business sector

2. **Planning & Construction Committee**

Committee Chair Hinson stated there was no Planning & Construction Committee this month.

III. **CLOSED MEETING**

There was none.

IV. **NEXT MEETINGS**

The next meeting of the **Capital Region Airport Commission** will be held on Tuesday, March 28, 2023, at 8:00 a.m.

The **Finance & Audit Committee** meeting will be held on Tuesday, March 14, 2023, at 8:00 a.m.

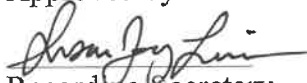
The **Planning & Construction Committee** meeting will be held on Thursday, March 16, 2023, at 8:00 a.m., all in the Commission Boardroom in the Terminal Building.


The **Executive Committee** will meet following today's meeting to discuss the next steps for the Commission's foundation.

V. **ADJOURNMENT**

Chairman Hazzard adjourned the meeting at 9:08 a.m.

Approved by the Commission:


Recording Secretary


Wayne T. Hazzard, Chairman

Date 3-28-23