

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

April 25, 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 April 25, 2023. 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, Hinson, Holland, Macfarlane, Nelson, Thornton, Trammell, Williams, and Winslow. 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; Russ Peaden, Director – Properties and Concessions; Susan Joy Linn, Recording Secretary; W. David Harless, legal counsel from Christian & Barton, LLP.

The special invited guest was Brandon Turner, Interim Director – Hanover Economic Development.

Commissioner Ukrop 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. OPEN MEETING

A. COMMISSION CHAIRMAN’S COMMENTS

1. 2023-2024 Officer Nominating Committee Assignments

Chairman Hazzard appointed the following confirmed Commissioners to the 2023-2024 Officer Nominating Committee:

- Commissioner Kevin P. Carroll, Chesterfield County, Committee Chairman
- Commissioner Grant J. Heston, City of Richmond
- Commissioner Susan P. Dibble, Hanover County
- Commissioner Robert (Bobby) S. Ukrop, Henrico County

The Nominating Committee will meet and report on the proposed slate of Commission Officers at the next Commission meeting on May 30, 2023. The vote will then occur at the subsequent Commission meeting on June 27, 2023. There will also be an opportunity to nominate from the floor. Confirmed officers will go into effect on July 1, 2023.

B. CONSIDERATION OF AGENDA AMENDMENTS

There was none.

C. APPROVAL OF MARCH 28, 2023, MINUTES

At Chairman Hazzard's request, Commissioner Williams moved to approve March 28, 2023, minutes, and Commissioner Thornton seconded the motion.

The motion passed unanimously.

D. PRESIDENT'S REPORT

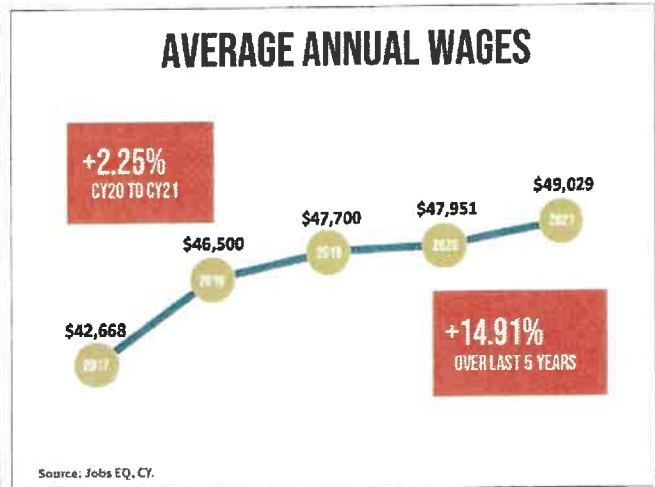
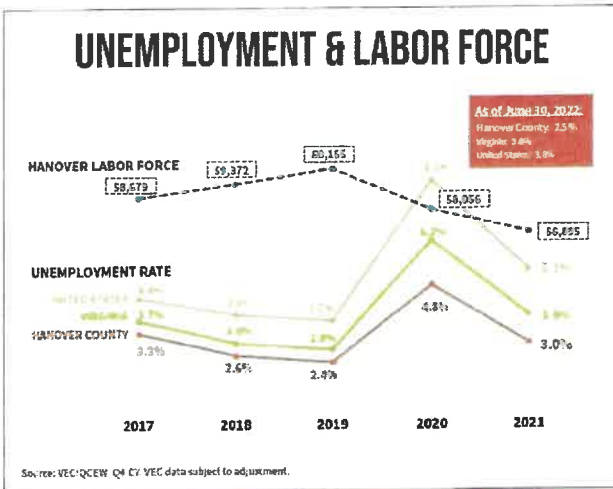
1. Brandon Turner, Interim Director – Hanover County Economic Development

Chairman Hazzard welcomed Mr. Turner and reviewed some of Mr. Turner's accomplishments in his introduction.

Hanover County Economic Team Introduction

- Ann Glave, Existing Business & Project Manager
- Angela C. Wright, Marketing Manager
- Brandon Turner, Interim Director
- Vacant Office Manager

Population, Labor Force and Average Annual Wages

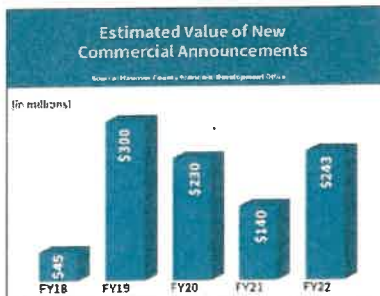


Hanover County Population	1990	2000	2010	2020	2021 (Est)
	63,306	86,320	99,863	109,979	112,938

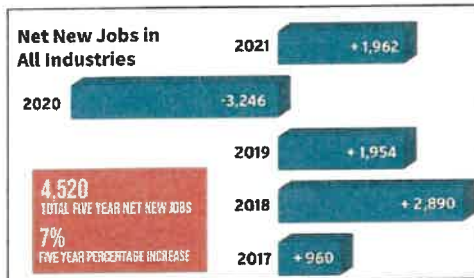
Source: U.S. Census

3

Business Investment



151 **FY22**
**NEW BUSINESSES,
 EXPANSIONS &
 ANNOUNCEMENTS**



Percentage Change in Jobs Per Industry

Target Industry	2017	2020	2021	Net Chg vs Prior Yr	% Chg vs. Prior Year	% Chg vs. 5 Years Ago
Health Care	6,451	6,202	6,171	(31)	0%	↓ -4%
Logistics/Transportation/Warehousing	1,453	4,475	4,744	269	↑ 6%	↑ 226%
Manufacturing	3,631	3,496	3,531	35	↑ 1%	↓ -3%
Professional/Technical	2,334	2,603	2,773	170	↑ 7%	↑ 15%
Management of Companies	1,143	1,164	1,200	36	↑ 3%	↑ 5%
Real Estate	536	832	825	(17)	↓ -2%	↑ 52%
Finance/Insurance	659	721	755	34	↑ 5%	↑ 15%
Information	659	511	579	68	↑ 13%	↓ -12%

4

Suburban Services Area

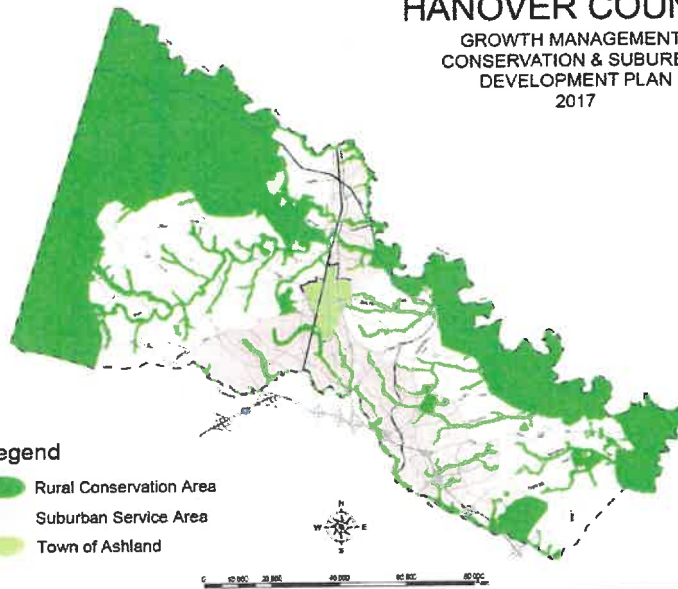
Constitutes approximately 25% of Hanover's total area.

Goal is to focus growth in strategic locations to protect rural and agricultural areas.

Where growth and infrastructure development are focused.

Anticipate some minor adjustments with completion of Comprehensive Plan in late 2023.

HANOVER COUNTY GROWTH MANAGEMENT CONSERVATION & SUBURBAN DEVELOPMENT PLAN 2017



Business Investment - End of FY 2022

PFG Performance Food Group

\$80.2 Million
125 Jobs

BEAM

Wegmans

Cascades

\$450+ Million Investment
140+ Jobs

CASCADIA GRAND HIRING EVENT

BEAR ISLAND PAPER MILL

Cascades Bear Island Paper Mill

136 Jobs

Walgreens to establish micro-fulfillment center in Hanover County, VA

Walgreens

534 2m
249 jobs

CHIPOTLE

PANDA EXPRESS

BURKES OUTLET

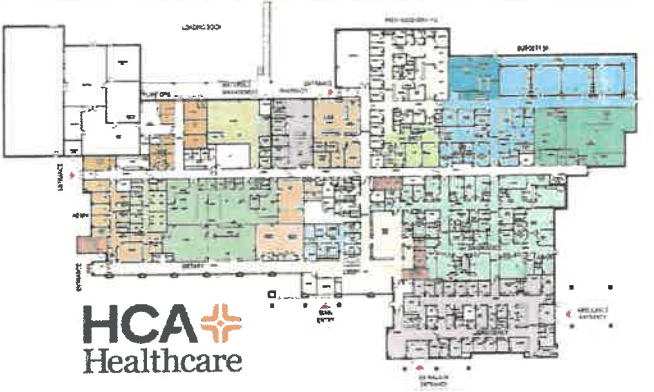
HOME DEPOT

CASA HERRADURA

Boot Barn

Charred

Additional Recent Announcements



HCA Healthcare

In January 2023, HCA announced plans for a new 60 bed, \$233 million hospital in Hanover County adjacent to the I-95/Sliding Hill Road interchange.










LUTRON Expansion of electronic manufacturing operation
 \$28.3 million investment 200 new jobs



UNILOCK New landscape paver manufacturing facility announced in Doswell, VA
 \$55.6 million investment 50 new jobs



Hanover County - Speculative Industrial Projects

	Project	Size/Scope	Status
	Atlee Station Logistics Center	1 building: 185,000 s.f.	Building completed with upfits underway. Walgreens to lease 1/3 rd , ABB leasing 1/3 rd , 1/3 rd of space (about 55k s.f.) available for lease.
	Cardinal Commerce Center	3 buildings: ranging from 186k s.f. to 325k s.f.	Building 1 (260k s.f.) fully leased, Building 2 future home of PFG (325k s.f.); Building 3 (186k s.f.) unleased; Buildings 2 and 3 delivery around Q2 2023.
	Crescent Business Center	5 new buildings: ranging from 34,100 s.f. to 70,200 s.f.	In Plan Review phase now. Anticipate construction to commence on 2-3 buildings in Spring 2023; completion about 12 months later. Other buildings to come online with demand.
	East Coast Commerce Center	2-3 buildings: ranging from 217k s.f. to 1.8 million s.f.	Building 1 (1,112,000 s.f.) completed with strong tenant interest; can be expanded onto additional pad (total 1.8 million s.f.) if needed. Pad sites graded.
	North Richmond Industrial Park	3 buildings: range from 50k s.f. to 315k s.f.	Building 1 (50k s.f.) existing and leased. Building 2 (202k s.f.) completed and fully leased (Q2 2022) with three tenants. Building 3 (315k s.f.) to break ground soon.
	Northlake II	4 buildings: 535k s.f. planned space ranging from 91k s.f. to 192k s.f. per building	Phase I (buildings A, B, & C) underway (350k +/- s.f.); delivery winter 2023. Buildings A and C fully leased; strong interest in Building B. Phase II (additional parking and Building D, 192k +/- s.f.) under construction by late 2023.
	Winding Brook Industrial Development	2 buildings: 100k s.f. (completed); 552k s.f. under construction.	100k s.f. building fully leased. New building (552k s.f.) in under construction with delivery by Q4 2023; 400k s.f. is leased, leaving about 150k s.f. available.

- What can the Commission do for Hanover County? International flights to Canada and Europe would assist in its economic development. Chairman Hazzard thanked Mr. Turner for his presentation.

2. Employee Service Awards

a. Alvin Carmon, HVAC – 20 Years of Service

Mr. Rutledge presented Mr. Carmon with his 20-year service award. Mr. Rutledge stated that Mr. Carmon started as a general maintenance mechanic on April 24, 2003, and received his HVAC technician certificate during his tenure. Mr. Carmon was recently promoted to HVAC supervisor.

Mr. Rutledge thanked Mr. Carmon for his dedicated service that exemplifies the Commission's mission to provide customers with an exceptional experience through convenience, innovation, and excellence.

3. Aviation Activity Report

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

Passenger Traffic: Richmond International Airport (RIC) reports a correction to the count previously provided in the Commission packet. March was the busiest ever at about 385,113 passengers, and a 15.3 percent increase over March 2022. Delta Air Lines was the month's market leader with a 29.9 percent share of passengers, followed by American (26.0%), and United (14.2%).

For the first nine months of fiscal year 2023 (FYTD23), passenger traffic has increased 13.8 percent year over year, a gain of nearly 385,000 passengers.

Cargo: Total cargo shows a 47.2 percent increase for the month and an increase of 13.7 percent for FYTD23.

Operations: In March, aircraft operations increased 22.3 percent versus March 2022; for FYTD23, the airport reports a 10.8 percent increase in operations over the same period last year.

Additional Comments

- March 2023 is the **first record month** at RIC since the arrival of the COVID-19 pandemic.
- The passenger total for March 2023 represents a **4.9 percent increase** over the previous March record (366,592 passengers) set in 2019.
- **New or restored route launch dates:**
 - **Spirit Airlines:** Daily Las Vegas (LAS) flights start May 6th.
 - **Breeze Airways:** New York-Islip (ISP), Jacksonville (JAX), Los Angeles (LAX), and Providence (PVD) – all on May 18th; Cincinnati (CVG) flights start on May 19th.
 - **Sun Country:** Minneapolis/St. Paul (MSP) twice-weekly service starts May 19th.
 - **Delta:** Minneapolis/St. Paul (MSP) daily service starts June 5th.
- Scheduled seat capacity via Airline Data, Inc., as of April 18, 2023:

Month	Monthly	Change from Previous Year
March 2023	489,277	+15.2%
April 2023	472,678	+9.3%
May 2023	505,718	+11.5%
June 2023	532,800	+16.3%
July 2023	542,604	+19.4%

4. **Other**

There was none.

E. **COMMISSION STANDING COMMITTEE REPORTS**

1. **Finance and Audit Committee**

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

Mr. Dosunmu reviewed the following:

Year-to-date operating revenues for March were \$44.7 million, \$4.6 million greater than the budget or 11.5%. Compared to the same time last year, this year's revenue is about \$5.9 million or 15.2% greater than last year's, mainly due to increased enplanement and corresponding parking and concession revenue.

Year-to-date operating expenses were \$23.0 million, \$1 million less than budget or 4.3%. Compared to the same time last year, this year's operating expenses are \$5.2 million or 29.5% above last year's operating expenses. This year's increase was primarily due to additional personnel added to the 2023 budget. Currently, there are 151 employees with 171 positions budgeted for, resulting in reduced overhead costs.

Comparing pure operating revenue, the year-to-date gross margin is 49% or about \$21.7 million for the fiscal year (FY). It is about \$5.6 million above budget or 35.0%, providing the Commission with a robust outlook.

Lastly, the year-to-date interest income is a little over \$1.7 million compared to the budget of about \$60 thousand, keeping a solid cash balance.

b. **Extension of Air Service Incentive Program**

Mr. Bell presented the following resolution:

WHEREAS, the Capital Region Airport Commission (the "Commission") as owner and operator of Richmond International Airport (the "Airport") has determined that the promotion of new air carriers at the

Airport and new air service between the Airport and new and existing destinations for the benefit of the traveling public is an important goal of the Commission;

WHEREAS, the Commission has sought to increase competition, through promotion of improved access and competitive fares to and from new and existing destinations to cover its costs of operation and support increased economic development;

WHEREAS, the Commission finds increased competition will enhance the competitiveness of air fares for the flying public and significantly reduce passenger leakage to less convenient airports;

WHEREAS, the Commission finds that it is appropriate to provide incentives for new and existing air carriers to begin new service to served and unserved domestic and international destinations;

WHEREAS, on February 25, 2020, the Commission adopted the *Capital Region Airport Commission Richmond International Airport (RIC) Air Service Incentive Program* and associated Matrix table (collectively, “Air Service Incentive Program”) setting forth its policy with respect to availability of Commission incentives for marketing and promotion of new air carriers at the Airport and new air service between the Airport and new and existing destinations; and

WHEREAS, the Commission amended its Air Service Incentive Program on February 23, 2021, by amending the associated Matrix table;

WHEREAS, by resolution adopted on May 25, 2021, the Commission amended its Air Service Incentive Program by extending its effective date from June 30, 2022, to June 30, 2024, and by authorizing the President and CEO to negotiate and execute incentives agreements with air carriers; and

WHEREAS, the Commission now wishes to amend its Air Service Incentive Program by extending its effective date from June 30, 2024, to June 30, 2026 (“ASIP Eligibility Period”), and by authorizing the President and CEO to negotiate and execute incentives agreements with eligible air carriers at any time within the ASIP Eligibility Period, even though such incentive agreements may provide or extend incentives beyond the ASIP Eligibility Period.

WHEREFORE, BE IT RESOLVED by the Capital Region Airport Commission, in accordance with Chapter 380, Virginia Acts of Assembly of 1980, as amended, the following:

1. That the Commission hereby amends its Air Service Incentive Program by extending its effective date from June 30, 2024, to June 30, 2026, and by authorizing the President and CEO to negotiate and execute incentives agreements with air carriers upon the advice of legal counsel, all as provided in the Commission’s Air Service Incentive Program, as amended.

2. If state or federal matching funds through grants are available and are approved to be applied under this policy, the total Commission monies available for air service marketing incentives, as previously described, may be utilized by the Commission as the local match of grant funds.

3. The President and CEO is authorized to negotiate and execute incentive agreements during the ASIP Eligibility Period that provide or extend incentive benefits in accordance with the terms of the Air Service Incentive Program then in effect to a date beyond the end of the ASIP Eligibility Period.

4. Expenditures under this policy are subject at all times to the availability of Commission funds.

The President and CEO is hereby authorized to amend the terms and conditions of the Air Service Incentive Program, except as to funding levels, without the prior action of the Commission to conform to state and federal laws, regulations, guidance, or other contractual obligations entered into with air carriers eligible for such incentives, all upon the advice of legal counsel.

At Chairman Hazzard’s request, Commissioner Hinson moved the Finance & Audit’s recommendation to approve the Extension of Air Service Incentive Program, and the motion passed unanimously.

c. Foreign Trade Zone (FTZ) Usage Driven Application – LEGO

Mr. Peaden reviewed the following resolution:

Commission staff recommends that the Commission adopt the following resolution:

WHEREAS, the Capital Region Airport Commission (the “Commission”), as grantee of Foreign-Trade Zone #207, operates the FTZ under the “Alternate 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 Alternate Site Framework, a “usage driven” site is designated for a company ready to

pursue conducting FTZ activity. The designation is tied to the specific company and limited to the space needed by the company; and

WHEREAS, LEGO Manufacturing Richmond, Inc. (“LEGO Richmond”) is an American company, organized in Delaware in 2022 and authorized to do business in Virginia. It is part of a holding company known as The LEGO Group. The LEGO Group is an importer and manufacturer of consumer toy products. Through LEGO Richmond, The LEGO Group intends to construct a usage-driven designated plant at 1600 Ruffin Mill Rd., Colonial Heights (Chesterfield County), Virginia consisting of 19.4 acres (the “Temporary Warehouse Facility”), as a temporary facility for warehousing and distribution.

WHEREAS, LEGO Richmond has sought sponsorship from the Commission, as Grantee of Foreign-Trade Zone #207, and originally requested the Commission’s assistance in its application for usage-driven status at the Temporary Warehouse Facility; and

WHEREAS, at its meeting held on March 28, 2023, the Commission authorized its President and CEO to make application to the Foreign-Trade Zones Board of the United States on behalf of LEGO Richmond for a federal grant of authority, and further authorized the President and CEO to execute the applicable agreement(s) to establish a foreign trade usage-driven site at the Temporary Warehouse Facility.

WHEREAS, LEGO Richmond also plans to build a permanent manufacturing facility at 1400 Meadowville Road, Chester (Chesterfield County), Virginia, consisting of 340 acres (the “Manufacturing Facility,” and, collectively with the Temporary Warehouse Facility, the “Facilities”) for manufacturing, warehousing and distribution.

WHEREAS, subsequent to the Commission’s March 28, 2023 meeting, LEGO Richmond determined that it wishes to make application for usage-drive status for the Manufacturing Facility concurrently with its application for usage-driven status for the Temporary Warehouse Facility, and has requested the Commission’s assistance in its application for usage-driven status at both the Temporary Warehouse Facility and the Manufacturing Facility.

WHEREAS, Commission staff has met with LEGO Richmond representatives and LEGO Richmond is preparing the required documents and fees to initiate the application action. The annual fees for the usage-driven status of the Temporary Warehouse Facility and the Manufacturing Facility shall be in accordance with the Commission’s FTZ schedule of rates and charges pertaining to distribution and production activities, respectively; and

WHEREAS, the FTZ usage-driven designation of these facilities will allow imported merchandise to move on an expedited basis from the port of arrival to the Facilities without prior Customs approval for each shipment to be admitted to the zone, thus improving the efficiency and productivity of LEGO Richmond's operations. Further, obtaining zone procedures for the Facilities will allow them to compete with similar offshore facilities, maintain domestic manufacturing capacity and 500 jobs in the United States, and enable the creation of jobs for more than 1,700 people in association with the Facilities in a range of professional and production positions; and

WHEREAS, the application process is anticipated to take three (3) months and the Commission staff is working with LEGO Richmond and U.S. Customs to expedite the process in every manner possible.

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 its President and CEO to make application to the Foreign-Trade Zones Board of the United States on behalf of LEGO Manufacturing Richmond, Inc. for a federal grant of authority, and further authorizes the President and CEO to execute the applicable agreement(s) to establish a foreign trade usage-driven site at LEGO Richmond's Manufacturing Facility, in addition to the Temporary Warehouse Facility, each of which is to be used and operated by LEGO Richmond, all subject to review by the Commission's legal counsel.

At Chairman Hazzard's request, Commissioner Holland moved to approve the FTZ resolution, and Commissioner Trammell seconded the motion.

The motion passed unanimously.

2. Planning & Construction Committee

Committee Chairman Hinson stated that the Planning & Construction Committee did not meet this month.

III. CLOSED MEETING

The Commission convened in closed meeting at 8:50 a.m. Chairman Hazzard entertained a motion made by Commissioner Holland and seconded by Commissioner Carroll, to go into closed meeting pursuant to Virginia Code § 2.2-3712 (A), to consider the following matters:

1. Discussion and consideration of the performance of the President and CEO and the officers and director members of the executive staff of the Commission as permitted by Virginia Code § 2.2-3711 (A)(1).

2. Consultation with legal counsel regarding the Commission's response to anonymous complaints relating to the performance of the President and CEO and the officers and director members of the executive staff of the Commission, where such matters require the provision of legal advice by such counsel, as permitted by Virginia Code § 2.2-3711 (A)(8).

3. Consultation with legal counsel regarding reported ground water contamination within the Chickahominy River watershed, including areas adjacent to the Airport, where such matters require the provision of legal advice by such counsel, as permitted by Virginia Code § 2.2-3711 (A)(8).

The motion passed unanimously.

IV. REOPENED MEETING

The Commission reconvened in open meeting at 10:28 a.m. Chairman Hazzard entertained a motion made by Commissioner Macfarlane and seconded by Commissioner Holland, pursuant to Virginia Code § 2.2-3712 (D) that (i) only public business matters lawfully exempted from open meeting requirements, 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 by the Commission and that a statement to this effect will appear in the minutes of this meeting.

The motion passed unanimously.

V. NEXT MEETINGS

The next meeting of the **Capital Region Airport Commission** will be held on Tuesday, May 30, 2023, at 8:00 a.m.

The **Finance & Audit Committee** meeting will be held on Tuesday, May 16, 2023, at 8:00 a.m.


The **Planning & Construction Committee** meeting will be held on Thursday, May 18, 2023, at 8:00 a.m., all in the Commission Boardroom in the Terminal Building.

VI. ADJOURNMENT

Chairman Hazzard adjourned the meeting at 10:34 a.m.

Approved by the Commission:


Recording Secretary


Wayne T. Hazzard, Chairman

Date 5-30-23