

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

July 25, 2023

I. CALL TO ORDER

Chairman James M. Holland called the regular monthly meeting of the Capital Region Airport Commission members to order at 8:00 a.m. on July 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, Trammell, and Ukrop. Present by invitation were 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; Uday Nethula, Human Capital & Diversity Officer; Susan Joy Linn, Recording Secretary; and W. David Harless, legal counsel from Christian & Barton, LLP.

The special invited guest was Leonard L. Sledge, Director of Economic Development for the City of Richmond.

Commissioners Thornton, Williams, and Winslow were absent.

Chairman Holland provided the invocation and led the Pledge of Allegiance to the flag of the United States.

II. OPEN MEETING

A. COMMISSION CHAIRMAN’S COMMENTS

Chairman Holland thanked everyone for being present today.

1. Recognition of Immediate Past Chairman Hazzard

Chairman Holland recognized and awarded Commissioner Hazzard for his two years of accomplishments due to his outstanding leadership and commitment as Chairman from July 1, 2021 – June 30, 2023.

Commissioner Hazzard expressed thankfulness for the opportunity to serve and acknowledged that the list of accomplishments resulted from all Commission/staff, a total group effort.

2. **Certificate of Achievement for Excellence in Financial Reporting**

Chairman Holland presented the 33rd consecutive Certificate of Achievement for Excellence in Financial Reporting to Ms. Regina Crockett, Interim Finance Director.

This award is for the Commission’s Comprehensive Annual Financial Report for the previous fiscal year that ended June 30, 2022. The Government Finance Officers Association of the United States and Canada presents a Certificate of Achievement for Excellence in Financial Reporting to government units whose comprehensive annual financial reports achieve the highest government accounting and financial reporting standards.

Ms. Crockett noted that this achievement demonstrates team effort and an outstanding supportive team.

3. **Standing Committee Assignments**

Chairman Holland reviewed the following Commission Committee assignments:

PLANNING & CONSTRUCTION COMMITTEE

Harvey L. Hinson, Chair – Henrico County
Susan P. Dibble, Vice Chair – Hanover County
Charles S. Macfarlane – City of Richmond
Tyrone E. Nelson – Henrico County
Frank J. Thornton – Henrico County
Reva M. Trammell – City of Richmond
C. James Williams, III – Chesterfield County

FINANCE & AUDIT COMMITTEE

Christopher M. Winslow, Chair – Chesterfield County
Robert S. Ukrop, Vice Chair – Henrico County
Kevin P. Carroll – Chesterfield County
BK Fulton – City of Richmond
Wayne T. Hazzard – Hanover County
Grant J. Heston – City of Richmond
James M. Holland – Chesterfield County

EXECUTIVE COMMITTEE

James M. Holland, Chair – Chesterfield County
Charles S. Macfarlane, Vice Chair – City of Richmond
Harvey L. Hinson, Planning & Construction Chair – Henrico County
Susan P. Dibble, Planning & Construction Vice Chair – Hanover County
Christopher M. Winslow, Finance & Audit Chair – Chesterfield County
Robert S. Ukrop, Finance & Audit Vice Chair – Henrico County

B. CONSIDERATION OF AGENDA AMENDMENTS

There was none.

C. APPROVAL OF June 27, 2023, MINUTES

At Chairman Holland’s request, Commissioner Macfarlane moved to approve June 27, 2023, minutes, and Commissioner Nelson seconded the motion.

The motion passed unanimously.

D. PRESIDENT’S REPORT

1. Leonard L. Sledge, Director of Economic Development – City of Richmond

Chairman Holland welcomed Mr. Sledge and reviewed some of his accomplishments in his introduction.

COVID-19 Look Back in Time in 2020 at City of Richmond’s Response

- The City of Richmond made zero-interest loans to small businesses using its unrestricted cash from the economic development authority.
- After COVID-19 funds were provided, the City of Richmond made 450 Grants awarded totaling over \$6.1 million to small businesses.
- Collaborated with ChamberRVA & Metropolitan Business League to create *Capital Region Business Response Team* & launched *Forward RVA* to reopen businesses.
- Also, established a First Responder Meal Program

Strategic Plan Richmond 300 (A guide for growth)

- Recognized in 2021 as the best comprehensive plan in the country by American Planning Association.

Equitable Economic Development Plan (SPEED) with the following goals by 2026:

- \$3 Billion Capital Investment
- 3,000 new jobs with annual salaries at or above \$52k
- 5 Percentage Point reduction in poverty rate
- \$25 Million in new real estate tax revenue generated by public & private development activities.
- 2,500 post-secondary credentials awarded to Richmond residents

Business, Professional, and Occupational License (BPOL) Tax Increase

- Increased threshold from \$100k to \$250k, allowing more small businesses to pay a flat fee of \$30 instead of a higher BPOL Tax.
- Established a city-wide technology zone – encouraging the growth of technology businesses.

FY2023 Real Results

- **\$2.52+B Capital Investments**
- **314 Business Visits**
- **\$455,528 Funds Awarded**
- **Over 500 New Jobs**
- **Awarded 47 CARE Program Grants**

Real Results: FY20-23

- \$3.58B Announced Capital Investments
- 4,294 Announced Jobs

CoStar Group Expansion

- \$460M Capital Investment
- 2000 New Jobs
- 750K Sq.Ft.

Amphitheater

- \$30.5M Capital Investment with Red Light Management
- 7,500 Person Capacity down near the James River
- 25-35 Major Acts Annually

Build Back Better Regional Grant

- Advancing the region's pharmaceutical, manufacturing, and research and development cluster to address the need for quality, affordable essential medicines.

Resort Casino (Urban One & Churchill Downs Teams Up)

- \$562.5M Capital Investment
- 1,300 New Jobs located in the old Phillip Morris Operations Center in South Richmond.
- \$30M estimate in new revenue
- Host Agreement includes a \$26.5M one-time payments to the city after the passing of the referendum this November and a \$1M payout at the project's closing.
- Note: Casino does not require any City financial obligations, a total net positive.

Diamond District Renovation – Selected RVA Diamond Partners for Development Team to move forward with this project.

- \$2.44B Capital Investments (largest economic development)
- 67 Acres, all publicly owned and controlled.
- 3,020 Housing (mixed-income residential units with housing affordability lower than 30% of the area medium income).
- 180 Hotel Rooms
- Under 1 Million Sq.Ft. of retail/office/research & laboratory space

City Center Innovation District

What's in place

- VCU, VA Bio+Tech Park, Reynolds Community College
- Adjacent to several strong and growing neighborhoods

- What’s lacking:
 - Greater residential density in downtown
 - More of a sense of place
 - Branding & marketing to stitch these things together
- \$3.6B in investment in 75+ projects
- Expanding multi-modal options – Fall Line Trail, BRT
- Nearly 26 acres of publicly owned land (a shuttered coliseum, public safety buildings, John Marshall courts building, Federal building, and several open lots).
- A joint solicitation between the city’s economic development authority and the greater Richmond convention center authority requesting interest for redeveloping the 9.5 acres in the middle of downtown.
 - Featuring a 500-key headquartered Richmond Hotel
 - Drive more business to the Greater Richmond Convention Center
 - Give more people a reason to come through RIC
 - Residential Density
 - Green space for downtown
 - Rehabilitation of Blues Armory
 - Developer selection by the end of Summer

New Economic Development Marketing Website

- A new front door for attracting business to the City of Richmond
- Added value proposition for existing businesses for growth

Note: Cambridge Dictionary definition for economic development:

“The process in which an economy grows or changes and becomes more advanced, especially when both economic and social conditions are improved.”

Chairman Holland thanked Mr. Sledge for his presentation.

2. Aviation Activity Report

Mr. Rutledge asked Mr. Bell to provide the following:

Passenger Traffic: For June 2023, Richmond International Airport (RIC) reports 430,090 passengers, the busiest June ever reported at RIC. Passenger traffic increased 16.9 percent versus the same period a year ago; the previous June record, set in 2019, reported 383,535 passengers.

Five incumbent airlines saw traffic increases of at least 19 percent, including Breeze (+138.4%), Spirit (+55.5%), Allegiant (+28.0%), Delta (+19.8%), and Southwest (+19.3). Delta claimed a 28.4 percent share of passenger traffic, followed by American (27.1%).

Compared to the previous year, fiscal year 2023 (FY23) passengers increased 14.2 percent, a gain of just over 550,000 passengers.

Cargo: Total cargo increased 38.8 percent to 190.4 million pounds for FY23, a fiscal year record and a 19.6 percent year-over-year increase, despite a sharp drop in air mail volume.

Operations: In June, aircraft operations increased 0.1% to 8,655; for the fiscal year, RIC tallied 104,372 operations, the highest annual total since the arrival of the COVID-19 pandemic and a 10.1 percent increase over FY22.

Additional Comments

- Breeze announced new winter seasonal flights from Richmond to Ft. Myers, FL. The flights will start on November 15th, operate twice weekly, and reconnect RIC and RSW for the first time in nearly two decades.
- The June 2023 passenger total exceeded the previous record for the month established in pre-pandemic 2019 by 12.1 percent, more than 46,000 passengers.
- Scheduled seat capacity via Airline Data, Inc., as of July 17, 2023:

Month	Monthly	Change from Previous Year
June 2023	519,346	+13.4%
July 2023	541,765	+19.2%
August 2023	539,383	+18.5%
September 2023	505,218	+14.6%
October 2023	542,866	+15.9%

3. Other

In Mr. Miller’s absence, Mr. Rutledge provided the following CEO updates:

- Mr. Miller was in Kobe, Japan, on July 1-4, 2023, accepting an award from the Air Transport Research Society (ATRS). Richmond International Airport was awarded the Excellence award for being the most efficient, small airport in North America, including Canada, the United States, Mexico, and Central America. The 2023 ATRS Award is a big deal, and the world is taking note of RIC.
 - As an attribute to the staff, employees were given a personalized thank you and gift card for making this award possible.
- Soaring Valor Event, part of the Gary Sinise Foundation, will take place tomorrow, Wednesday, July 26, 2023. It includes a ceremony for 20 World War II Veterans starting at 11:30 a.m. at the American Airlines gate A10. The

group will depart on a charter flight to New Orleans to tour a WWII Museum built in their honor.

- To get to the Gate, you will need a guest pass that Susan can arrange for you. Please provide her with your full name as it appears on your driver's license and your date of birth. This is required for security purposes.
- A commemorative RIC coin will be given to each veteran.

E. COMMISSION STANDING COMMITTEE REPORTS

1. Finance and Audit Committee

a. Monthly Financial Update June 30, 2023

Mr. Dosunmu reviewed the following:

Year-to-date operating revenues for June were \$60.6 million, \$5.7 million greater than the budget or 13.3%. Compared to the same time last year, this year's revenue is about \$5.6 million or 10.2% greater than last year's, mainly due to increased enplanements with corresponding parking and concession revenue.

Year-to-date operating expenses were about \$30.3 million, \$1.8 million less than budget or 5.6%. The final accruals will be processed to close out the fiscal year (FY) 2023. The full financial result will be brought to the Commission in the fall once the auditors complete their review.

Comparing pure operating revenue, the year-to-date gross margin is 50% or about \$30 million of revenue added to the bottom line. It is about \$7.4 million above budget or 32.5%, and \$1 million above the same time last year or 3.4%.

The year-to-date interest income is a little over \$2.9 million. Compared to budget of \$80 thousand for the same time last year. Next year the large discrepancy of interest will not continue to be seen as the adjusted interest income planning has been accounted for in the FY2024 budget.

Enplanements year-to-date were 2.19 million passengers compared to budget of 2.1 million or 5.7% increase. Passengers this year over the same time as last year have increased by 13.8%.

Lastly, Moody's Investor Services' rating of the Commission has been upgraded from A-2 to an A-1, and the outlook has changed from positive to stable.

2. **Planning & Construction Committee**

Committee Chairman Hinson stated that the Planning & Construction Committee did not meet 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, August 29, 2023, at 8:00 a.m.

The **Finance & Audit Committee** meeting will be held on Tuesday, August 15, 2023, at 8:00 a.m.

The **Planning & Construction Committee** meeting will be held on Thursday, September 14, 2023, at 8:00 a.m., all in the Commission Boardroom in the Terminal Building.

V. **ADJOURNMENT**

Chairman Holland adjourned the meeting at 9:02 a.m.

Approved by the Commission:


Recording Secretary


James M. Holland, Chairman
Date 8/29/2023