

**MINUTES OF THE MEETING OF THE MEMBERS
OF THE CAPITAL REGION AIRPORT COMMISSION
October 31, 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 October 31, 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, Ukrop, Williams, and Winslow. Present by invitation were Perry J. Miller, President and CEO; 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; Nagesh Tummala, Director – Capital Development; Susan Joy Linn, Recording Secretary; and W. David Harless, legal counsel from Christian & Barton, LLP.

At Chairman Holland’s request, Commissioner Nelson provided the invocation. Chairman Holland then led the Pledge of Allegiance to the flag of the United States.

II. CLOSED MEETING

The Commission convened in closed meeting at 8:02 a.m. Chairman Holland entertained a motion made by Commissioner Macfarlane and seconded by Commissioner Hinson, to go into closed meeting Pursuant to Virginia Code § 2.2-3712 (A), the chair will now entertain a motion to go into closed meeting to consider the following matters:

1. Discussion and consideration of the disposition of publicly held real property for the construction of one or more general aviation fixed base operations, and which are currently subject to an outstanding request for proposals, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, as permitted by Virginia Code § 2.2-3711 (A)(3); and

2. Consultation with legal counsel retained by the Commission regarding specific legal matters pertaining to the disposition of publicly held real property for the construction of one or more general aviation fixed base operations, and the outstanding request for proposals pertaining

to the same, and that require the provision of legal advice by such counsel, all as permitted by Virginia Code § 2.2-3711 (A)(8).

The motion passed unanimously.

III. OPEN MEETING

The Commission reconvened in open meeting at 8:45 a.m. Chairman Holland entertained a motion made by Commissioner Thornton and seconded by Commissioner Hazzard, 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 with abstention from Commissioner Carroll.

A. COMMISSION CHAIRMAN'S COMMENTS

Chairman Holland stated that the Commission's process must be one of excellence. To that end, Chairman Holland plans to contact each commissioner to glean thoughts.

B. CONSIDERATION OF AGENDA AMENDMENTS

At Chairman Holland's request, Commissioner Hinson moved to add Item III.E.1.c. – SCASDP Grant DOT-OST-2023-0037 to the agenda. Commissioner Nelson seconded the motion, and the motion passed unanimously.

C. APPROVAL OF SEPTEMBER 26, 2023, MINUTES

At Chairman Holland's request, Commissioner Hazzard moved to approve the September 26, 2023, minutes and Commissioner Macfarlane seconded the motion.

The motion passed unanimously.

D. PRESIDENT'S REPORT

1. Aviation Activity Report

Passenger Traffic: Richmond International Airport (RIC) reports total passenger traffic of 388,957 for September 2023, an increase of 12.3 percent over the total reported for the same month a year earlier (346,327) and a record-high total for the month of September.

Delta Air Lines was the market leader for the month with a 29.7 percent share, followed by American (26.8%). RIC's total passenger traffic for the first

nine months of calendar year 2023 shows an 18.1 percent year-over-year increase, a gain of more than 535,000 passengers. For the fiscal year (FY24) to date, passenger traffic has increased 16.0 percent over the same period a year ago.

Cargo: In September, air carriers reported a total cargo increase of 20.8 percent despite sharp decreases in air mail volume. Thus far in FY24, total cargo is up 23.7 percent.

Operations: Aircraft operations increased 5.0 percent over September 2022, an increase of more than 400 operations for the month; operations for FY24 are up 3.1 percent to date.

Additional Comments

- September 2023’s passenger total surpassed the pre-pandemic September record set in 2019 by more than 40,000.
- RIC has now reported record traffic for seven consecutive months.
- Upcoming route launches: **Breeze**, Ft. Myers (RSW), starting November 15th; **Spirit**, Ft. Myers (RSW) and Tampa (TPA), starting November 16th and 15th, respectively.
- Scheduled seat capacity via Airline Data, Inc., reviewed on October 23, 2023:

Month	Monthly	Change from Previous Year
September 2023	499,540	+13.4%
October 2023	536,387	+14.5%
November 2023	501,404	+10.6%
December 2023	491,658	+10.5%
January 2024	455,277	+5.0%

2. Other

Mr. Miller briefly updated the Commission on two significant staff meetings this month. The first was with the Commonwealth’s Secretary of Commerce and Trade, Caren Merrick, who advised seeking funding for the 200-plus acres to get the site ready for development. The second meeting was with Shannetta Griffin, P.E., Associate Administrator of Airports for the Federal Aviation Administration (FAA). Ms. Griffin encouraged RIC to apply for the Airport Terminal funding to assist with its future growth and expansion.

E. COMMISSION STANDING COMMITTEE REPORTS

1. Finance and Audit Committee

a. Monthly Financial Update September 30, 2023

Mr. Dosunmu reviewed the following:

Year-to-date operating revenue for the first quarter of Fiscal Year (FY) 2024 was \$16.7 million, \$1.4 million greater than the budget or 9.4%. Compared to the same time last year, it is about \$2 million greater than last year's, essentially due to increased enplanements with corresponding parking and concession revenue.

Operating expenses for the first quarter were about \$9.0 million, \$1.9 million less than budget or 17.2%, primarily due to vacant positions.

The year-to-date gross margin is 46% or about \$7.7 million of revenue, compared to the \$4.4 million budgeted.

The year-to-date interest income is a little over \$1.9 million compared to the budget of \$70 thousand.

Enplanements for the first quarter were 623,086 passengers or 12% above budget.

b. Foreign Trade Zone Usage Driven Application – Southern Tactical

Mr. Peaden reviewed the following resolution:

Commission staff recommends, with the concurrence of the Finance and Audit Committee, 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, Sidney H. Beasley, IV, d/b/a Southern Tactical ("Southern Tactical") is a licensed manufacturer and importer of firearms. It has been in business for ten years, and operates out of facilities totaling approximately 8,000 square feet in Ashland, Virginia. Its primary business is building classic semi-automatic rifles from destroyed military firearms for the collector market. It also imports other firearms and firearm parts for resale. It currently utilizes an FTZ site in Nevada where it disassembles and salvages parts, which it transports to its Ashland facilities. An FTZ usage driven site in Ashland, Virginia, will allow Southern Tactical to (i) streamline logistics and significantly reduce freight costs between Nevada and Ashland, (ii) bring firearms directly into its warehouse for disassembly and salvaging of firearms for its rebuilds (which will occur outside of the

FTZ site), (iii) defer duties on firearms stored within the FTZ site that are not yet sold, and (iv) add additional employees to its current staff of six (6) due to decreases in freight and logistics expenses; and

WHEREAS, Southern Tactical, as an importer of firearms and firearm parts, is seeking sponsorship from the Commission, as Grantee of Foreign-Trade Zone #207, and is requesting that the Commission assist Southern Tactical in its application for usage driven status at an approximately 4,800 square-foot portion of its Ashland facilities, located at 10365 Wood Park Court, Suites 308, 309, 321 and 322, Ashland (Hanover County), Virginia (the “Ashland Site”); and

WHEREAS, Commission staff has met with Southern Tactical representatives and Southern Tactical is preparing the required documents and fees to initiate the application action. The annual fee for the usage driven status is \$12,000, as specified in the Commission’s FTZ schedule of rates and charges; and

WHEREAS, usage-driven designation of the Ashland Site, which consists of approximately 4,800 square feet, will allow imported merchandise to move on an expedited basis from the port of arrival to the Ashland Site without prior Customs approval for each shipment to be admitted to the zone, thus improving the efficiency and productivity of Southern Tactical operations.

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 Southern Tactical, 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 Southern Tactical’s Ashland Site, to be used and operated by Southern Tactical, subject to review by legal counsel.

At Chairman Holland’s request, Commissioner Hazzard seconded the motion made by the Finance & Audit Committee to approve the FTZ Usage Driven Application for Southern Tactical.

The motion passed unanimously.

c. Resolution RE: SCASDP Grant DOT-OST-2023-0037

Mr. Harless reviewed the following resolution:

Staff recommends the full Commission adopt the following:

WHEREAS, Section 8 of the Enabling Act for the Capital Region

Airport Commission (the "Commission" or "Sponsor"), 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, 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 service to numerous locations for the benefit of the traveling public is an important goal of the Commission; and

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

WHEREAS, the U.S. Department of Transportation ("DOT"), under the Small Community Air Service Development Program ("SCASDP"), has offered to the Commission a grant in the amount of up to \$1,000,000.00, SCASDP Grant DOT-OST-2023-0037, for the development of new air service from the Airport ("SCASDP Grant"); and

WHEREAS, the scope of the SCASDP Grant project is to provide revenue guarantees and associated marketing to recruit, initiate, and support new nonstop air service from the Airport to the Seattle-Tacoma International Airport (SEA); and

WHEREAS, the DOT has informed the Commission that such funds will not be distributed to the Commission and will be lost if the grant agreement for such funding ("SCASDP Grant Agreement") is not executed on or before November 13, 2023 ("Grant Execution Deadline"); and

WHEREAS, the Commission wishes to authorize its President and CEO, for and on behalf of the Commission, to execute and enter the SCASDP Grant Agreement and to thereafter negotiate and enter into other agreements from time to time with one or more commercial airlines (or their affiliated carriers) for the provision of new nonstop air service to the Seattle-Tacoma International Airport (SEA); and

WHEREAS, the Commission wishes to authorize its legal counsel to execute the SCASDP Grant Agreement certifying the adoption of this Resolution by the Commission.

WHEREFORE, BE IT RESOLVED, in accordance with and under

the authority granted by Section 8 of Chapter 380 of the Virginia Acts of Assembly of 1980, as amended, that the Commission wishes to accept the SCASDP Grant subject to the terms and conditions of the SCASDP Grant Agreement; and

BE IT FURTHER RESOLVED that the Commission's President and CEO is hereby authorized to execute and bind the Commission to the SCASDP Grant Agreement, and to accept on behalf of the Commission funding to the Airport in an amount up to \$1,000,000.00 in accordance with and subject to the terms and provisions thereof, and to undertake such additional actions as are necessary to fulfill the terms, obligations, and conditions of the SCASDP Grant Agreement and the funding thereunder, all subject to review by legal counsel; and

BE IT FURTHER RESOLVED that the Commission's President and CEO is hereby authorized to negotiate and enter into agreements with one or more commercial airlines (or their affiliated carriers) for the provision of new nonstop air service to the Seattle-Tacoma International Airport (SEA) consistent with the terms of the SCASDP Grant Agreement, subject to review by legal counsel; and

BE IT FURTHER RESOLVED that the Commission hereby authorizes its legal counsel to certify this action to the U.S. Department of Transportation as part of the acceptance of the SCASDP Grant Agreement by the Commission.

At Chairman Holland's request, Commissioner Hazzard moved to approve the SCASDP Grant DOT-OST-2023-0037 resolution, and Commissioner Hinson 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; however, one item needs Commission approval.

a. Passenger Boarding Bridge Replacement

Mr. Rutledge reviewed the following resolution:

The Commission advertised for bid on August 14, 2023, the Passenger Boarding Bridge Replacement Project (the "Project"). In response, the

Commission received One (1) bid on September 12, 2023, summarized below as to the bidder and bid price:

<u>Bidder</u>	<u>Bid Price</u>
AERO BridgeWorks, Inc	\$15,867,100.00

AERO BridgeWorks, Inc. of Marietta, GA submitted the low bid. The Engineer’s Opinion of Probable Cost (EOPC) was \$14,850,000.00 or \$1,017,100.00 (6.41%) lower than the bid submitted by AERO BridgeWorks, Inc.

AERO BridgeWorks, Inc. subcontractor MBE/DBE/SBE and SWaM participation currently includes the following subcontractor:

Airport Contractor Services (DBE/WBE)	Specialty Equipment	\$1,100,000	6.93%
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Staff anticipates that the source of funding for the total cost of the Project will be the following federal and state grants and Commission funds:

A. The Commission has received an allocation of Airport Terminal Program funding through the U.S. Department of Transportation Federal Aviation Administration (“FAA”) for FY 2023 in the amount of \$4,000,000.00 for which the Commission has received an FAA grant for these funds that will be applied to the Project expense;

B. Staff anticipates that the Virginia Department of Aviation will provide entitlement funds to the Commission during FY 2024 totaling \$444,444.00 that will be applied to the Project expense; and

C. Commission general revenue funds and Passenger Facility Charge funds in the amount of \$11,422,656.00 that will be applied to the Project expense.

NOW THEREFORE, BE IT RESOLVED by the Capital Region Airport Commission, pursuant with Chapter 380, Virginia Acts of Assembly of 1980, as amended, the following:

1. That a contract for the Passenger Boarding Bridge Replacement Project in the amount of \$15,867,100.00 be awarded to AERO BridgeWorks, Inc. as the lowest apparent responsive and responsible bidder. This award shall be subject to confirmation by the President and Chief Executive Officer, in consultation with the Commission’s design and construction professionals and legal counsel, that AERO BridgeWorks, Inc. is a responsive and responsible bidder;

2. That this award shall be subject to the complete execution of a written agreement as provided in the Invitation for Bid (IFB) and

fulfillment of all other conditions precedent set forth in the IFB, and the President and Chief Executive Officer is hereby authorized to execute such written agreement upon review by legal counsel;

3. That the President and CEO, for and on behalf of the Commission, is authorized to suspend or curtail the performance of the Project, or modify the scope of the work for the Project, should the Commission fail to receive from federal and state authorities the anticipated grant funding described in this Resolution;

4. That the President and CEO, for and on behalf of the Commission, is authorized to enter into grant agreements with agencies of the United States and/or the Commonwealth of Virginia (collectively, "Grantors") for the acceptance and use by the Commission of funding, if any, that may be available from such Grantors for the Project; and

5. That the Commission authorizes its legal counsel to certify this action to such federal and state agencies and verify the Commission's authorization of the acceptance of grant agreements with such agencies and the receipt of the associated grant funds for the Project.

At Chairman Holland's request, Commissioner Winslow moved to approve the Passenger Boarding Bridge resolution, and Commissioner Thornton seconded the motion.

The motion passed unanimously.

IV. NEXT MEETINGS

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


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

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

V. ADJOURNMENT

Chairman Holland adjourned the meeting at 9:19 a.m.

Approved by the Commission:


Recording Secretary


James M. Holland, Chairman

Date 11/28/2023