

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

**May 28, 2024**

**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 May 28,2024. The meeting was conducted in the Commission Boardroom in the Terminal Building. A quorum was present.

The following members were present: Commissioners Carroll, Cooper, Dibble, Fulton, Hazzard, Heston, Holland, Macfarlane, Miller, Nelson, Schneider, Trammell, and Ukrop. Present by invitation were Perry J. Miller, President and CEO; John B. Rutledge, Chief Operating Officer; Basil O. Dosunmu, Chief Financial Officer; Troy M. Bell, Director – Marketing and Air Service Development; Erica Conley, Executive Assistant; Regina Crockett, Interim Director – Finance; Carol Gaddis, Director – IT and Innovations; Jefferson Ellett, Valet Attendant; Kevin Mallory, Manager – Landside Operations; 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.

Commissioner Whitehead was absent.

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

**II. CLOSED SESSION**

The Commission convened in a closed session at 8:02 a.m. Chairman Holland entertained a motion made by Commissioner Hazzard and seconded by Commissioner Fulton, 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 and/or operation of one or more general aviation fixed base operations where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Commission as permitted by Virginia Code 2.2-3711 (A)(3);

2. Discussion and consideration of the investment of public funds for the provision of aeronautical services currently provided at the Airport by one or more general aviation fixed base

operations, that involve competition or bargaining, and where, if made public initially, the financial interests of the Commission would be adversely affected as permitted by Virginia Code 2.2-3711 (A)(6); and

3. Consultation with legal counsel retained by the Commission regarding specific legal matters pertaining to (i) the disposition of publicly held real property for the construction or operation of one or more general aviation fixed base operations, (ii) the investment of public funds for the provision of aeronautical services currently provided at the Airport by one or more general aviation fixed base operations, (iii) specific legal matters pertaining to general aviation fixed base operations, and (iv) the settlement and resolution of claims involving the theft of motor vehicles from the Commission's public parking structures and facilities, each of which requires 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 SESSION**

The Commission reconvened in an open session at 9:12 a.m. Chairman Holland entertained a motion made by Commissioner Hazzard and seconded by Commissioner Miller, 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.

#### **A. COMMISSION CHAIRMAN'S COMMENTS**

##### **1. 2024-25 Officer Nominating Committee Report**

At Chairman Holland's request, Commissioner Carroll, as Nominating Committee Chair, provided the following:

The nominating committee, in line with the Commission's tradition of officers serving for two consecutive terms, announced the committee's slate of officers for 2024-25 as follows:

- Chairman James M. Holland – Chesterfield County
- Vice Chairman Charles S. Macfarlane – City of Richmond
- Secretary Susan Dibble – Hanover County
- Treasurer Tyrone E. Nelson – Henrico County

Chairman Holland expressed gratitude to the Nominating Committee. The official vote is scheduled for Tuesday, June 25, 2024. Any nominations from the floor will be considered at that time. New terms will commence on July 1, 2024.

**B. CONSIDERATION OF AGENDA AMENDMENTS**

There were none.

**C. APPROVAL OF April 30, 2024, MINUTES**

At Chairman Holland's request, Commissioner Fulton moved to approve the April 30, 2024, minutes, and Commissioner Schneider seconded the motion.

The motion passed unanimously.

**D. PRESIDENT'S REPORT**

**1. Employee Recognition**

**a. Jefferson F. Ellett, Valet Attendant – 25 Years of Service**

At the request of Dr. Miller, Mr. Rutledge provided a brief overview of Jefferson (Jeff) Ellett's work history and acknowledged him for his 25 years of dedicated service in the Valet Department as an attendant. Mr. Ellett's exceptional customer service skills are a valuable asset to the Commission.

Mr. Ellett thanked the Commission for its recognition and briefly reminisced about his youth and love for the airport.

**2. Aviation Activity Report**

At Dr. Miller's request, Mr. Bell gave the following report:

**Passenger Traffic:** For April 2024, Richmond International Airport (RIC) reports 408,754 passengers, its busiest April ever and a 3.9 percent increase over the same period a year ago. For fiscal year-to-date 2024 (FYTD24), passenger traffic has increased 11.5 percent over last year, a gain of more than 400,000 passengers.

American Airlines was the month's market leader with a 30.3 percent share of passengers, followed by Delta (27.4%), and United (11.2%). Spirit (+76.6%) and American (+17.3%) reported the strongest year-over-year growth amongst RIC's incumbent carriers.

**Cargo:** Total cargo reported an increase of 15.3 percent for the month and is 14.3 percent ahead of cargo totals for the same period last year.

**Operations:** April 2024 aircraft operations decreased 2.4 percent versus 2023 activity; for the month, air carrier operations were slightly up compared to a year ago while military operations dropped sharply. For FYTD24, overall operations are

off 1.0 percent with general aviation comprising the single largest portion of the decrease.

**Additional Comments**

- With April 2024 results, RIC has reported passenger records for **14 consecutive months**.
- **Sun Country** restarted seasonal **Richmond-Minneapolis/St. Paul (MSP)** service on May 17<sup>th</sup>; **Delta** offers seasonal daily service on the same city pair.
- **Southwest** will add two new routes for RIC, **Baltimore/Washington (BWI)** and **Nashville (BNA)**, starting June 4<sup>th</sup>. For the summer, Southwest will offer up to six daily departures to five markets (Atlanta, Chicago, Denver and new routes Baltimore/Washington and Nashville).
- Scheduled seat capacity via Airline Data, Inc., as of May 17, 2024:

Month	Monthly	Change from Previous Year
April 2024	512,950	+8.5%
May 2024	555,784	+9.9%
June 2024	523,486	+0.8%
July 2024	529,758	-2.2%
August 2024	540,172	+0.2%
September 2024	534,684	+7.0%

3. **Other**

Dr. Miller highlighted a couple of noteworthy items.

- Andrew Wilhelm, a Commission employee and the airport’s *Living the Values* Person of the Year, was awarded the Richmond Region Tourism (RRT) Customer Service Award earlier this month.
- The airport’s Human Resource Department, under Mr. Nethula’s leadership, will receive an Airports Council International—North America (ACI-NA) award for the Human Resource Excellence Recognition Program for its Change Management Award early next month.

E. **COMMISSION STANDING COMMITTEE REPORTS**

1. **Finance and Audit Committee**

Finance Chairman Fulton stated that the committee met and that Mr. Dosunmu would review the financial update with the Commission as well as the FY2025 Budget resolution.

a. **Monthly Financial Update April 30, 2024**

Mr. Dosunmu reviewed the following:

Year-to-date operating revenue for the first ten months of the Fiscal Year 2024 was \$55.9 million, approximately \$5.7 million or 11.3% greater than budgeted. Operating revenue is about \$5.8 million or 11.5% greater than last year, essentially due to increased enplanements with corresponding parking and concession revenue.

Year-to-date operating expenses were about \$28.8 million, \$5.1 million less than budgeted or 15.0%, primarily due to vacant positions. Almost half of the Airport's operating costs are personnel, with 194 approved positions and 26 current vacancies.

The year-to-date gross margin is 49% or about \$27.2 million of revenue to the bottom line. This \$10.8 million is above budget or \$1.9 million above the same time as last year.

The year-to-date interest income is \$5.8 million, with an average annual interest rate of 4.8%, which is about \$3.8 million more than the same time last year.

Enplanements for FY 2023 were 1,986,733 passengers or 166,990 above budget and about 9.2% above the same time last year.

**b. FY 2025 Proposed Budget Resolution**

Mr. Dosunmu reviewed the following:

Before Mr. Dosunmu presented the following presentation, Dr. Miller stated that this year's proposed budget takes the usual conservative approach, utilizing the low projected enplanements as its basis. However, it shows a healthy increase in expenses and planning for moderate growth. Lastly, the conservative revenue projections provide significant margins and operational flexibility.

Mr. Dosunmu thanked Ms. Crockett and the finance team for their assistance in putting together the budget. As was done in last year's process, all department managers and above provided input to finalize the proposed budget for fiscal year (FY) 2025.

**Operation & Metric Assumptions**

- Passenger Enplanements – 2,450,400 (about 8.4%) above FY2024 approved enplanements, supported by nine airlines (Allegiant,

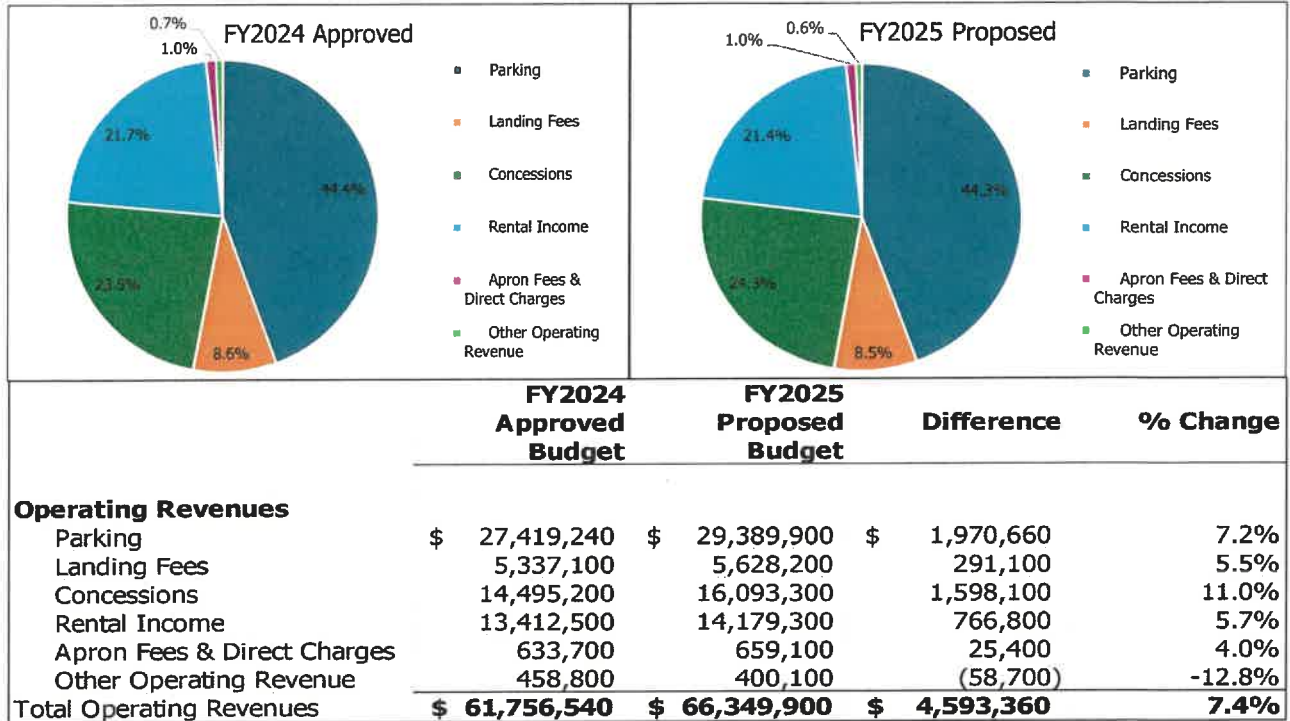
American, Breeze, Delta, JetBlue, Southwest, Spirit, Sun Country, and United).

- The proposed FY2025 enplanement budget is two percent (2%) growth over current FY2024 budgeted enplanement trend.
- FY2025 enplanement trend, which is also 3% below Campbell Hill Aviation Consultant's low enplanement estimate (2,458,683).

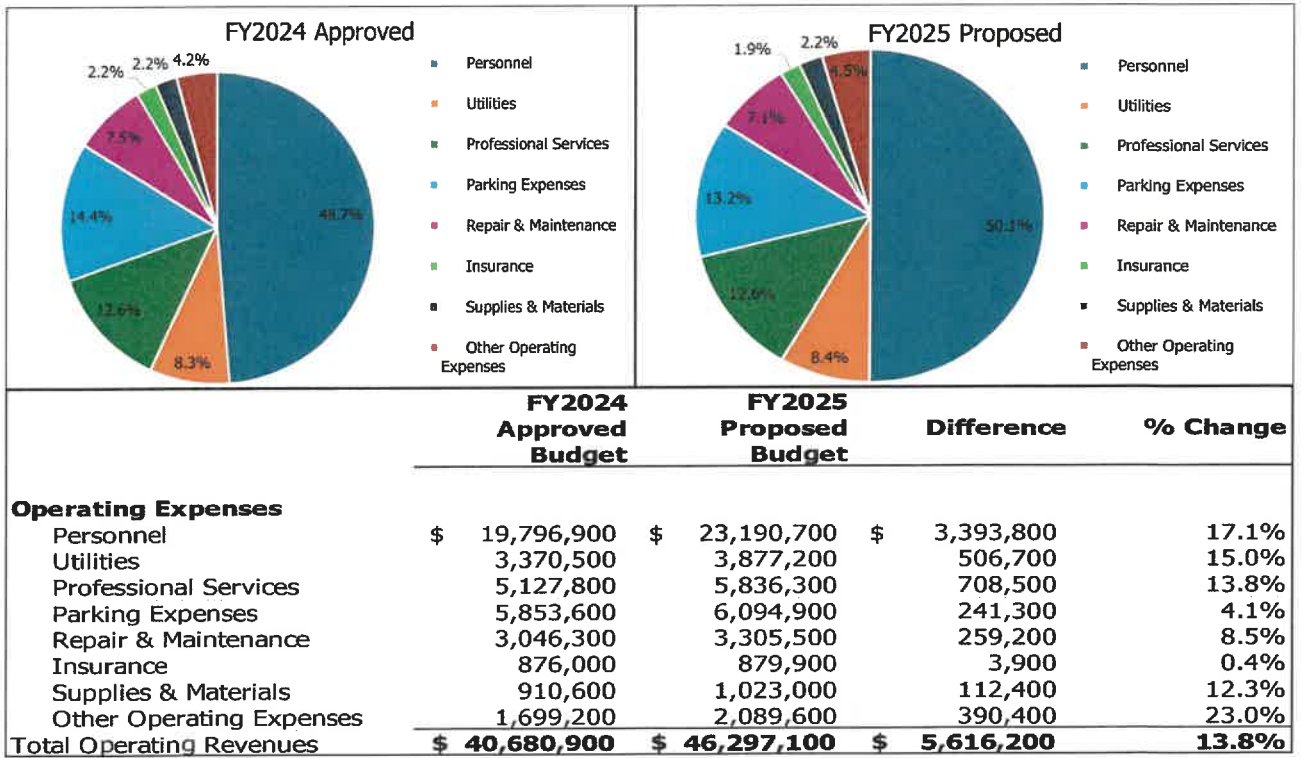
Note: Campbell Hill provides high, medium, and low projection.

- Increase in Parking Revenues – due to increased enplaned passengers.
- Increase in Concession Revenues – increase in Rental Car, Retail, Food & Beverage revenues because of increased enplaned passengers.
- Increase in Rental Income – both the terminal building and on property buildings and land rent.
- Increase in Personnel – four positions requested, (Electrician 2, Building Mechanic, Civil Inspector, and Properties Manager), Cost-of-Living Adjustment (COLA), annual employee performance program, mid-point compensation adjustment, Law Enforcement Officer (LEO) non-reimbursement, and night differential.
- Increase in Utility costs: electricity, heating fuel, water, and sewer.
- Increase in Professional Services – expense for recruiting and employee professional development, legal fees, and information technology support services.
- Increase in Parking Operations – due to increase in enplaned passengers.
- Increase in repair cost of passenger boarding bridges and other repairs and maintenance.
- Increase in security screening cost for aviation workers (new Federal Aviation Administration (FAA) regulation).

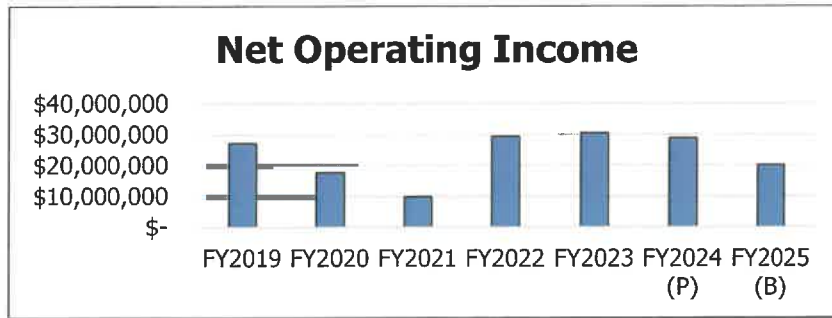
### Operating Revenue:



### Operating Expenses:



## Net Operating Income



- FY2025 (B) (\$20,052,800)/(30.2%)

## Department Capital Projects

#	Dept #	Dept Name	Parking Project	Priority	Project	Budget
1	25	Grounds Maintenance		1	Security and Fence	\$ 50,000
2	25	Grounds Maintenance		1	Crash Attenuatory	50,000
3	25	Grounds Maintenance		1	Airfield Painting	100,000
4	30	Electrical Maintenance		1	Airfield Replacement Parts	75,000
5	30	Electrical Maintenance		1	PBB Refurbishment	100,000
6	30	Electrical Maintenance		1	Airfield Sign Panel Replacement	50,000
7	30	Electrical Maintenance		1	Switchgear Service and Inspections	50,000
8	30	Electrical Maintenance		1	GIS Development	100,000
9	40	Building Maintenance		1	Escalator Refurbishment	100,000
10	41	Maint. Baggage Handling System		1	Baggage System Replacements Parts	35,000
11	41	Maint. Baggage Handling System		1	Baggage Totes Replacement	11,000
12	42	Maint. Electronics Systems		1	Acct 5240 - Access Control System R&M	39,600
13	42	Maint. Electronics Systems		1	Acct 5294 - Communications Equipment	97,400
14	42	Maint. Electronics Systems		1	IED PA System Mic Station-DNA Upgrade	100,000
15	42	Maint. Electronics Systems		1	Upgrade CCTVIDP PA System/ LNL Access Network	30,000
16	43	Maint. HVAC		1	South Vault Bard Units	75,000
17	43	Maint. HVAC		1	HVAC Refurbishment	100,000
18	45	Environmental Services		1	CenoBot (Spot Cleaning Robot)	38,800
19	45	Environmental Services		1	L50 CenoBot (AI-Powered Scrubber-dryer Robot)	44,500
20	50	Equipment Maintenance	P	1	15 Passenger Van	55,000
21	50	Equipment Maintenance	P	1	Small Car for Standard Parking	35,000
22	50	Equipment Maintenance		1	2500 Pickup	60,000
23	50	Equipment Maintenance		1	Trailer for Backhoe & Trackhoe	25,000
24	50	Equipment Maintenance		1	Police Car #3 Replacement	45,000
25	50	Equipment Maintenance		1	Snap on Diagnostic Workstation	10,000
26	60	Police		1	Radio/Battery Replacement Commission Wide	48,000
27	64	Aircraft Rescue & Firefighting		1	10.5 Sets of Inno-tech turn-out gear	54,500
28	64	Aircraft Rescue & Firefighting		1	Plane Skate disabled Aircraft Dolly	10,000
29	64	Aircraft Rescue & Firefighting		1	Ballistic Vest	12,000
30	64	Aircraft Rescue & Firefighting		1	Fire Extinguishers	10,000
31	67	Landside Operations	P	1	Mobile License Plate Camera Replacement	76,000
32	67	Landside Operations	P	1	AVI Antennas	14,000
33	70	Finance		1	Go Apron Integration	30,000
34	70	Finance		1	Propworks Portal	45,000
35	75	Information Systems		1	Fueling System Upgrade	25,000
36	85	Marketing		1	Website Rebuild	181,000
<b>Total (Priority1)</b>						<b>\$ 1,981,800</b>

## Capital Projects Total

- Even though the capital projects listed amounts to \$37.4M, only \$24.9M is funded with airport cash.



#	Dept #	Dept Name	Parking Project	Priority	Project Name	P.C.	Proposed Budget	AIP Share	DOAV Share	PFC	CFC	RIC Only
1	25	Grounds Maintenance	P	1	Economy Lot A Rehabilitation		\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
2	30	Electrical Maintenance	P	1	LED Lighting Upgrade Parking Garages Phase 2		2,160,000	0	0	0	0	2,160,000
3	30	Electrical Maintenance	P	1	LED Lighting Upgrade Parking Garages Phase 3 - Design only		130,000	0	0	0	0	130,000
4	30	Electrical Maintenance		1	Atrium Concourses A & B Electrical Switchgear & Panel Replacement (Design)		300,000	0	0	0	0	300,000
5	40	Building Maintenance		1	CIJPS Millwork Refurbishment		200,000	0	0	0	0	200,000
6	41	Maint. Baggage Handling System		1	Baggage Handling System Software and Graphics Upgrade		200,000	0	0	200,000	0	0
7	42	Maint. Electronics Systems		1	FLIR CCTV System Conversion New CCTV Avigilon System		655,890	0	0	0	0	655,890
8	43	Maint. HVAC		1	Roof Top Units on B concourse extension - Year 1 of 2		5,750,000	0	0	5,175,000	0	575,000
9	60	Police		1	CAD/RMS Replacement (Increase)	1798-59	75,000	0	0	0	0	75,000
10	67	Landside Operations	P	1	Automated Parking Guidance System		6,600,000	0	0	0	0	6,600,000
11	71	Properties & Concessions		1	Infrastructure for Bar Concepts at Con A and Con B Extensions		500,000	0	0	0	0	500,000
12	71	Properties & Concessions		1	Rental Car Planning and RFP Consultant services		300,000	0	0	0	300,000	0
13	71	Properties & Concessions		1	FBO Fuel Farm Tanks		10,000,000	0	0	0	0	10,000,000
14	72	Capital Development		1	Aircraft Rescue & Fire Fighting Station (Increase)	1799-28	7,000,000	0	0	5,600,000	0	1,400,000
15	72	Capital Development		1	Master Plan Update (Increase)	1799-63	1,000,000	900,000	80,000	0	0	20,000
16	72	Capital Development		1	Exhibit A (Property Map) Update		300,000	0	240,000	0	0	60,000
17	72	Capital Development		1	Roadway Repairs & Overlays (Increase)	1799-34	200,000	0	0	0	0	200,000
18	72	Capital Development		1	Solar Energy Infrastructure Design		200,000	0	0	0	0	200,000
19	72	Capital Development		1	Charging Stations		250,000	0	0	0	0	250,000
20	75	Information Systems		1	TADERA for IT Meser Plan Implementation		250,000	0	0	0	0	250,000
21	75	Information Systems		1	Infrastructure (Phase 1)		350,000	0	0	0	0	350,000
22	75	Information Systems		1	Database Upgrade		400,000	0	0	0	0	400,000
23	75	Information Systems		1	Database DBA		200,000	0	0	0	0	200,000
24	75	Information Systems		1	BVIDS Monitor Replacements (10-15)		138,000	0	0	0	0	138,000
				<b>Total (Priority 1)</b>			<b>\$ 37,358,890</b>	<b>\$ 900,000</b>	<b>\$ 320,000</b>	<b>\$ 10,975,000</b>	<b>\$ 300,000</b>	<b>\$ 24,863,890</b>

### Other O&M and Capital Reserve Funds

- Reserve Fund - \$3,657,100
- Contingency Fund to fund emergencies, unanticipated operational, and capital needs.
- This will include repairs, unusual weather storm damage, icing, etc. replacements to property, plant, and equipment.

### FY 2025 Proposed Budget Summary

Description	FY2024 Approved Budget	FY2025 Proposed Budget	Difference	% Change
Operating Revenues	\$ 61,756,540	\$ 66,349,900	\$ 4,593,360	7.4%
Operating Expenses	40,680,900	46,297,100	5,616,200	13.8%
<b>Net Operating Income</b>	<b>\$ 21,075,640</b>	<b>\$ 20,052,800</b>	<b>\$ (1,022,840)</b>	<b>-4.9%</b>
Add: Interest Income	279,000	1,391,400	1,112,400	398.7%
Less: Interest Expense	1,605,800	1,346,900	(258,900)	-16.1%
Less: Other, Net (Amort. Of Bond Issue Costs)	22,000	42,700	20,700	94.1%
<b>Net Income (Excluding Depr. Only)</b>	<b>\$ 19,726,840</b>	<b>\$ 20,054,600</b>	<b>\$ 327,760</b>	<b>1.7%</b>
<b>Fund Summary</b>				
BOY Cash/Investment Balance (Estimated)	\$ 120,000,000	\$ 150,000,000	\$ 30,000,000	25.0%
Add: Net Income	19,726,840	20,054,600	327,760	1.7%
Add: Projected Grant Fund (AIP & BIL) Carry forward	16,740,000	-	(16,740,000)	-100.0%
Add: Projected Grant Fund (AIP & BIL)	13,000,000	900,000	(12,100,000)	-93.1%
Add: Projected Grant Fund (CDF)	5,000,000	-	(5,000,000)	-100.0%
Add: Projected Grant Fund (DOAV)	4,209,000	320,000	(3,889,000)	-92.4%
Add: Projected Grant Fund (PFC)	19,050,000	10,975,000	(8,075,000)	-42.4%
Add: Projected Grant Fund (CFC)	-	300,000	300,000	
Add: Other	-	-	-	
Less: Department Capital	1,610,500	1,981,800	371,300	23.1%
Less: Capital Project	65,745,000	37,358,890	(28,386,110)	-43.2%
Less: Bond & Debt Principal Payment	5,704,910	5,755,700	50,790	0.9%
Less: Contingency Fund	-	3,657,100	3,657,100	
<b>EOY Cash/Investment Balance (Estimated)</b>	<b>\$ 124,665,430</b>	<b>\$ 133,796,100</b>	<b>\$ 9,130,700</b>	<b>7.3%</b>

### Fund Balance Financial Forecast – 5 Years

- A 2% projected enplanement growth for FY2025-FY2028.
- Operating Revenue and Expenses are forecasted at a 2% growth rate.
- Department capital is consistent with historical trends at \$2 million.
- Capital project is based on the Airport Capital Improvement Program

(ACIP), which is submitted annually to the FAA.

FUND BALANCE FINANCIAL FORECAST - 5 YEARS	FORECAST				
	FY2025 Proposed Budget	FY2026	FY2027	FY2028	FY2029
	1	2	3	4	5
<b>Enplanement</b>	2,450,400	2,499,400	2,549,400	2,600,400	2,652,400
<b>Operating Revenues</b>					
Parking	\$ 29,389,900	\$ 29,977,700	\$ 30,577,300	\$ 31,188,800	\$ 31,812,600
Landing Fees	5,628,200	5,740,800	5,855,600	5,972,700	6,092,200
Concessions	16,093,300	16,415,200	16,743,500	17,078,400	17,420,000
Rental Income	14,179,300	14,462,900	14,752,200	15,047,200	15,348,100
Apron Fees & Direct Charges	659,100	672,300	685,700	699,400	713,400
Other Operating Revenue	400,100	408,100	416,300	424,600	433,100
<b>Total Operating Revenues</b>	<b>\$ 66,349,900</b>	<b>\$ 67,677,000</b>	<b>\$ 69,030,600</b>	<b>\$ 70,411,100</b>	<b>\$ 71,819,400</b>
<b>Operating Expenses</b>					
Personnel	\$ 23,190,700	\$ 23,654,500	\$ 24,127,600	\$ 24,610,200	\$ 25,102,400
Utilities	3,877,200	3,954,700	4,033,800	4,114,500	4,196,800
Professional Services	5,836,300	5,953,000	6,072,100	6,193,500	6,317,400
Parking Expenses	6,094,900	6,216,800	6,341,100	6,467,900	6,597,300
Repair & Maintenance	3,305,500	3,371,600	3,439,000	3,507,800	3,578,000
Insurance	879,900	897,500	915,500	933,800	952,500
Supplies & Materials	1,023,000	1,043,500	1,064,400	1,085,700	1,107,400
Other Operating Expenses	2,089,600	2,131,400	2,174,000	2,217,500	2,261,900
<b>Total Operating Expenses</b>	<b>\$ 46,297,100</b>	<b>\$ 47,223,000</b>	<b>\$ 48,167,500</b>	<b>\$ 49,130,900</b>	<b>\$ 50,113,700</b>
<b>Net Operating Income</b>	<b>\$ 20,052,800</b>	<b>\$ 20,454,000</b>	<b>\$ 20,863,100</b>	<b>\$ 21,280,200</b>	<b>\$ 21,705,700</b>
<b>Non-Operating Income/(Expenses)</b>					
Interest Income	1,391,400	1,419,200	1,447,600	1,476,600	1,506,100
Interest Expense	1,346,900	1,373,800	1,401,300	1,429,300	1,457,900
Other, Net (Amort. Of Bond Issue Costs)	42,700	43,600	44,500	45,400	46,300
Projected Grant Fund (AIP & BIL) Carry forward	-	-	-	-	-
Projected Grant Fund (AIP & BIL)	900,000	9,990,000	35,010,000	16,650,000	29,250,000
Projected Grant Fund (CDF)	0	-	-	-	-
Projected Grant Fund (DOAV)	320,000	888,000	3,112,000	1,480,000	2,600,000
Projected Grant Fund (PFC)	10,975,000	10,000,000	7,200,000	-	-
Projected Grant Fund (CFC)	300,000	-	-	-	-
Other	-	-	-	-	-
<b>Total Non-Operating Income/(Expenses)</b>	<b>\$ 12,496,800</b>	<b>\$ 20,879,800</b>	<b>\$ 45,323,800</b>	<b>\$ 18,131,900</b>	<b>\$ 31,851,900</b>
<b>Net Income (excluding Depreciation)</b>	<b>\$ 32,549,600</b>	<b>\$ 41,333,800</b>	<b>\$ 66,186,900</b>	<b>\$ 39,412,100</b>	<b>\$ 53,557,600</b>
<b>FUND BALANCE (Cash &amp; Investments) Beginning</b>	<b>\$ 150,000,000</b>	<b>\$ 133,796,100</b>	<b>\$ 139,875,500</b>	<b>\$ 151,105,200</b>	<b>\$ 165,602,300</b>
Long-Term Debt		31,000,000			
Department Capital	(1,981,800)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Capital Project	(37,358,890)	(56,100,000)	(46,900,000)	(18,500,000)	(32,500,000)
Bond & Debt Principal Payment	(5,755,700)	(3,932,200)	(3,470,000)	(1,840,000)	(3,321,700)
Contingency Fund	(3,657,100)	(4,222,210)	(2,587,235)	(2,575,005)	(2,638,145)
<b>FUND BALANCE (Cash &amp; Investments) Ending</b>	<b>133,796,100</b>	<b>139,875,500</b>	<b>151,105,200</b>	<b>165,602,300</b>	<b>178,700,100</b>

- The goal is to keep the fund balance at a healthy level of about \$100M, which is almost a thousand days' cash on hand.

**WHEREAS**, Staff has submitted to the Capital Region Airport Commission (the “Commission”) proposed annual operating and capital budgets (together, the “Budget”) for the Commission for the fiscal year beginning July 1, 2024, and ending June 30, 2025, which Budget has been reviewed by the Commission;

**WHEREAS**, it is necessary to adopt the Budget and approve the various expenditures, capital projects and appropriation of funds to cover the various elements included therein;

**WHEREAS**, the Commission, in exercising its independent judgment, has considered the Budget and the availability of funds and contemplated expenditures as set forth therein, and now desires to approve and adopt the Budget for fiscal year 2025.

**NOW, THEREFORE, BE IT RESOLVED** as follows:

1. The Budget, consisting of the fiscal year 2025 annual operating and capital budgets of the Commission for the capital projects, funds and divisions described therein is hereby, approved and adopted as proposed on this date, May 28, 2024, subject to and contingent upon the availability of funds as indicated therein, such Budget to be in effect beginning July 1, 2024.
2. Staff of the Commission is hereby directed and authorized to do all things necessary or desirable to implement the Budget and the undertakings, projects and matters therein authorized.
3. This resolution shall be in effect on and after its adoption.

At Chairman Holland's request, Commissioner Ukrop seconded the motion made by the Finance & Audit Committee to approve the FY 2025 Proposed Budget Resolution.

The motion passed unanimously.

**c. Plan of Finance**

Mr. Kooch presented the following:

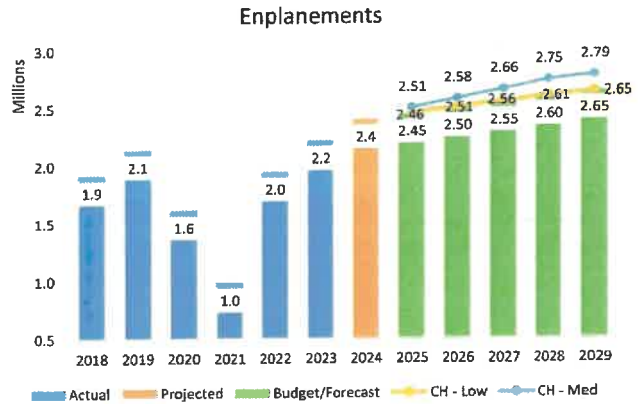
**Background:**

- Davenport & Company LLC, as Financial Advisor to the Capital Region Airport Commission (the "Commission") has prepared the revised Plan of Finance Scenarios herein as a follow up to our Plan of Finance analysis dated May 16, 2023, that was presented during the FY 2024 Budget Development Process.
- The revised Plan of Finance Scenarios are based on the following:
  - Conservative enplanement forecasts are based on the most recent Campbell-Hill Low Enplanement Forecast.
  - FY 2023 Year End Actual.
  - FY 2024 Budget.
  - FY 2025 Proposed Budget.
  - Updated CIP for FY 2025 through FY 2029

# Enplanements Forecast



- FY 2023 Actual Enplanements totaled 2,219,229.
- The FY 2024 Budget for enplanements assumed 2,260,000 or growth of 1.8% over the FY 2023 actual figure.
- The FY 2024 Projected Enplanements total 2,402,300.
  - Approximately 6.3% over FY 2024 Budgeted figure
- The Proposed FY 2025 Budget for enplanements is 2,450,400 and is 2.0% over the FY 2024 projected figure and approximates the most recent Campbell Hill Low Range estimates.
  - In addition, projected enplanements for FY 2026 and thereafter are based on Campbell Hill's Low range estimates.



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# Key Revenue/Expense Assumptions



- Revenue Assumptions:
  - FY 2025 Proposed Budget of \$66.3 Million has been incorporated based on conservative enplanement estimate of 2,450,400.
  - The FY 2025 Proposed Budget is approximately 7.4% above the FY 2024 Budget.
  - Future Enplanement growth
    - FY 2026 and thereafter is based on Campbell Hill Low Range Estimates for enplanement growth (2.0%) to factor in a conservative approach toward growth.
  - Revenue growth in FY 2026 and thereafter assumes revenues per enplanement held constant for all major revenue categories.
    - Revenue growth mirrors the 2% enplanement growth assumption.

- Expense Assumptions:
  - FY 2025 Proposed Budget of \$46.3 Million has been incorporated.
  - The FY 2025 Proposed Budget is approximately 13.8% above the FY 2024 Budget figure and incorporates staffing/operational increases to position the airport for future growth.
  - Expense growth in FY 2026 and thereafter assumes 2% inflation factor:

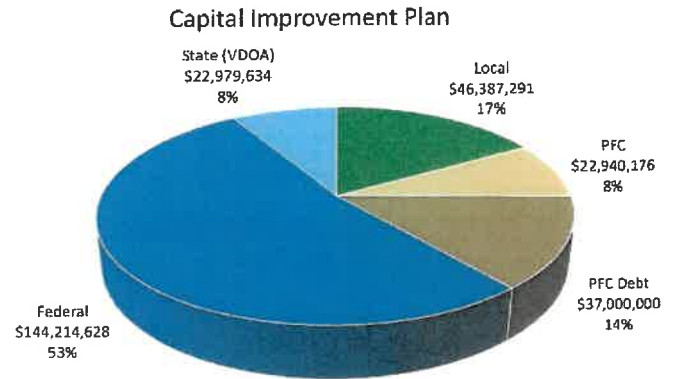


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# CIP Assumptions

- Updated CIP: Current and planned projects FY 2025 through FY 2029 totaling \$273.5 Million have been incorporated.
  - The present plan does not include revenue bonds for Parking Garage expansion.
  - PFC Debt: Approximate \$37 Million Debt Funding for cash flow purposes related to approximately \$59.9 Million of PFC projects underway based on the current PFC application. Major projects include:
    - Concourse A&B Passenger Boarding Bridge replacements, HVA Upgrades, Aircraft Rescue & Fire Fighting Facility.
  
- Note: Future PFC Projects that are not in the current PFC Application have not been included in this analysis. As the Commission evaluates the need and timing of such projects, the Plan of Finance will be revised to include potential future use of additional financing as necessary.



## Projected Results – Scenario A: Baseline General Airport Revenue Credit

- The Preliminary Results with respect to the General Airport Revenue Bonds is shown below:

General Airport Revenue Bonds	Actual	Actual	Actual	Budget	Prop Budget	Projection	Projection	Projection	Projection
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Revenues	32,502,782	55,595,888	65,337,876	62,035,540	67,741,300	69,096,200	70,478,200	71,887,700	73,325,500
Operating Expenses	22,464,651	25,634,160	31,196,559	40,680,900	46,297,100	47,223,000	48,167,500	49,130,900	50,113,700
<b>Revenues Available</b>	<b>10,038,131</b>	<b>29,961,728</b>	<b>34,141,317</b>	<b>21,354,640</b>	<b>21,444,200</b>	<b>21,873,200</b>	<b>22,310,700</b>	<b>22,756,800</b>	<b>23,211,800</b>
Total Debt Service	8,772,229	6,456,940	7,358,256	7,310,710	7,102,600	3,012,828	2,858,875	2,854,063	2,861,650
<b>Coverage</b>	<b>1.14</b>	<b>4.64</b>	<b>4.64</b>	<b>2.92</b>	<b>3.02</b>	<b>7.26</b>	<b>7.80</b>	<b>7.97</b>	<b>8.11</b>

- Debt Service Coverage for FY 2025 is budgeted at approximately 3.02x.
  - The minimum coverage target is 1.25x.
  
- Debt Service Coverage is projected to be in excess of 7.26x in future years due to declining debt service.

Note: Projected Debt Service Coverage increases significantly due to final payments of Series 2001A and 2013 Revenue Bonds in FY 2025.

## Projected Results – Scenario A: Baseline PFC Revenue Credit



- The Preliminary Results with respect to the PFC Revenue Credit is shown below:

PFC Revenue Bonds	2021	2022	2023	2024	2025	2026	2027	2028	2029
Enplanements (Net of Discount)	939,807	1,861,713	2,022,712	2,059,873	2,233,413	2,278,073	2,323,646	2,370,130	2,417,525
PFC Charge (Effective)	\$5.03	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38
Interest Income	59	5,393	2,267	4,820	5,456	18,005	22,495	17,156	23,423
Revenues Available	4,727,784	8,159,696	8,861,746	9,027,063	9,787,803	9,995,966	10,200,064	10,398,324	10,612,183
Total Debt Service	0	0	0	0	1,456,875	1,942,500	3,625,155	3,625,155	3,625,155
Coverage	NA	NA	NA	NA	6.72	5.15	2.81	2.87	2.93

- Debt Service on PFC Bond financing begins in FY 2025.
  - This financing vehicle is anticipated to be undertaken in the summer of FY 2025 to cover cash flow spending beginning in FY 2025-FY2026 for PFC Projects in the current PFC Application.
- Total Debt Service assumes:
  - Interest only in FY 2025 & FY 2026. Interest rate assumption of 5.25%
  - Repayment of principal begins in FY 2027 over 15 years.
  - Based on using approximately 50% of projected PFC Revenue, principal could be repaid in approximately 8 years (by FY 2032).

Note: Debt Service Coverage factors in approximate \$37 Million of PFC Debt in FY 2025.

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## Sensitivity Scenarios Analyzed – Preliminary Results



- Sensitivity Scenario B: Severe Economic Downturn** – Enplanements assumed to decline over two years (-8% FY 2026) and (-3% FY 2027) similar to the Commission's experience in the Great Recession.

- Preliminary GARB Coverage Results are shown below:

General Airport Revenue Bonds	Actual 2021	Actual 2022	Actual 2023	Budget 2024	Prop Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
Operating Revenues	32,502,782	55,595,888	65,337,876	62,035,540	67,741,300	62,461,395	60,658,302	61,871,142	63,108,785
Operating Expenses	22,464,651	25,634,160	31,196,559	40,680,900	46,297,100	47,223,000	48,167,500	49,130,900	50,113,700
Revenues Available	10,038,131	29,961,728	34,141,317	21,354,640	21,444,200	15,238,395	12,490,802	12,740,242	12,995,085
Total Debt Service	8,772,229	6,456,940	7,358,256	7,310,710	7,102,600	3,012,828	2,858,875	2,854,063	2,861,650
Coverage	1.14	4.64	4.64	2.92	3.02	5.06	4.37	4.46	4.54

- The above projections do not incorporate any future budget adjustments or revenue increases (i.e., Parking Rates) that may improve results.

- Preliminary PFC Coverage Results are shown below:

PFC Revenue Bonds	2021	2022	2023	2024	2025	2026	2027	2028	2029
Enplanements (Net of Discount)	939,807	1,861,713	2,022,712	2,059,873	2,233,413	2,054,740	1,993,097	2,032,959	2,073,618
PFC Charge (Effective)	\$5.03	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38
Interest Income	59	5,393	2,267	4,820	5,456	18,005	21,028	12,048	13,918
Revenues Available	4,727,784	8,159,696	8,861,746	9,027,063	9,787,803	9,017,764	8,750,794	8,916,409	9,096,367
Total Debt Service	0	0	0	0	1,456,875	1,942,500	3,625,155	3,625,155	3,625,155
Coverage	NA	NA	NA	NA	6.72	4.64	2.41	2.46	2.51

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- Sensitivity Scenario C: Minimum Enplanement for 1.25x GARB Debt Service Coverage – Based on the FY 2025 Proposed Budget for expenses (approximately \$46.3 Million):
  - Enplanements could potentially decrease 17% to an approximate estimate of 2,027,000 (versus the budgeted level of 2,450,400) and the Commission is projected still to meet its 1.25x debt service coverage target.

## Municipal Advisor Disclosure



The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

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### d. PFC Plan of Finance Approach

*Time did not permit this item to be covered.*

Lastly, Mr. Dosunmu updated the group on the following:

- A revised FY 2023 Annual Comprehensive Financial Report (ACFR) was distributed, as a few reporting edits were necessary for reprinting.
- A new, colorful annual report was distributed, which provides a marketing tool and a quick airport summary.
- Lastly, Fitch Ratings upgraded the Commission's rating from A to A+ and provided the report.

2. **Planning & Construction Committee**

Committee Chair Dibble stated that the Planning & Construction Committee met, but there is no formal presentation today.

IV. **NEXT MEETINGS**

The next **Capital Region Airport Commission** meeting will be held on Tuesday, June 25, 2024, at 8:00 a.m.

The **Executive Committee** meeting will be held on Tuesday, June 11, 2024, at 8:00 a.m.

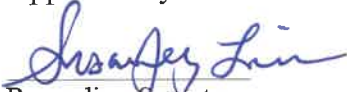
The **Finance & Audit Committee** meeting will be held on Tuesday, July 16, 2024, at 8:00 a.m.

The **Planning & Construction Committee** meeting will be held on Thursday, July 18, 2024, at 8:00 a.m., all in the Commission Boardroom in the Terminal Building.

V. **ADJOURNMENT**

Chairman Holland adjourned the meeting at 10:16 a.m.

Approved by the Commission:

  
Recording Secretary

James M. Holland, Chairman

Date

  
6/25/2024