

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

July 30, 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 July 30, 2024. The meeting was conducted in the Commission Boardroom in the Terminal Building. A quorum was present.

The following members were present: Commissioners Cooper, Dibble, Fulton, Hazzard, Holland, Macfarlane, Miller, Nelson, Schneider, Trammell, Ukrop, and Whitehead. 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; Brad Christopher, Director – Maintenance; Erica Conley, Executive Assistant;; Carol Gaddis, Director – IT and Innovation; Richard Greatti, Director – Finance; Aaron Haynes, Marketing Specialist; Aaron Keller, Director – Operations & Security; Russ Peaden, Director – Properties and Concessions; Anthony Tangorra, Director – Customer Experience; Folger Tuck, Manager – Auto Equipment/Maintenance; Nagesh Tummala, Director – Capital Development; Susan Joy Linn, Recording Secretary; and W. David Harless, legal counsel from Christian & Barton, LLP.

The invited guests were Peter Kirsch, Attorney at Law of Kaplan Kirsch via Microsoft Teams, and Michael Hodges with Airport Business Solutions/ABS Aviation in person.

Commissioners Carroll and Heston were absent.

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

II. CLOSED SESSION

There was none.

III. OPEN SESSION

A. CONSIDERATION OF AGENDA AMENDMENTS

There was none.

B. COMMISSION CHAIRMAN’S COMMENTS

1. Standing Committee Assignments

Chairman Holland announced that there were no changes to the current standing Committee Assignments but reviewed them with the Commission.

PLANNING & CONSTRUCTION COMMITTEE

Susan P. Dibble, Chair – Hanover County
Reva M. Trammell, Vice Chair – City of Richmond
Charles S. Macfarlane – City of Richmond
Mark S. Miller, Ph.D. – Chesterfield County
Tyrone E. Nelson – Henrico County
Jessica L. Schneider – Chesterfield
Misty D. Whitehead – Henrico County

FINANCE & AUDIT COMMITTEE

BK Fulton – City of Richmond
Robert S. Ukrop, Vice Chair – Henrico County
Kevin P. Carroll – Chesterfield County
Roscoe D. Cooper – Henrico County
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
Susan P. Dibble, Planning & Construction Chair – Hanover County
Reva M. Trammell, Planning & Construction Vice Chair – City of Richmond
BK Fulton, Finance & Audit Chair – City of Richmond
Robert S. Ukrop, Finance & Audit Vice Chair – Henrico County

C. APPROVAL OF JUNE 25, 2024, MINUTES

At Chairman Holland’s request, Commissioner Fulton moved to approve the June 25, 2024, minutes, and Commissioner Macfarlane seconded the motion.

The motion passed unanimously.

D. PRESIDENT’S REPORT

1. Employee Service Awards

a. Folger Tuck – 40 Years of Service

Mr. Rutledge shared some noteworthy employment history about Mr. Tuck, who currently serves as the Auto/Equipment Manager. Mr. Rutledge expressed gratitude for Mr. Tuck's many years of dedicated service and his passion for the Commission and honored him with a commemorative plaque.

Mr. Tuck reminisced about how different things were when he first became an employee. He thanked the Commission for everything he has due to his employment.

b. Brad Christopher – 20 Years of Service

Mr. Rutledge presented Mr. Christopher’s background, noting that his first job was to repair the airport’s HVAC system. He currently serves as the Maintenance Director. Mr. Rutledge expressed gratitude and presented an award to Mr. Christopher for his strong work ethic and dedicated service.

2. Aviation Activity Report

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

Passenger Traffic: The Capital Region Airport Commission reports a new month of June passenger record of 445,022 for Richmond International Airport (RIC), surpassing the previous mark of 430,090 established a year ago.

June 2024 represents a 3.5 percent year-over-year increase. Delta Air Lines was the month’s market leader with a 28.6 percent share of passengers, followed by American (27.2%), and United (11.7%). Allegiant (+47.1%), Southwest (+25.5%), and Spirit (+12.5%) reported the largest growth amongst RIC air carriers.

Compared to the previous year, fiscal year 2024 (FY24) passengers increased 10.1 percent, a gain of 447,874 passengers, to a record annual total of 4,881,057.

Cargo: Total cargo reported a 9.1 percent decrease for June but reported a record total of 212.5 million pounds handled in FY24, an increase of 11.6 percent over FY23.

Operations: June 2024 aircraft operations decreased 2.6 percent versus the same period a year ago with airline and general aviation operations dipping while air taxi and military operations increased slightly. For FY24, aircraft operations report a 1.1 percent decrease.

Additional Comments

- RIC has reported **16 consecutive months** of record passenger traffic.
- FY24 passenger traffic of 4,881,057 is a new annual record for the Airport.
- FY24 total cargo of 212.5 million pounds is also a new annual record.
- Scheduled seat capacity via Airline Data, Inc., as of July 22, 2024:

Month	Monthly	Change from Previous Year
June 2024	525,182	+1.1%
July 2024	531,224	-1.9%
August 2024	525,104	-2.5%
September 2024	494,257	-1.1%

October 2024	542,098	+1.1%
November 2024	531,136	+6.3%

3. **Other**

Dr. Perry Miller introduced the newest members of the team:

- Richard Greatti, Director of Finance
- Aaron Keller, Director of Operations & Security
- Anthony Tangorra, Director of Customer Experience

E. **COMMISSION STANDING COMMITTEE REPORTS**

1. **Finance and Audit Committee**

Finance Chairman Fulton stated that the committee did meet, and that Mr. Dosunmu would review the financial update with the Commission.

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

Mr. Dosunmu reviewed the following:

Year-to-date operating revenue for the 12 months of the Fiscal Year 2024 was \$68.0 million, approximately \$6.3 million or 10.1% greater than budgeted and above the same time as last year, essentially due to increased enplanements with corresponding parking and concession revenue.

Year-to-date operating expenses were about \$35.1 million, \$5.6 million less than budgeted or 13.6%, primarily due to vacant positions. It is \$3.9 million or 12.6% above the prior year. The Commission budgeted 194 approved full-time positions and currently has 172 filled and 22 vacancies.

Overall, the year-to-date gross margin is 48% or about \$32.9 million of revenue to the bottom line. This \$11.8 million is above budget or \$2.3 million above the same time as last year.

The year-to-date interest income is \$7.1 million, with an average annual interest rate of 4.7%, which is about \$6.8 million above budget or \$3.5 million above the prior year.

Enplanements for FY 2024 were 2,440,506 passengers or 180,505 above budget and about 10.0% above the same time last year.

b. **U.S. Customs and Border Protection Lease**

Mr. Rutledge reviewed the following resolution:

Staff recommends, with the approval of the Finance and Audit Committee, that the Capital Region Airport Commission (the "Commission") adopt the following resolution:

WHEREAS, in connection with its provision of Federal Inspection Services at the Richmond International Airport (the "Airport"), the United States of America, acting by and through the U.S. Customs and Border Protection ("CBP"), wishes to lease approximately 17,070 square feet located in Concourse B, Level 1, of the Airport terminal building (the "Premises"), together with the right to use certain other appurtenant areas, on a non-exclusive basis, and up to nine (9) parking spaces at the Airport, necessary to support its operations; and

WHEREAS, CBP will lease the Premises for an initial term of one (1) year, to be automatically renewed on a year-to-year basis at the option of CBP for nineteen (19) years, unless terminated by CBP with one hundred twenty (120) days' prior written notice to the Commission; and

WHEREAS, in accordance with Federal Aviation Administration Order 5190.6B, Paragraph 7-16(c), the Commission has determined that the Premises are necessary for CBP's operation of Federal Inspection Services at the Airport, and will therefore lease the Premises to CBP at no cost; and

WHEREAS, Commission staff believes that it is in the interest of the Commission to lease the Premises to CBP in accordance with this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CAPITAL REGION AIRPORT COMMISSION, in accordance with Chapter 380, Virginia Acts of Assembly of 1980, as amended, that the President and CEO is hereby authorized to execute a lease with CBP in accordance with the terms described above, and to take all actions and execute all other documents necessary and appropriate to give effect to the actions contemplated by this Resolution, subject to review by legal counsel.

At Chairman Holland's request, Commissioner Hazzard seconded the CBP Lease, moved by the Finance & Audit Committee.

The motion passed unanimously.

c. Resolution Declaring Commission's Exercise of its Proprietary Exclusive Right to Provide Specified Aeronautical Activities and Services.

Dr. Perry Miller provided the following background to the following resolution stating the Airport's previous CEO, Jon Mathiasen,

amended the current leases for the Fixed Base Operators (FBOs), Richmond Jet Center, and Million Air, to expire coterminously on January 31, 2026. The intent of the Commission at that time was to move the FBO services to the east side of the airport. In that amendment, it was written that the Commission would issue requests for proposal (RFP) in or about the first quarter of 2023 for full-service FBO lease or leases.

In January 2023, the staff issued the first of two RFPs for the development, maintenance, and operation of a full service fixed-based operation. When none of the RFPs met expectations, the first RFP was canceled on September 8, 2023. A second RFP was issued on September 22, 2023. When the proposals and/or subsequent RFP interviews did not meet the RFP expectations, the second RFP was canceled on March 1, 2024.

Since we have not been able to find a third party willing to invest in building, operating, maintaining, and managing a facility that the Richmond region needs, the staff has decided that the best action is for the Commission to use its exclusive right to provide specific aeronautical activities and services. This endeavor will enable the Commission to ensure that every customer has an exceptional experience through innovation, convenience, and excellence as our mission states and fulfill its vision of moving people, business, and commerce to advance the Richmond region.

Accordingly, the propriety exclusive right to provide these aeronautical services is in the best interest of the Commission, the region, and the people who use these facilities; thus the introduction of this resolution.

Lastly, the decision on the following resolution is being postponed today in order to ensure that all opposing views are given proper consideration.

WHEREAS, the Capital Region Airport Commission (the “Commission”) was created by and pursuant to Chapter 537 of the Acts of Assembly of 1975, as amended, and continued by Chapter 380 of the Acts of Assembly of 1980, as amended (the “Enabling Act”); and

WHEREAS, pursuant to Section 2 of the Enabling Act, the General Assembly of the Commonwealth of Virginia has found and declared that “the ownership and operation by the Commission of modern and efficient air transportation and related facilities are proper and essential governmental functions and public purposes for which public moneys may be spent;” and

WHEREAS, pursuant to Section 3, subsection 5 of the Enabling Act, the General Assembly of the Commonwealth of Virginia has defined the “facilities” that the Commission may own and operate to be “any and all airports, terminals, runways, hangars, loading facilities, repair shops, parking areas, facilities for the preparation of in-flight meals, restaurants and accommodations for temporary or overnight use by passengers, and other facilities functionally related to the needs or convenience of passengers, shipping companies and airlines, and industrial and commercial facilities, purchased, constructed or otherwise acquired or operated by the Commission pursuant to the provisions of this act” and that “any facility may consist of or include any or all buildings or other structures, improvements, additions, extensions, replacements, machinery, or equipment, together with appurtenances, lands, rights in land, aviation rights, water rights, franchises, furnishings, landscaping, utilities, approaches, roadways, or other facilities necessary or desirable in connection therewith or incidental thereto;” and

WHEREAS, Section 8, subsection 5, of the Enabling Act expressly authorizes the Commission to “acquire, establish, construct, enlarge, improve, maintain, equip, operate and regulate any airports, air landing fields, structures, air navigation facilities and other property incidental thereto within the territorial limits of the participating political subdivisions;” and

WHEREAS, Section 8, subsection 6, of the Enabling Act expressly authorizes the Commission to “construct, install, maintain and operate facilities for the servicing and storage of aircraft and for the accommodation of cargo, freight, mail, express, etc., and for the accommodation and comfort of air travelers;” and

WHEREAS, Commonwealth Aviation Service, Inc., d/b/a Million Air-Richmond (“Million Air-Richmond”) is the lessee of real property and the improvements thereon at the Richmond International Airport (“Airport”) and conducts activities and provides aviation-related services to the public as a fixed base operator. The lease for the property and improvements on which Million Air-Richmond conducts activities and provides aviation-related services to the public expires on January 31, 2026; and

WHEREAS, Richmond Jet Center, Inc. (“Richmond Jet Center”) is the lessee of real property and the improvements thereon at the Airport and conducts activities and provides aviation-related services to the public as a fixed base operator. The lease for the property and improvements on which

Richmond Jet Center conducts activities and provides aviation-related services to the public expires on January 31, 2026; and

WHEREAS, Aero Industries, Incorporated (“Aero Industries”) is the lessee of real property and the improvements thereon at the Airport and conducts fuel storage and distributions activities to and for the public. The lease for the property and improvements on which Richmond Jet enter conducts its services expires on January 31, 2026; and

WHEREAS, the Commission has the legal authority to provide itself any, or all, aeronautical services at the Airport instead of seeking private sector contractors to provide such services.

WHEREAS, with the simultaneous expiration of these three leases on January 31, 2026, the Commission is presented with a unique, once-in-a-generation opportunity to consider providing to the public some or all of the aeronautical services that are currently being provided by Million Air-Richmond, Richmond Jet, and Aero Industries; and

WHEREAS, the Commission has determined that if on and after February 1, 2026, the Commission provides some or all of the aeronautical services currently provided by Million Air-Richmond, Richmond Jet, and Aero Industries, (i) it will have greater control of, and may increase, the quality of aeronautical services to the public, (ii) it will receive revenue from such aeronautical services that may enable it to lower rates and charges for aeronautical users, including commercial service airlines, (iii) it will maximize future investment in a new terminal, hangars, and other facilities for general aviation purposes at the Airport, (iv) it will allow the Commission to ensure that services are provided to stakeholders at a reasonable price, and (v) it will afford the Commission flexibility in the coming years to respond and adapt to changes in the delivery of aeronautical services to the public, all factors that inure to the benefit and best interests of the public, the Commission and its stakeholders, and the Airport’s users, tenants, and airlines; and

WHEREAS, the Commission believes that entering long term ground lease or leases for real property with a third party fixed base operator or operators for the purpose of constructing and developing improvements thereon, and providing aeronautical services to the public, will deprive the Commission and the public of the aforementioned benefits for at least the next twenty (20) to twenty-five (25) years.

WHEREFORE, BE IT RESOLVED by the Capital Region Airport Commission, in accordance with Chapter 380, Virginia Acts of Assembly of 1980, as amended, and considering the following to be in the best interests of the public, the Commission and its stakeholders, and the Airport’s users, tenants, and airlines, the Commission hereby declares its intention, effective

February 1, 2026, to exercise its proprietary powers as operator of the Airport to be the exclusive provider of the following enumerated aeronautical activities at the Richmond International Airport:

- A. Public fuel and oil sales and service (currently described in the Commission's Minimum Standards § VI.A.) and all Commercial Activities listed in that section (and not listed elsewhere in the Minimum Standards);
- B. Fuel storage and handling except as provided in Minimum Standards § VI.B;
- C. Aircraft de-icing and washing of aircraft;
- D. Aircraft tie-down service;
- E. Marshaling and parking of general aviation aircraft;
- F. Crew escorting in secured and restricted areas;
- G. Oxygen, nitrogen, and compressed air services;
- H. Aircraft engine pre-heat service;
- I. Pilot weather and flight planning services;
- J. Aircraft ground power service;
- K. Aircraft lavatory service; and
- L. Apron servicing of, and assistance to, aircraft, including transient parking, storage and tie-down service, for both based and transient aircraft upon or within facilities except in connection with another Commercial Activity authorized by the Commission.

To the extent that the current Minimum Standards of the Commission are inconsistent with the above they are to be amended to provide that the above services and activities shall be provided to the public only by the Commission and not by any commercial aeronautical service provider.

At Chairman Holland's direction, the Commission opened for public comment to the following registered speakers regarding the "Resolution Declaring Commission's Exercise of its Proprietary Exclusive Right to Provide Specified Aeronautical Activities and Services" – Item III.E.1.c. on today's agenda. All speakers were allotted 3 minutes to speak.

However, Mr. Cooke utilized the time of two other company representatives, so he was given 5 minutes to speak.

- Mark Cooke, CFO of Million Air Richmond
- Phil Solomon, CFO/Part Owner of Heart of Virginia Aviation Inc.
- Dennis Harrup, Owner of Central Business Aviation
- Eric Fly, Government Business Specialist to Central Business Aviation
- Michael Clarke, President of Richmond Jet Center Inc.
- Robbie Clark, Aero Industries
- Teresa Custalow, JCRC Properties
- Doug Wilson, FBO Partners
- Toby Tobin, Aero Industries
- Bea Gonzalez, Capital Results
- Sabrina Taylor, VP Airport Relations & Strategic Programs of Signature Aviation

Each of the speakers listed above opposed the “Resolution Declaring Commission’s Exercise of its Proprietary Exclusive Right to Provide Specified Aeronautical Activities and Services.”

Following the public session, Dr. Perry Miller requested the Airport’s attorneys and consultant to correct or clarify any misstated speakers’ comments.

Chairman Holland reiterated that a vote on this resolution would not be taken today, providing time to evaluate the data and allowing an opportunity to visit the current FBOs.

Commissioner Hazzard made a motion to make August 27, 2024, the next full Commission meeting, the Special Meeting, where this would be the exclusive subject on the agenda and taken up in its entirety. Commissioner Trammell seconded the motion.

The motion passed by the majority.

2. **Planning & Construction Committee**

Committee Chair Dibble stated that the Planning & Construction Committee did meet; however, there is no presentation to be shared today.

IV. **NEXT MEETINGS**

The next **Capital Region Airport Commission** meeting will be held on Tuesday, August 27, 2024, at 8:00 a.m.

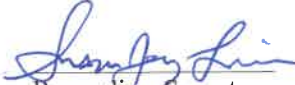
The **Finance & Audit Committee** meeting will be held on Tuesday, September 10, 2024, at 8:00 a.m.

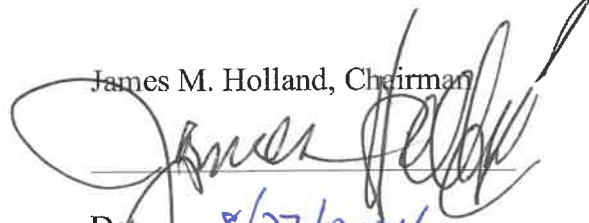
The **Planning & Construction Committee** meeting will be held on Thursday, September 12, 2024, at 8:00 a.m., all in the Commission Boardroom in the Terminal Building.

V. **ADJOURNMENT**

At Chairman Holland's request, Commission Fulton motioned to adjourn, and Commissioner Nelson seconded the motion. The motion passed unanimously, and the meeting was adjourned at 9:38 a.m.

Approved by the Commission:


Recording Secretary

James M. Holland, Chairman

Date 8/27/2024