

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

November 29, 2022

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 November 29, 2022. The meeting was conducted in the Commission Boardroom in the Terminal Building. A quorum was present.

The following members were present: Commissioners Carroll, Fulton, Hazzard, Heston, Holland, Hinson, Macfarlane, Nelson, Thornton, Trammell, Ukrop, 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 Crocket, Manager – Accounting; Uday Nethula, Director – Human Capital and Diversity Officer; Steve Owen, Director – Finance; Russ Peaden, Director – Properties and Concessions; Susan Joy Linn, Recording Secretary; and W. David Harless and Michael Guanzon, legal counsel from Christian & Barton, LLP.

Commissioner Dibble was absent.

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

II. CLOSED MEETING

The Commission convened in closed meeting at 8:03 a.m. Chairman Hazzard entertained a motion made by Commissioner Carroll 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. Consultation with legal counsel retained by the Commission to advise the Commission regarding specific legal matters related to the Commission’s creation, establishment, and/or affiliation of or with educational and charitable entities, organizations, programs, and other endeavors related to or supportive of aviation in the Commonwealth, 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 8:26 a.m. Chairman Hazzard entertained a motion made by Commissioner Winslow 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.

A. COMMISSION CHAIRMAN'S COMMENTS

Chairman Hazzard expressed gratitude for the opportunity to serve as the Commission's Chairman. Chairman Hazzard also shared that the Commission should be delighted with this Airport's accomplishments over the last couple of years, especially with the current economic downturn. Last week, Mr. Miller reported that the parking revenue in October hit a historic new milestone, which is excellent news and speaks volumes.

B. CONSIDERATION OF AGENDA AMENDMENTS

There were none.

C. APPROVAL OF OCTOBER 25, 2022, MINUTES

At Chairman Hazzard's request, Commissioner Thorton moved to approve October 25, 2022, minutes, and Commissioner Macfarlane seconded the motion.

The motion passed unanimously.

D. PRESIDENT'S REPORT

1. Employee Recognition

a. Charles Pleasants, Valet – 25-Year Service Award

Mr. Rutledge congratulated Mr. Pleasants for his 25 years of dedication and commitment to the Airport in the valet department, but most of all, for his outstanding customer service through convenience, innovation, and excellence.

2. Aviation Activity Report

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

Passenger Traffic: Richmond International Airport (RIC) reports passenger traffic of 388,882 for October 2022, an 11.5 percent increase versus the total (348,862)

reported for the same month a year ago. For the month, American Airlines was market leader with a 30.8 percent share of passengers, followed by Delta (28.0%) and United (14.5%).

For fiscal year-to-date 2023 (FYTD23), passenger traffic has increased 10.4 percent compared to the same period last year. Additionally, RIC's total passenger traffic for the first ten months of calendar year 2022 shows a 32.9 percent increase over the same period in 2021, a gain of more than 830,000 passengers.

Cargo: Total cargo in October reports a 4.2 percent decrease versus October 2021, to 14.2 million pounds handled. For FYTD23, total cargo is off slightly (-0.2%) year over year.

Operations: Aircraft operations decreased 5.7 percent compared to October 2021 with general aviation (-22.0%) and air taxi (-16.8%) operations reporting declines. For FYTD23, aircraft operations are up 9.2 percent.

Additional Comments

- October 2022's passenger total is a **98.9 percent recovery** of pre-pandemic October 2019 volume.
- The **COVID-19** pandemic has affected aviation activity for 32 consecutive months.
- **Breeze** announced new twice-weekly **Phoenix (PHX)** service will start February 10, 2023. This is the first time RIC and PHX have been connected via nonstop service.
- **Sun Country Airlines** announced it will start twice-weekly service to **Minneapolis/St. Paul**, a route started by Northwest in 2002 and recently served by Delta, on May 19, 2023.
- Scheduled seat capacity via Airline Data, Inc., downloaded today:

Month	Monthly	Change from Previous Year
October 2022	468,316	+4.1%
November 2022	453,111	+3.0%
December 2022	444,994	+5.5%
January 2023	436,023	+7.8%
February 2023	422,674	+12.0%

3. Other

Mr. Miller provided the following updates:

- The Commission received a thank you for Breeze Airline's service to Las Vegas from Michael Heaton, vice president with Markel Corporation.

- P.O.W.E.R. Together Opportunity Forum resulted in 157 participants, greater than the previous year, with positive feedback.
- Thanksgiving Day employee appreciation meals were provided for 421 people who worked the holiday in various capacities throughout the terminal building. Several airport leaders from multiple entities volunteered to serve those who worked to keep the Airport running.
- The airport-wide community collected 923 pounds of food for a Feed More food drive, allowing 31 families to be fed.

E. COMMISSION STANDING COMMITTEE REPORTS

1. Finance and Audit Committee

Committee Chair Winslow stated that the Finance & Audit Committee did meet with the Commission's Independent Auditors, Robinson, Farmer, Cox Associates. The auditor's report was unmodified, meaning that in the auditor's opinion the financial statements were presented fairly in all material respects of the financial position of the Commission.

The Committee further reviewed the auditor's management letter that reported two items for consideration.

- 1) We recommend that year-end procedures include a review of prior year accruals and proposed audit adjustments, with special attention paid to July and August activity. Reimbursements requested subsequent to year-end for expenditures on or before June 30 should be reflected as accounts receivable on the general ledger. We also recommend that grant reimbursement requests be submitted at least quarterly to reduce the time between payment of invoices and related reimbursement and to match the revenues with the related expenses in each period. Payments for goods and services received, including checks voided and reissued after year-end, should be reflected as accounts payable on the general ledger.
- 2) Census data testing revealed that the social security number (SSN) for two employees differed between VNav and the payroll system. In one instance, the SSN entered in VNav was correct and in the other instance, the SSN entered in the payroll system was correct. We recommend that procedures be implemented to review the accuracy of census data between internal records and VNav.

Management agrees with the recommendations.

a. Monthly Financial Update October 31, 2022

Mr. Dosunmu reviewed the following:

Year-to-date operating revenues for October were \$20.2 million, or about \$1.7 million greater than budget or 9.1%. Compared to the same time last year, about \$2.5 million or 14.4% more, mainly due to parking and concessions revenues attributed to increased enplanements.

Year-to-date operating expenses were \$9.5 million, \$1.2 million less than budget or 10.9%. Compared to \$2.2 million above last year's operating expenses, primarily due to additional personnel added to the 2023 budget.

Overall, comparing pure operating revenue, the year-to-date gross margin is 53% or about \$10.7 million for the first four months of the fiscal year (FY). It is about \$2.8 million above budget or 36.3%. In general, the increase in revenue and decrease in expenses gives the Commission a healthy financial outlook.

b. Concession Agreement Term Extension

Mr. Harless reviewed the following:

Staff recommends that the Commission adopt the following resolution:

WHEREAS, the Capital Region Airport Commission (the "Commission") has entered into certain agreements with VIP & Celebrity Limousines, Inc. ("Provider"), including that In-Terminal Pre-Arranged Executive Sedan/Limo and Military Base Irregular Route Services Provider Agreement dated January 1, 2017 (the "Provider Agreement"), and that Space Lease dated January 1, 2017, for Provider's use of space within the terminal in connection with the Provider Agreement (the "Space Lease," and collectively with the Provider Agreement, the "Existing Agreements"), which Existing Agreements expired pursuant to their original terms on December 31, 2021; and

WHEREAS, at its regularly scheduled meeting on June 28, 2022, the Commission approved the extension of the term of the Existing Agreements through December 31, 2022; and

WHEREAS, Commission staff is preparing a Request for Proposals ("RFP") to award a new Provider Agreement and Space Lease ("New Agreements") but, due to the Commission's meeting schedule for the remainder of the calendar year; the timeline required for solicitation of the RFP, award of the contract, and publishing of a mandatory notice of intent

to award the New Agreements; and delays due to a recent closure of the eVA procurement platform, Commission staff intends to award the New Agreements effective March 1, 2023; and

WHEREAS, Commission staff has recommended that the Commission authorize the President and CEO to extend the term of the Existing Agreements through February 28, 2023.

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 an amendment or other writing for and on behalf of the Commission, providing for the extension of the term of the Existing Agreements with VIP & Celebrity Limousines, Inc. through February 28, 2023, upon the same terms and conditions set forth in the Existing Agreements, subject to review by legal counsel.

At Chairman Hazzard's request, Commissioner Holland moved to approve the concession agreement extension for VIP & Celebrity Limousines, Inc., and Commissioner Fulton seconded the motion.

The motion passed unanimously.

c. Peer-to-Peer Vehicle Sharing Concession Agreement with Turo Inc.

Mr. Harless reviewed the following:

The Commission staff recommends that the Commission adopt the following resolution:

WHEREAS, Turo Inc., a Delaware corporation ("Turo"), owns and operates a Peer-to-Peer Vehicle Sharing business by which vehicle owners ("Hosts") provide vehicles for use by third parties through Turo's proprietary digital network;

WHEREAS, Turo desires to offer Peer-to-Peer Vehicle Sharing at the Richmond International Airport (the "Airport") for the benefit of Airport passengers, customers and visitors ("Guests"), whereby Guests will be authorized to use Hosts' vehicles through Turo's proprietary digital network;

WHEREAS, the Commission desires to enter into a Peer-to-Peer Vehicle Sharing Concession Agreement ("Concession Agreement") with Turo governing Turo's non-exclusive operations at the Airport, to be conducted within certain designated areas in the public parking areas of the structured parking garages (the "Garage Area") and the Commercial Lane at the Airport, in accordance with the following terms:

Initial Term:	One (1) year
Renewal Option:	One (1) renewal period of one (1) year, exercisable by the Commission
Rights Granted:	A non-exclusive right to engage in Peer-to-Peer Vehicle Sharing Services at the Airport, including the right, on the part of Turo's Hosts to temporarily park vehicles in the Garage Area in anticipation of use by a Guest, and the right on the part of Turo's Guests to park vehicles in the Garage Area upon completion of such use; and the right, on the part of Turo's Hosts and Guests to conduct in-person hand-to-hand vehicle exchanges in the Garage Area or within specified portions of the Commercial Lane
Fees:	10% of Turo's Gross Revenues from operations at the Airport; in addition, Turo's Hosts and Guests shall be responsible for payment of all parking and access fees in accordance with the Commission's Summary of Operating Fees and Charges
Reporting Requirements:	Monthly reports, to be submitted within twenty (20) days of the close of any calendar month, shall include details of Gross Revenues, any exclusions from Gross Revenues, the number of Peer-to-Peer Vehicle Sharing transactions, and certain other details satisfactory to the Commission with respect to the preceding calendar month

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 authorized to execute a Peer-to-Peer Vehicle Sharing Concession Agreement as described above with Turo Inc., with such terms and conditions as the President and CEO, upon advice of legal counsel, may deem appropriate, consistent with the provisions set forth above, and to take all actions and to execute all other documents necessary and appropriate to carry out the transactions contemplated by this Resolution, subject to review by legal counsel.

At Chairman Hazzard’s request, Commissioner Winslow moved to approve the Turo agreement, and Commissioner Williams seconded the motion.

The motion passed unanimously.

2. **Planning & Construction Committee**

Committee Chair Hinson stated that the Planning & Construction Committee did not meet.

3. **Executive Committee**

Chairman Hazzard stated the Executive Committee did meet.

a. **Resolution of Authority**

Mr. Harless reviewed the following:

WHEREAS, the Commission’s Enabling Act, 1980 Acts of Assembly, Chapter 380, as amended (hereinafter “Enabling Act), in Section 8 authorizes the Commissioners of the Commission to appoint such committees as they may deem advisable and fix the duties and responsibilities of such committees;

WHEREAS, in Article VI of its Bylaws, as amended through July 26, 2022 (“Bylaws”), the Commission has created the Executive Committee as a standing committee of the Commission to conduct the affairs of that standing committee and whose actions shall be subject to the final authority of the Commission;

WHEREAS, Section 8 of the Enabling Act further authorizes the Commissioners to grant to the President and Chief Executive Officer (“CEO”) of the Commission such powers and duties as they may wish to delegate to the CEO, including powers and duties involving the exercise of discretion;

WHEREAS, in Article V of its Bylaws, the Commission has provided that the CEO shall have such other powers and perform such other duties as may be delegated to him or her by the Commission, including powers and duties involving the exercise of discretion.

WHEREAS, in Article III of the Bylaws, the Commission has provided that regular Commission meetings shall be held on the last

Tuesday of each month other than December, and the Commission thereby has no scheduled meeting for December 2022.

WHEREAS, the Commission deems the necessity and importance of empowering the Executive Committee, and the CEO and President under the supervision of the Executive Committee, to act on behalf of the Commission as to any matters that may come before the Commission on or before the Commission's next meeting.

NOW, THEREFORE, BE IT RESOLVED, pursuant to 1980 Acts of Assembly, Chapter 380, Section 8, the Commission authorizes the Executive Committee, and the CEO with the Executive Committee's supervision and approval, to consider and act on its behalf as to any matters that may affect the business of the Commission between the date of the adoption of this Resolution and the next meeting of the Commission; provided, however, that such actions by the Executive Committee and the CEO are subject to ratification and approval by the Commission at its next meeting or at such earlier special meeting of the Commission as may be called by the Chairman or Vice-Chairman as provided by the Bylaws.

At Chairman Hazzard's request, Commissioner Fulton moved to approve the Resolution of Authority, and Commissioner Heston seconded the motion.

The motion passed unanimously.

b. Authorization for the Formation of the Capital Region Airport Commission Foundation

Mr. Harless reviewed the following discussed in closed session:

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 is conferred thereunder all powers necessary or incident to the ownership and operation of its airport(s), to the end that the Commission may promote the welfare, convenience and prosperity of the inhabitants of the participating political

subdivisions and this Commonwealth, and the increase of their commerce;
and

WHEREAS, the Commission is a political subdivision of the Commonwealth subject to the rules and regulations promulgated by the Virginia Aviation Board, and that the Commission is encouraged by the Virginia Aviation Board and the Virginia Department of Aviation to participate in and facilitate a wide range of aviation education and awareness programs; and

WHEREAS, Section 8, subsection 20 of the Enabling Act authorizes the Commission to undertake the following:

20. To make charitable donations and provide financial assistance, personnel assistance, and other assistance to educational and charitable entities, organizations, programs, and other endeavors designed to foster an appreciation by the public of the importance of aviation, assist the public in aviation travel, or help develop and educate the next generation of aviation professionals in the Commonwealth. The Commission may form or support one or more independent foundations for such purposes. Some or all of the directors of any such foundation may be appointed by the Commission from among the Commission staff, Commission members, aviation and travel hospitality sector professionals, or members of the public. Any such foundation shall be organized to qualify under § 501(c)(3) of the Internal Revenue Code and shall not be deemed to be a public body or political subdivision of the Commonwealth or subject to any requirements thereof, including the Virginia Public Procurement Act (§ 2.2-4300 et seq. of the Code of Virginia) or the Virginia Freedom of Information Act (§ 2.2-3700 et seq. of the Code of Virginia);

and

WHEREAS, the Commission has determined that the creation and support of educational and charitable entities, organizations, programs, and other endeavors that foster an appreciation by the public for the understanding and importance of aviation and that inspire the next generation of aviation professionals will enhance and improve the welfare,

convenience, and prosperity of the inhabitants of the participating political subdivisions and this Commonwealth; and

WHEREAS, the Commission wishes to organize a foundation whose name shall be the “Capital Region Airport Commission Foundation” (the “Foundation”), and whose express purposes, in part, shall be:

1. Charitable, religious, educational and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code;

2. To foster an appreciation by the public of the importance of aviation, assisting the public in aviation travel, and helping to develop and educate the next generation of aviation professionals in the Commonwealth of Virginia; and

3. Elevating the experience at Richmond International Airport and the community it serves and enhancing Airport engagement with the community through charitable endeavors, education, and service.

WHEREFORE, 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 authorized hereby (i) to direct legal counsel to undertake the actions necessary to form the Capital Region Airport Commission Foundation, including the submission of articles of organization in a form substantially similar to those attached hereto as Exhibit A, (ii) to submit to the initial Board of Directors of such Foundation for its approval bylaws in a form substantially similar to those attached hereto as Exhibit B, (iii) to assist such Foundation to apply for recognition of exemption under Section 501(c)(3) of the Internal Revenue Code, including without limitation the filing of IRS Form 1023, and (iv) to take such other actions as advised by legal counsel are necessary and appropriate to establish such Foundation as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and fulfill the express wishes of the Commission set forth herein.

At Chairman Hazzard's request, Commissioner Hinson seconded the motion moved by the Executive Committee to form the Capital Region Airport Commission Foundation.

The motion passed unanimously.

IV. NEXT MEETINGS

The next meeting of the **Capital Region Airport Commission** will be held on Tuesday, January 31, 2023, at 8:00 a.m.

The **Finance & Audit Committee** meeting will be held on Tuesday, January 17, 2023, at 8:00 a.m.

The **Planning & Construction Committee** meeting will be held on Thursday, January 19, 2023, at 8:00 a.m., all in the Commission Boardroom in the Terminal Building.

V. ADJOURNMENT

Before adjournment, Mr. Miller thanked the Finance team for all the hard work in producing the Annual Comprehensive Financial Report (ACFR) booklet provided today.

Chairman Hazzard adjourned the meeting at 8:53 a.m.

Approved by the Commission:


Recording Secretary


Wayne T. Hazzard, Chairman

Date 1-31-23