

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

June 27, 2023

I. CALL TO ORDER

Chairman Wayne T. Hazzard called the regular monthly meeting of the Capital Region Airport Commission members to order at 8:00 a.m. on June 27, 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, Ukrop, and Williams. Present by invitation were Perry J. Miller, President and Chief Executive Officer; John B. Rutledge, Chief Operating Officer; Basil O. Dosunmu, Chief Financial Officer; Regina Crockett, Interim Director – Finance; Carol Gaddis, Director – IT and Innovations; Kevin McDaniel, Airport Safety Manager; Susan Joy Linn, Recording Secretary; and W. David Harless, legal counsel from Christian & Barton, LLP.

The special invited guests were Stephen P. Cummings, Secretary of Finance for the Commonwealth of Virginia, and Anthony J. Romanello, Executive Director of the Henrico Economic Development Authority.

Commissioners Trammell and Winslow were absent.

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

II. OPEN MEETING

A. COMMISSION CHAIRMAN’S COMMENTS

Chairman Hazzard thanked the Commission for the opportunity to serve as Chairman for the last two years. As previously stated, the Commission is a place that demonstrates how multi-jurisdictional cooperation occurs, resulting in extraordinary successes. All should be proud of the Airport’s accomplishments.

1. 2023-2024 Officer Election

Chairman Hazzard reviewed the slate of Officers presented by the Nominating Committee from last month’s meeting:

- Chairman – Commissioner James M. Holland, Chesterfield County

- Vice Chairman – Commissioner Charles S. Macfarlane, City of Richmond
- Secretary – Commissioner Susan P. Dibble, Hanover County
- Treasurer – Commissioner Tyrone E. Nelson, Henrico County

With no additional nominations from the floor, Commissioner Fulton moved to approve the slate of officers at Chairman Hazzard's request, and Commissioner Heston seconded the motion.

The motion passed unanimously.

B. CONSIDERATION OF AGENDA AMENDMENTS

Chairman Hazzard amended the agenda to add a discussion of the Virginia Retirement System (VRS) Item: II.E.3.b before going into closed meeting.

C. APPROVAL OF MAY 30, 2023, MINUTES

At Chairman Hazzard's request, Commissioner Holland moved to approve May 30, 2023, minutes, and Commissioner Williams seconded the motion.

The motion passed unanimously.

D. PRESIDENT'S REPORT

1. Stephen E. Cummings, Secretary of Finance for the Commonwealth of Virginia

Chairman Hazzard welcomed Secretary Cummings and reviewed some of his accomplishments in his introduction.

Before Secretary Cummings presented the governor's strategic economic development plan, he updated the Commission on the Commonwealth's current budget process. The state of Virginia is financially strong, with over a \$4 billion surplus in addition to its rainy day fund and financial reserves. The governor seeks to ensure that his agenda is included in the budget for cutting taxes, spending on behavioral health, public safety, education, economic development, and resiliency.

This revised focused economic approach will be targeted to position Virginia for suitable growth.

PRIORITY SECTORS ARE CRITICAL TO EMPLOYMENT GROWTH, YET VIRGINIA IS FORECASTED TO HAVE AVERAGE PERFORMANCE

Cluster	Virginia			U.S.		VA projected 2022-30 growth ranking
	Employment, thousands (2022)	Employment growth, CAGR (2022-30)	Share of tradable sector growth	Employment growth, CAGR (2022-30)	Share of tradable sector growth	
Knowledge work	719.6	1.0%	51.4%	1.3%	46.0%	31
Manufacturing	108.0	1.3%	9.7%	0.7%	8.0%	13
Logistics	85.2	0.5%	3.1%	1.4%	10.4%	37
Total priority sectors	912.8	-	64.2%	-	64.4%	24

Source: Lightcast

VEDP 1

AN INNOVATIVE FRAMEWORK FOR ECONOMIC GROWTH

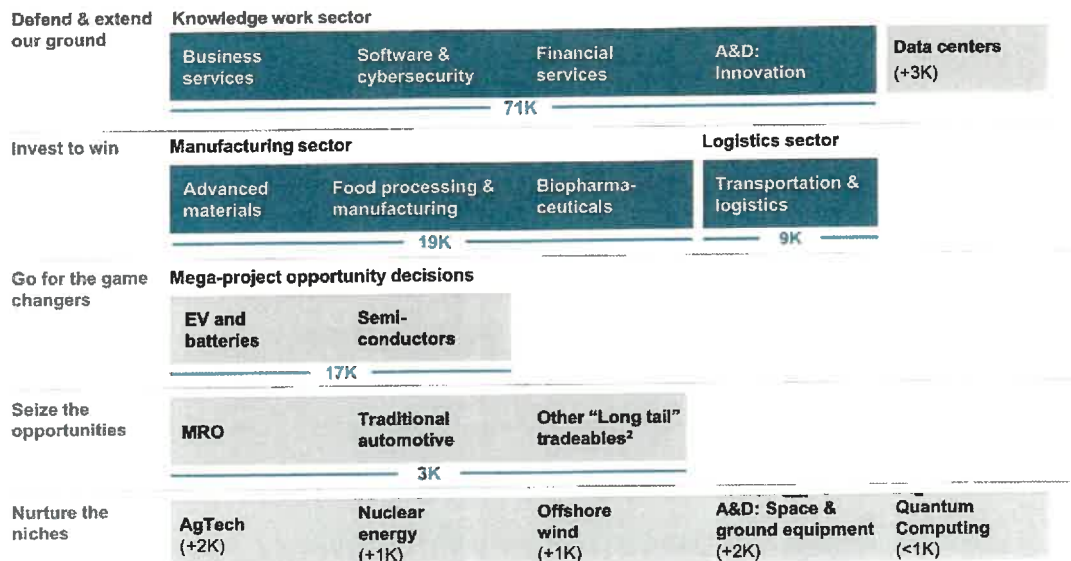


VEDP 2

CORE SECTORS UNDER THE FRAMEWORK ARE BASED ON POTENTIAL JOB GROWTH AND ALIGNMENT WITH VIRGINIA'S STRENGTHS

Priorities for go-to-market action planning (upper range estimate for total additional employment by 2025¹)

■ Combined cluster employment estimate ■ Core sector focus ■ Traditional approach



¹ Includes direct, indirect, and induced jobs

² Other "Long tail" tradeables includes: tradeable portions of construction, hospitality and tourism, education, misc. wholesale

Source: Lightcast; McKinsey analysis

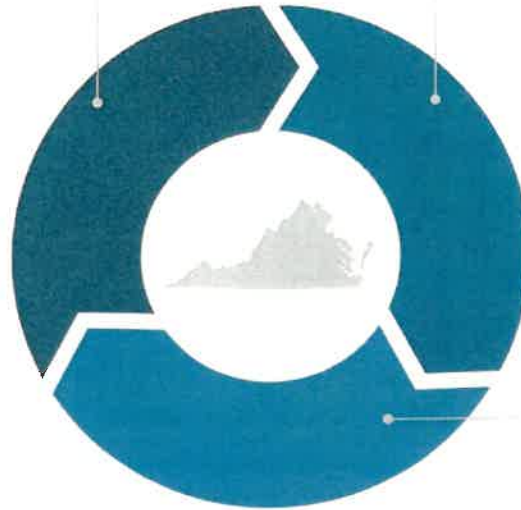
VEDP 3

THIS INNOVATIVE FRAMEWORK WOULD PUSH THE BOUNDARIES OF “TRADITIONAL” ECON DEV TO FOCUS ON BUILDING ECOSYSTEMS

Deal Excellence

- Better leads
- Improved yield (i.e., project win rate)
- Greater volume of project wins (e.g., jobs, capex)
- Customized comprehensive solutions (e.g., workforce, talent pipeline, sites, incentives)

Traditional VEDP focus



Ecosystem Building

- Enhanced competitiveness (e.g., more/ better talent, infrastructure, connectivity)
- Start-up formation
- Homegrown companies becoming anchors
- Organic employment growth

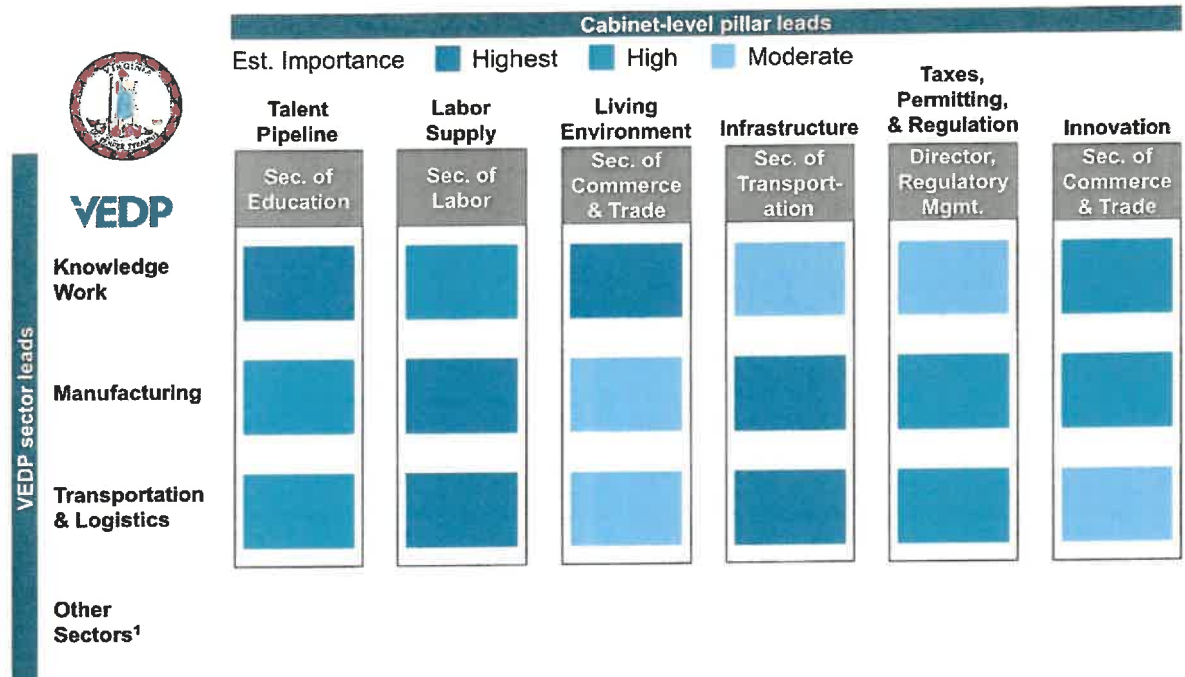
Priority for accelerating economic growth; Requires new ways of thinking and working

Economic Performance

- VA leads nation in employment growth (%)
- Growth led by core sectors – from middling (~25th)...to top tier (<10th)...to top of nation (1st)
 - Knowledge work
 - Manufacturing
 - Logistics

VEDP 4

VEDP AND PARTNERS WILL COLLABORATE TO BUILD ECOSYSTEMS IN CORE SECTORS THROUGH PILLAR-SPECIFIC INITIATIVES



¹Includes EV and Batteries, Data Centers, Semiconductors, Traditional Automotive, Headquarters, Maintenance/Repair/Operations (MRO), Ag Tech, Nuclear Energy, Offshore Wind, Aerospace and Defense Space and Ground Equipment, Quantum Computing, Wood Products, other long-tail tradables

VEDP 5

INTERIM SECTOR LEADS HAVE ENGAGED PILLARS TO ALIGN ON PILLAR OBJECTIVES, PRIORITY INITIATIVES, AND METRICS

	Introduce: Framework and role within clarified	Identify & Align: Identify in-flight initiatives	Develop: Confirm pillar objectives and metrics	Prioritize: Prioritize initiatives to advance pillar metrics	Launch & Execute: Execute initiatives, develop supporting budget, policy proposals
	3/24-4/11	4/17-5/19	5/15-5/26	5/29-6/9	6/14-6/30
Talent pipeline	Pillar leads familiarized with their role	Prelim. Initiatives received	Objective and initiatives confirmed; preliminary metrics identified (need to finalize)		Budget, policy coordination 6/29: Init. Owner Kickoff
Labor supply	Pillar leads familiarized with their role	Prelim. Initiatives received	Objective, metrics, & primary initiatives confirmed		Budget, policy coordination 6/29: Init. Owner Kickoff
Living environment	Pillar leads familiarized with their role	Prelim. Initiatives received	Objective, metrics, & primary initiatives confirmed		Budget, policy coordination 6/29: Init. Owner Kickoff
Infrastructure	Pillar leads familiarized with their role	Prelim. Initiatives received	Objective, metrics, & primary initiatives confirmed		Budget, policy coordination 6/29: Init. Owner Kickoff
Taxes, permitting, & regulation	Pillar leads familiarized with their role	Prelim. Initiatives received	Objective, metrics, & primary initiatives confirmed		Budget, policy coordination 6/29: Init. Owner Kickoff
Innovation	Pillar leads familiarized with their role	Prelim. Initiatives received	Objective and initiatives confirmed; preliminary metrics identified (need to finalize)		Budget, policy coordination 6/29: Init. Owner Kickoff
Steerco*	N/A	Kickoff held 5/10 (11 AM)	Align on metrics (pillar designee and pillar lead)	Prioritize initiatives (pillar designee and pillar lead)	Meeting #2: 6/14 Meeting #3: 6/28

VEDP 6

VEDP'S CORE INDUSTRIES AND THE GOVA REGION TARGET INDUSTRIES SHOW BROAD ALIGNMENT

VEDP Core Sector ¹		GOVA 1	GOVA 2	GOVA 3	GOVA 4	GOVA 5	GOVA 6	GOVA 7	GOVA 8	GOVA 9
Manufacturing	Advanced Materials	X	X			X	X		X	X
	Food & Beverage	X		X			X		X	X
	Pharmaceuticals		X	X	X				X	X
Knowledge Work	Software & Cybersecurity	X	X			X	X	X	X	X
	Business Services			X	X	X	X	X	X	X
	Financial Services			X	X	X	X	X	X	X
	A&D Innovation		X			X			X	
Logistics	Transportation & Logistics				X	X	X	X	X	

Crosswalk from VEDP Core Sectors¹ to GOVA Target Industry Classifications²

Advanced Materials = Chemical Products, Metalworking Technology, Advanced Materials, Plastics and Rubber Products

Food & Beverage = Animal Processing, Beverage (Alcoholic and Non-Alcoholic), Food Processing

Pharmaceuticals = Pharmaceuticals Manufacturing

Software & Cybersecurity = Computer Systems and Software Design, Cybersecurity

Business Services = Computer Services, Consulting Services, Engineering Services, Marketing, Design, and Publishing

Financial Services = Financial Services

A&D Innovation = Autonomous Systems

Transportation & Logistics = Shipping Services, Transportation, Warehousing

¹These follow the classifications laid out in the Industry to NAICS crosswalk produced by McKinsey
Source: [GO Virginia 2021 Growth and Diversification Plan](#)

VEDP 7

Secretary Cummings stated having discussed the Airport’s site and with \$350 million available to get sites ready in the upcoming budget, the airport should be able to tap into some of those funds. In the past, sites were politically driven, but there is more of a systematic prescriptive-driven approach now regarding where money is being allocated.

Chairman Hazzard thanked Secretary Cummings for his presentation.

2. **Anthony J. Romanello, Executive Director for the Henrico Economic Development Authority**

Chairman Hazzard welcomed Mr. Romanello and reviewed some of his accomplishments in his introduction.

Mr. Romanello thanked the Commission for its invitation to present the following:

- **Henrico Impact Brief – 2019-2022**
 - #2 in VA for Jobs – approximately 205 thousand (at place employment irrespective of residency).
 - #4 in VA for Gross County Product – \$27 billion economy
- **Taxes Down, Private Investment Up**

	Before Tax Rate Change	Tax Year 2023	Increase %
Machinery & Tools ¹	\$180M	\$308M	71%
Business Personal Property Data Centers ²	\$20M	\$1.09B	5,365%
BPOL ³	\$20B	\$29B	45%
All Business Personal Property ⁴	\$899M	\$2.19B	144%
R&D ⁵	\$38M	\$57M	50%

[1] M & T rate lowered from \$1.00 to \$0.30 in 2015
 [2] Business Personal Property data center rate lowered from \$3.50 to \$0.40 in 2017
 [3] BPOL exemption increased from \$100K to \$200K in 2019, \$400K in 2020, and \$500K in 2021
 [4] No change in tax rate for non-data center BPP | Base year is 2015
 [5] R&D tax rate reduced by 74% to \$.90 in 2022

- **Henrico’s World Class Toolkit**
 - HIP Zones (small investment grants to tip the scale for businesses) \$1:\$88
 - Low Business Taxes
 - M&T +84%

- Data Centers +4,140%
- BPOL +30%
- Fast Track Permitting
- EDA Agreements – Private Investments \$1.4B since 2019
- Form-Based Code
- Enterprise Zones – Since 2020, \$614M in Private Investments
- Innsbrook Technology Park
- Commercial Tax Rehab Credit – 124 Projects +392M value 2019-22
- **Target Sectors**
 - Advanced Manufacturing
 - Corporate Services
 - Data Centers
 - Finance & Insurance
 - Life Sciences
 - Professional Services
 - Supply Chain Management
- **Cultivating Environmental, Social & Governance (ESG) & Equity & Inclusion (E&I)**



- **Increasing growth for Small, Women and Minority (SWAM) Businesses & Workforce Development**

- **Office Space Availability – 13% is a soft number as several offices leased are empty.**
- **Henrico, VA named a top 10 U.S. Location for Black Entrepreneurs**
- **Henrico increases reach, data speed and infrastructure for the business community with DE CIX.**
 - Utilizing its cabling system in 3 areas, 2 in Henrico and one in Ashland, VA (Hanover County).
- **Henrico new investments – \$1.85 Billion, & 1,130 new jobs within a 7-mile radius of the Airport**
- **How can we work together?**
 - Execute Williamsburg Road Corridor Redevelopment Plan
 - Continue to search for strategic acquisitions
 - Need more direct non-stop flights

Chairman Hazzard thanked Mr. Romanello for his presentation.

3. **Employee Service Award**

a. **John B. Rutledge, COO – 20 Years**

Mr. Miller presented Mr. Rutledge with a 20-Year Employee Service Award, stating that Mr. Rutledge started at the airport on June 24, 2003, as the Planning & Engineering Director and has seen many changes over his tenure. In September 2020, Mr. Rutledge was promoted to Chief Operating Officer for his strong leadership abilities.

Mr. Rutledge thanked the Commission and stated that the Airport is a great place to work. The Commission applauded.

4. **Other**

Mr. Miller presented Mr. McDaniel, Airport Safety Manager, with his recently completed American Association of Airport Executives (AAAE) accreditation plaque. The American Association of Airport Executives has over 9000 members, but only about 500 have completed this accreditation. The Commission applauded Mr. McDaniel's accomplishments.

5. **Aviation Activity Report**

At Mr. Miller's request, Mr. Dosunmu provided the following:

Passenger Traffic: For May 2023, Richmond International Airport (RIC) reports 431,416 passengers, the busiest passenger month in the history of the airport. Passenger counts jumped 15.9 percent versus May a year ago; compared to the previous record for the month set in 2019, May 2023's total was 10.0 percent greater.

Five incumbent airlines saw significant increases compared to May 2022, including Allegiant (+73%), Breeze (+197%), JetBlue (+22%), Southwest (+36%), and Spirit (+44%). Delta claimed a 27.7 percent share of passenger traffic, nearly matched by American (27.4%).

For the first eleven months of fiscal year 2023, passenger traffic increased 13.9 percent versus the same period a year ago, a gain of 488,000 passengers.

Cargo: Total cargo had a 45.5 percent increase for the month and an increase of 17.8 percent for FY23 to date. Mail dropped significantly as very little was transported by commercial airlines.

Operations: In May, aircraft operations increased 14.8 percent versus the same period a year ago; for the first eleven months of FY23, operations are up 11.2 percent.

Additional Comments

- May 2023 topped the previous all-time passenger record of 398,592 established in August 2019 by 8.2 percent (32,824 passengers).
- Five new routes came online in May including Las Vegas (Spirit), Los Angeles, New York-Islip, and Cincinnati (all Breeze), and Minneapolis/St. Paul (Sun Country). Additionally, Delta restarted service to its Minneapolis hub at the beginning of June.
- RIC participated in ACI-NA’s JumpStart 2023 air service development conference in Milwaukee, meeting with several incumbent and prospective operators in mid-June.
- Scheduled seat capacity via Airline Data, Inc., as of June 19, 2023:

Month	Monthly	Change from Previous Year
May 2023	505,786	+13.0%
June 2023	519,594	+13.4%
July 2023	542,189	+19.3%
August 2023	541,395	+18.9%
September 2023	513,250	+16.5%

E. COMMISSION STANDING COMMITTEE REPORTS

1. Finance and Audit Committee

a. Monthly Financial Update May 31, 2023

Mr. Dosunmu reviewed the following:

Year-to-date operating revenues for May were \$55.8 million, \$5.9 million greater than the budget or 11.8%. Compared to the same time last year, this year’s revenue is about \$7.2 million or 14.8% greater than last

year's, mainly due to increased enplanements with corresponding parking and concession revenue.

Year-to-date operating expenses were about \$27.4 million, \$1.9 million less than budget or 6.6%. Compared to the same time last year, there is an increase of \$5.1 million or 22.8% above prior year. A decrease in operating expenses of \$1.9 million is due to a decrease in personnel, parking, and other expenses.

Comparing pure operating revenue, the year-to-date gross margin is 51% or about \$28.3 million for the fiscal year (FY). It is about \$7.8 million above budget or 38.0%, and \$2.1 million above the same time as last year or 8%.

The year-to-date interest income is a little over \$2.4 million. Compared to budget of \$73 thousand or \$67 thousand for the same time as last year.

Lastly, enplanements year-to-date were 2.0 million or almost 100 thousand more passengers compared to budget of 5.2%. There were 230 thousand more enplaned passengers this year over the same time last year or 13.5%.

2. **Planning & Construction Committee**

Committee Chairman Hinson stated that the Planning & Construction Committee did not meet this month.

3. **Executive Committee**

Chairman Hazzard stated the Executive Committee did meet and requested Mr. Harless to review the following resolution:

a. **ARNINC Incorporated Lease Extension**

Staff recommends, that the Capital Region Airport Commission (the "Commission") adopt the following resolution:

WHEREAS, pursuant to that certain lease agreement dated February 1, 2008 (the "Lease"), ARINC Incorporated ("ARINC") currently leases from the Commission approximately twelve (12) square feet of Commission-owned property inside a communications closet on the South Mezzanine of the Terminal for the purpose of maintaining certain aviation radio communications equipment serving airlines operating at Richmond International Airport; and

WHEREAS, ARINC’s lease has expired under its terms and ARINC desires to amend its lease to extend the term thereof upon the following basic terms, with all other terms of the existing lease to remain unchanged:

Extended Lease Term: Five (5) Years (subject to early termination by either party with 90 days’ notice as provided in the Lease)

Further Extension Options: None

Commencement Date: As of January 31, 2023

Annual Rent (CPI increase over prior term): \$ 1,955.40

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 amendment between ARINC Incorporated and the Commission as described above, and to take all actions and execute all other documents necessary and appropriate to give effect to the Commission’s actions as described herein and to otherwise carry out the effect of this Resolution, all subject to review by legal counsel.

Commissioner Holland seconded the Executive Committee’s motion to approve the ARNINC Lease Extension at Chairman Hazzard’s request.

The motion passed unanimously.

b. Virginia Retirement System (VRS) Discussion

Chairman Hazzard stated that the airport and all the surrounding jurisdictions are having difficulty filling the Fire Fighter and Police Officer positions. The VRS has a rule that when retirement occurs for these types of workers, they cannot work for another state agency full-time (only 30 hours part-time), or it negatively affects their retirement benefits.

Chairman Hazzard requested legal to review the rules with Commissioners Williams and Winslow, also attorneys, and Commissioner Carroll, who served in a former Police role for Chesterfield County. Then create a letter and have all Commissioners sign and submit it to the Virginia legislators.

Commissioner Carroll also suggested sending letters to the caucus chairs on both sides. Interestingly, the rules were suspended during the COVID-19 pandemic.

Ultimately, Chairman Hazzard would like to see VRS changed for these types of workers allowing them to continue to work again full-time to fill the gaps for emergency workers for all the region.

III. CLOSED MEETING

The Commission convened in closed meeting at 9:12 a.m. Chairman Hazzard entertained a motion made by Commissioner Williams and seconded by Commissioner Holland, to go into closed meeting pursuant to Virginia Code § 2.2-3712 (A), to consider the following matters:

1. Personnel issues involving the discussion and consideration of the employment and performance of the President and Chief Executive Officer of the Commission as permitted by Virginia Code § 2.2-3711 (A)(1).

The motion passed unanimously.

IV. OPEN MEETING

The Commission reconvened in open meeting at 9:26 a.m. Chairman Hazzard entertained a motion made by Commissioner Holland and seconded by Commissioner Thornton, 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. CEO's Annual Performance Review

At Chairman Hazzard's request, Mr. Harless presented the Executive Committee's motion for the CEO's annual performance review:

Mr. Miller will be awarded \$31,280 in his supplemental executive retirement account, \$31,280 as his performance payment (the discretionary payment under his contract), and a base salary increase from \$312,800 to \$334,000 for Fiscal Year 23-24.

At Chairman Hazzard's request, Commissioner Holland seconded the motion made by the Executive Committee for the CEO's performance review.

The motion passed unanimously.

V. **NEXT MEETINGS**

The next meeting of the **Capital Region Airport Commission** will be held on Tuesday, July 25, 2023, at 8:00 a.m.

The **Finance & Audit Committee** meeting will be held on Tuesday, July 11, 2023, at 8:00 a.m.

The **Planning & Construction Committee** meeting will be held on Thursday, July 13, 2023, at 8:00 a.m., all in the Commission Boardroom in the Terminal Building.

VI. **ADJOURNMENT**

Chairman Hazzard adjourned the meeting at 9:27 a.m.

Approved by the Commission:


Recording Secretary


James M. Holland, Chairman
Date 7/25/2023