



BOARD OF DIRECTORS | MEETING MINUTES OF JANUARY 22, 2013

BOARD MEMBERS

Present : Dwight Smith, Chair
 Susan Tomasky, Vice Chair
 Don M. Casto, III
 Frank J. Cipriano
 William R. Heifner
 John W. Kessler
 Jordan A. Miller, Jr.
 Kathleen Ransier

Absent: William J. Lhota

CRAA Executive Staff: Elaine Roberts, President & CEO
 Rod Borden, Sr. VP, Chief Operating Officer
 John E. Byrum, VP, Chief Financial Officer
 Tory Richardson, VP, Governmental Affairs & Strategy
 David Whitaker, VP, Business Development & Communications

CRAA Staff: R. Bush, D. Brown, M. Elliott, D. Finch, C. Goodwin, J. Lizotte, T. Pomeroy
 B. Sarkis, B. Shelby, P. Streitenberger, T. Swackhammer, K. Whittington

Others Present: Steve Wartenberg, The Columbus Dispatch
 Allen Harding, Columbus Flight Watch | Ohio Aviation Association
 Don Peters, Columbus Flight Watch
 Dennis Golem, Wells Fargo Sec.
 Rick Rouan, Business First

Chair Smith called the meeting to order at 4:03 p.m.

Chair Smith asked if there were any additions or corrections to the Minutes of November 27, 2012. Hearing none, Tomasky moved for approval; Kessler seconded. Minutes approved unanimously.

COMMITTEE REPORTS

BUSINESS DEVELOPMENT:

No report.

FACILITIES & SERVICES:

Heifner welcomed Ransier as a new member of the Facilities & Services Committee and reported the committee met on January 16, 2013 to review the Major Capital Projects report for 2013.

Also reviewed were the project status report, cost variance report, and construction schedules and timelines. The committee also reviewed the Capital Budget Variance Report, the Budget Pacing Report of budget vs. actual expenses, which includes Business Development, Finance and Technology, Operations and Facilities, Planning and Engineering, and Asset Management departments.

An open discussion was held with department heads to report on any significant events. Heifner reported that in 2012, the Authority spent \$72 million on goods and services in the Columbus market, of which \$60 million was in construction. This is a significant addition to the economy, to jobs and investment in the community.

The committee toured the renovations under way in Concourse A. The installation of terrazzo flooring will begin on January 23. Casto inquired what types of renovations are being made. Sarkis reported this is a renovation project and no changes are being made to the reconfiguration of the Concourse.

FINANCE:

Miller reported that the Finance Committee met prior to the Board meeting and that the Authority's financials are in great condition. Miller requested Byrum to report on the financial statements.

Byrum reviewed the financial statements for the period year-to-date ending December 31, 2012, which are preliminary, as the books remain open until February 1. Under the Analysis of Operating Revenues, with \$80.5 million in actual revenues and a budget of \$80.3 million leaves a positive budget variance of \$194,000. Air Freight's positive variance of \$479,000 is a result of the fixed based operations at Rickenbacker.

Under the Analysis of Operating Expenses, with \$60.8 million in actual expenses, and a budget of \$60.7 million, we have a negative variance of \$144,000. Benefits and Personnel's positive variance of \$931,000 is a result of lower than expected negotiated healthcare costs and vacant positions offset by a \$200,000 workers compensation claim. Supplies and Material's negative variance of (\$278,000) is a result of \$347,000 increase in Fixed Based Operations supplies at Rickenbacker, and \$497,00 increase in jetbridge supplies, offset by a (\$232,000) reduction in software costs and a (\$249,000) decrease in snow removal supplies as a result of a mild winter. We experienced the third heaviest snowfall for a December, which resulted in high costs of fuel and chemicals. Service's negative variance of (\$895,000) is due to 2013 initiatives performed in 2012.

Byrum reviewed the Statement of Net Asset Analysis. With an approved Capital Budget of \$89.3 million and expenditures to date of \$72.9 million, this represents a high execution of 82% of the approved Capital Budget spent. The Authority borrowed \$15 million under the revolving credit facility to pay capital invoices for the remainder of 2012. Byrum reported that the debt per enplaned passenger is \$19.04, compared to the Moody's Average of \$68.87 from 2011, which is positive and reflects we are a low debt airport. The days of unrestricted cash on hand are 550 days, with the Moody's 2011 Average being 486 days. We have \$106.6 million of outstanding debt, with the majority of this being at Port Columbus, and \$20.0 million outstanding under our Revolving Credit Facility.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Revenues are \$80.5 million and actual Operating Expenses are \$60.8 million leaving Operating Income before Depreciation of \$19.7 million. This gives the Authority a positive variance as compared to budget of \$50,076 or 0.3%.

Under the Combined Statement of Net Assets vs. Prior Year End, total assets are \$881.7 million with cash and cash equivalents being \$111.63 million and land, property and equipment at \$722.8 million.

HUMAN RESOURCES:

No report.

PRESIDENT & CEO REPORT

Roberts announced to the Board of Directors that a new Board of Directors Orientation manual has been provided to each member. The manual is a comprehensive collection of information on the Authority and provides reference materials such as the Ohio Ethics Law and Ohio Revised Code. The Board was also presented the book *Aviation in Columbus* as a token of appreciation for their service. Roberts thanked Whittington for compiling the orientation manual.

Roberts referred to the monthly activity report, which covers the month of December 2012 and year-end 2012. We finished 2012 four tenths of one percent below 2011's passenger figure with 6.35 million total passengers. December by itself was down 4.3% compared to December 2011. For the year, AirTran, American, Delta and United all finished up at Port Columbus, while Southwest was less than 1% down.

Roberts reported that slightly reduced passenger activity was precipitated by significant reductions in flight activity, the result of mergers, acquisitions and changes in focus. Frontier left the market May and only carried 15,000 passengers this year compared to 81,000 passengers last year; otherwise, we would have had a positive year. AirTran is now a wholly owned subsidiary of Southwest while Continental was fully absorbed by United. The Continental brand has gone the way of Northwest, America West and TWA, just to name a few, with the strong potential of US Airways leaving us as a merger with American Airlines is considered. For the year, we experienced a 5% reduction in flights or nearly 2,500 less commercial flights than in 2011. The surviving carriers have been successful in their effort to reduce competition and reduce capacity to drive up airfares and return to profitability.

Roberts referred to the December 2012 activity report which foretells a slow start to 2013 with Delta down 6% in December on 14% fewer flights; Southwest down 9% on 11% fewer flights; and, US Airways down 10% with 18% fewer flights. For 2013, we are expecting again to be relatively flat with high load factors on fewer flights, particularly in the first quarter.

Roberts reported that despite industry challenges, there are many positives. Delta continues its seasonal Cancun and Orlando flight activity while Frontier has announced a return to the Columbus market with service to Trenton, New Jersey with three flights per week beginning in April 8. Allegiant is performing very well at Rickenbacker and we are hopeful they will grow in 2013. Our revenue picture is very solid as John Byrum and the Finance Committee just reported, and our outstanding Port Columbus terminal facility is undergoing a complete renovation. We remain very confident in the Columbus market and are partnering closely with the Columbus Partnership and other community leaders to secure air service to key un-served markets such as the Bay Area, Seattle as well as more service to Los Angeles. Service to a European hub remains a top priority with our prospects as good as any domestic market without such service today.

Roberts reported that Rickenbacker air cargo activity finished the year up nearly 8% with FedEx and UPS both up for the year and our international charter flights from Hong Kong holding their own. With total air cargo worldwide down 1.5%, Rickenbacker is bucking that trend; however, it still faces challenges establishing itself as a global gateway for air cargo.

Roberts announced that Angie Atwood, FTZ Administrator for CRAA, has been appointed Chair of the Grantee Committee for the National Association of Foreign Trade Zones. This appointment is a testament to Angie's industry knowledge and quality service she provides to our own FTZ customers.

Roberts reported on the Terminal Modernization Program. Construction started in November in Concourse A and gates A5 and A6 are nearly renovated. Crews are now working on gate areas A1 and A2. Over the next few months, some of the most visible work will be the removal of the carpet down the center of the concourse and the pouring of new terrazzo flooring. There will also be a new family restroom and new concessions space. Concourse A will be completely renovated by mid-2013.

Roberts reported that an upgrade to the system for flight and baggage information, complete with 65 new monitors and an improved backbone, has taken place. Visible changes include a new portrait-style orientation, which allows for one monitor in each group to be dedicated to visual messaging and one to advertising. The monitor offers the opportunity to convey important communications to passengers such as regulatory announcements, TSA procedures and public safety messages when they apply. This also improves communication to our hearing-impaired travelers. The system also received a major boost to the hardware that drives it. The Authority will be able to customize messages screen to screen, displaying the most pertinent and sometimes different information to customers at various locations in the terminal building.

Roberts reported that the outdoor signage on International Gateway is targeted for completion in early February.

Roberts reported that the bi-annual Chats with the President were held with all CRAA employees in December. The chats focused on third quarter performance results of our Balanced Scorecard and Strategic Priorities Dashboard, as well as each department's accomplishments for 2012.

Roberts thanked Board members Smith and Miller for joining CRAA's table at the annual Martin Luther King Jr. Breakfast. The program was impressive and included keynote speaker Dr. DeForest Soaries, Jr. who was the first African-American male to serve as a constitutional officer of the state as New Jersey's 30th Secretary of State.

Roberts reported that CRAA's drug interdiction unit, working with the DEA, earlier this month intercepted a courier arriving on a flight and seized a suitcase containing \$255,000 in cash. The operation was a coordinated effort of our police department and law enforcement officials at the airport where the flight originated. The DEA takes gets 20% of the cash, and the two airports will split the remaining 80%. CRAA will net approximately \$100,000.

Roberts reported that on the evening of December 26, Port Columbus experienced a lighting outage on the south runway because of an electrical cable failing where it had previously been damaged by construction activity. The cable fault was quickly located and repairs were made by CRAA maintenance staff with the assistance of an electrical contractor. The outage lasted a total of approximately 7 hours. During the outage, intermittent closures of the north runway for snow removal caused delays to a handful of airline flights. Port Columbus crews did a remarkable job with the snow removal efforts, limiting closures of the north runway to 20-30 minutes; the average time to clean a runway is typically 45 minutes.

Roberts reported that in a recent Parking Revenue and Customer Survey by Albersman Armstrong, Port Columbus was ranked 27th in parking revenue per enplaned passenger and ranked best in class in the third quarter customer service survey for parking value for money. Roberts requested Borden to provide a report. Borden reported that CRAA conducts benchmarking and surveys, and we know we are in the ballpark of other airports for what we charge for parking. Borden introduced the Parking and Ground Transportation team, Tracey Pomeroy, Tom Swackhammer and Marcus Elliott, and thanked them for their work to make this possible.

Roberts reported on CRAA's accomplishments for 2012 and provided the highlights of what came from over 100 submissions. The accomplishments were compiled under the four pillars of the Authority's Strategic Business Plan: People, Process & Technology, Financial, and Customer & Community.

- People Pillar:
 - Successfully negotiated bargaining agreement for OPBA
 - Hired and on-boarded over 100 employees
 - Completed 1st class of Emerging Leaders
 - Celebrated employee accomplishments through the Presented President's Award of Excellence, Employee of the Year and Certification/Education luncheon
 - Continued rollout/implementation of PACE (work management system) in Operations Division and Asset Management Department
 - Realignment of Public Safety, Airport Operations, Emergency Preparedness, Workplace Safety and Planning & Engineering departments
 - Nearly 70% of police officers now certified as Critical Incident Team officers
- Process & Technology Pillar:
 - Submitted Authority's first 4,000 automated vendor payments
 - Improved processes for procurement and capital & operating budgets
 - Negotiated a new contract for fire and private security services
 - Introduced license plate reader technology into police cruisers
 - Utilized new Construction Manager at Risk contracting vehicle
 - Defined evolved branding strategy
 - Significantly strengthened information & infrastructure security
 - Completed CCTV expansion project
 - Reached outstanding results on numerous regulatory agency, airline and other third party operational audits and benchmarks
- Financial Pillar:
 - Received rating agency upgrades
 - Developed passenger facility charge strategy
 - Received 20th consecutive certificate for achievement in financial reporting
 - Over \$250,000 recovered by audits
 - Launched development of Fairfield Inn & Suites, acquired Comfort Inn & Suites at no cost and restructured Hilton Garden & Hampton Inn leases
 - Negotiated development agreement for north airfield
 - Updated 5-year capital plan
 - Reduced energy use
 - Launched Rickenbacker Aviation (Fixed-Based Operation)
 - Increased concessions revenues

- Customer & Community Pillar:
 - Landed Allegiant Service at Rickenbacker
 - Secured TIGER IV grant and project agreement for Rickenbacker East-West Connector Road
 - Took part in the International Air Cargo Association Trade Show
 - Hosted AAAE construction management & pavement management workshop
 - Conducted first ever Bolton Field emergency exercise with community partners
 - Implemented small business element in diversity program
 - Installed customer service kiosks
 - Completed draft ADA plan
 - Launched terminal modernization program

Roberts thanked the entire CRAA team for their work and many accomplishments in 2012.

Roberts reported that Rod Borden will act in her absence at the February Board meeting due to the ARN annual conference in which Roberts will receive the award and recognition for Director of the Year.

READING OF RESOLUTIONS

RESOLUTION #01-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE EXECUTION OF A CONSTRUCTION ADMINISTRATION AGREEMENT WITH THE CITY OF COLUMBUS NECESSARY FOR THE CONSTRUCTION OF RICKENBACKER PARKWAY PHASE 2B AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: J. Miller; SECONDED: K. Ransier
 YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #02-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY RATIFYING AN INCREASE TO THE PROJECT BUDGET FOR PAYMENTS MADE TO PROPERTY OWNERS ASSOCIATED WITH REQUIRED RIGHT OF WAY NECESSARY FOR THE CONSTRUCTION OF RICKENBACKER PARKWAY PHASE 2B AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: W. Heifner; SECONDED: K. Ransier
 YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #03-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE TO THE CONTRACT WITH AT&T FOR RELOCATING INFRASTRUCTURE NECESSARY FOR DEVELOPMENT OF RICKENBACKER PARKWAY PHASE 2B AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: K. Ransier; SECONDED: J. Miller
 YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #04-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY TO AUTHORIZE A CONTRACT WITH ROSENBAUER MINNESOTA, LLC FOR THE PURCHASE OF A CLASS 5 AIRCRAFT RESCUE AND FIRE FIGHTING (ARFF) VEHICLE.

MOVED: S. Tomasky; SECONDED: D. Casto
 YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #05-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$399,812 WITH SOUNDCOM FOR THE PURCHASE OF EQUIPMENT FOR THE INTEGRATED PUBLIC ADDRESS PAGING SYSTEM PROJECT, PROJECT #08025, AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Casto; SECONDED: J. Miller
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #06-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONSTRUCTION MANAGER AT RISK GUARANTEED MAXIMUM PRICE (GMP) CONTRACT WITH CONTINENTAL BUILDING SYSTEMS LLC. IN AN AMOUNT UP TO \$8,500,000 FOR PROJECT NO. 12059, FAIRFIELD INN & SUITES, AT PORT COLUMBUS INTERNATIONAL AIRPORT, INCLUDING GMP AMENDMENTS SUBJECT TO REVIEW AND APPROVAL BY THE BOARD CHAIR AND FACILITIES & SERVICES COMMITTEE CHAIR.

MOVED: J. Kessler; SECONDED: D. Casto
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #07-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$450,000 TO THE CONTRACT WITH URS CORPORATION DESIGN FOR ARCHITECTURAL DESIGN SERVICES RELATED TO THE CONCOURSE C MODERNIZATION PROJECT AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: S. Tomasky; SECONDED: K. Ransier
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #08-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$200,000 TO THE MASTER SERVICES AGREEMENT WITH DYNAMIX ENGINEERING, LTD FOR AS-NEEDED MECHANICAL AND ELECTRICAL ENGINEERING SERVICES AT PORT COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL AND BOLTON FIELD AIRPORTS.

MOVED: W. Heifner; SECONDED: J. Miller
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #09-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$200,000 WITH MSA ARCHITECTS FOR GENERAL ARCHITECTURAL AND RELATED SERVICES FOR MISCELLANEOUS AIRPORT PROJECTS.

MOVED: S. Tomasky; SECONDED: F. Cipriano
YEA: 8 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the Board, Casto moved to adjourn; Kessler seconded. Chair Smith adjourned the meeting at 4:45 p.m. on January 22, 2013.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary
ER/ksw