



BOARD OF DIRECTORS | MEETING MINUTES OF MARCH 26, 2013

BOARD MEMBERS

Present: Dwight Smith, Chair
Don M. Casto, III
William R. Heifner
William J. Lhota
Kathleen Ransier

Absent: Frank J. Cipriano
John W. Kessler
Jordan A. Miller, Jr.
Susan Tomasky, Vice Chair

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

CRAA Staff: A. Beaver, R. Bush, D. Finch, C. Goodwin, J. Lizotte, J. Rockwell
B. Sarkis, B. Shelby, P. Streitenberger, D. Wall, K. Whittington

Others Present: Steve Wartenberg, The Columbus Dispatch
Don Peters, Columbus Flight Watch
Alan Harding, Columbus Flight Watch

Chair Smith called the meeting to order at 4:02 p.m.

Chair Smith asked if there were any additions or corrections to the Minutes of February 26, 2013. Hearing none, Lhota moved for approval; Ransier seconded. Minutes approved unanimously.

Chair Smith requested Heifner to report on the meeting of the Facilities & Services Committee (see Committee Reports), followed by the Reading of Resolutions, and then proceed with the remaining Committee reports.

READING OF RESOLUTIONS

RESOLUTION #18-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A FOURTH SUPPLEMENTAL TRUST INDENTURE AMENDING AND SUPPLEMENTING A TRUST INDENTURE DATED AS OF MARCH 1, 2004 BETWEEN THE COLUMBUS REGIONAL AIRPORT AUTHORITY AND U.S. BANK, NATIONAL ASSOCIATION AS TRUSTEE IN CONNECTION WITH OASBO EXPANDED ASSET POOLED FINANCING PROGRAM.

MOVED: W. Lhota; SECONDED: K. Ransier
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #19-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT WITH RCS LOGISTICS, INC. FOR AIR CARGO TERMINAL 4 AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: W. Heifner ; SECONDED: K. Ransier
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #20-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH THE LOWEST BIDDER IN THE CRAA'S BEST INTERESTS FOR IMPROVEMENTS TO AIR CARGO TERMINAL #4 AT RICKENBACKER INTERNATIONAL AIRPORT SUBJECT TO REVIEW AND APPROVAL BY THE BOARD CHAIR AND THE FACILITIES & SERVICES COMMITTEE CHAIR PRIOR TO EXECUTION OF THE CONTRACT.

MOVED: D. Casto ; SECONDED: K. Ransier
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #21-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$191,437 WITH JACK DOHENY COMPANIES FOR THE PURCHASE OF A REPLACEMENT RAMP SWEEPER, PROJECT # 11012, AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: K. Ransier ; SECONDED: W. Heifner
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #22-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$1,290,000 TO THE CONTRACT WITH CH2M HILL, INCORPORATED FOR CONSTRUCTION MANAGEMENT SERVICES RELATED TO THE CONVERSION OF RUNWAY 10R/28L TO TAXIWAY "C" AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Lhota ; SECONDED: K. Ransier
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #23-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH EATON CONSTRUCTION FOR THE CONCRETE JOINT REPAIRS PHASE ONE AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Heifner ; SECONDED: K. Ransier
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #24-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONSTRUCTION MANAGER AT RISK GUARANTEED MAXIMUM PRICE (GMP) CONTRACT WITH TURNER CONSTRUCTION IN AN AMOUNT UP TO \$25,386,491 FOR TICKET LOBBY MODERNIZATIONS AT PORT COLUMBUS INTERNATIONAL AIRPORT, WITH GMP AMENDMENTS SUBJECT TO REVIEW AND APPROVAL BY THE BOARD CHAIR AND FACILITIES AND SERVICES COMMITTEE CHAIR.

MOVED: K. Ransier ; SECONDED: W. Lhota
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #25-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH COMPLETE GENERAL CONSTRUCTION COMPANY FOR THE RICKENBACKER PARKWAY PHASE 2B PROJECT AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: D. Casto ; SECONDED: W. Heifner
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #26-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE LEASING OF APPROXIMATELY 1,250 ACRES OF FARMLAND TO CLIFTON FAMILY FARMS PARTNERSHIP AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: W. Heifner ; SECONDED: K. Ransier
YEA: 5 NAY: 0 ABSTAIN: _____

COMMITTEE REPORTS

BUSINESS DEVELOPMENT:

No Report.

FACILITIES & SERVICES:

Heifner reported the committee met on March 20 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 executives of each division including: Operations (R. Borden), Finance (J. Byrum), Asset Management and Development (R. Holderman), Governmental Affairs & Strategy (A. Nederveld) and Business Development & Communication (D. Whitaker), to report on significant events.

A presentation was given on the Rickenbacker Air Traffic Control Tower (ATCT) and its existing condition, new ATCT sites, hazard assessment, architectural renderings and a proposed project schedule.

FINANCE:

Heifner reported that the Finance Committee, acting as the Audit Committee, met with our independent audit firm of Plante Moran to review the results of the independent audit for the year ended December 31, 2012 prior to the Board meeting. The following is a summary of the meeting and the auditors' results:

- The independent auditors' report on the financial statements expressed an unqualified (clean) opinion.
- No significant deficiencies or material weaknesses in internal controls on financial reporting.
- No instance of noncompliance with respect to financial reporting considered material was disclosed.
- No significant deficiencies in internal controls applicable to the major federal awards programs were identified.
- There were no difficulties encountered in performing the audit.
- There were no management consultations with other independent accountants.

Byrum reported the following regarding the audit:

- The compliance audit required by the OMB Circular A-133 over our federal grant program disclosed two findings:
 - Both findings, a material weakness in internal controls and a scope limitation, were the result of our continued efforts to close out the grant from Homeland Security and TSA associated with the Checked Baggage Inspection System.
 - Through April 2012, 17 consecutive billing requests had been funded without delay by the TSA.
 - At the time the audit was completed, the Authority had yet to receive payment on 2 grant reimbursement requests submitted in June 2012, for approximately \$5 million, and TSA has been non-responsive to requests for information to facilitate reimbursement and project closeout.
 - On March 14th the Authority received a partial payment of \$1.277 million from the TSA for invoice #18. Invoice #18 totaled \$2.971 million and no explanation for the partial payment was received from the TSA.
 - Between June and the end of December 2012, monitoring visits occurred by the TSA and the results have also not been shared with the Authority's management team or our external

auditors, Plante Moran. Because the results of the monitoring visit and the status of 2 grant reimbursement requests were not made available by the TSA, Plante Moran's considered their audit scope to be limited regarding this grant.

- o Therefore, the independent auditor, Plante Moran, has expressed an unqualified opinion for all major programs except the TSA Airport Checked Baggage Inspection System grant, which was qualified due to a scope limitation.
- o Authority management, led by Tory Richardson, VP of Government Affairs & Strategy, is continuing to engage TSA; however, no resolution has been completed at this time.

Copies of the audited financial statements will be included in the 2012 Comprehensive Annual Financial Report (CAFR).

Heifner requested Byrum to report on the financial statements.

Byrum reviewed the financial statements for the year-to-date period ended February 28, 2013. Under the Analysis of Operating Revenues, with \$13.3 million in actual revenues and a budget of \$13.5 million this leaves a negative budget variance of \$193,000. Airline revenues' negative variance of \$151,000 is a result of a higher 2012 Airline carry forward due to increased 2012 expenses.

Under the Analysis of Operating Expenses, with \$11.5 million in actual expenses, and a budget of \$10.9 million, we have a negative variance of \$666,000. Services' negative variance of \$293,000 is due to the purchase of the America's Best Value hotel at \$1.3 million and recording the transaction in accordance with generally accepted accounting principles (GAAP). This is offset by \$1,010,000 due to the timing of spending related to professional services that were not included in the operating budget.

Byrum reviewed the Statement of Net Asset Analysis. With an approved Capital Budget of \$72.4 million and expenditures to date of \$4.1 million, this represents a year-to-date execution of 6% of the approved Capital Budget spend. Byrum reported that the debt per enplaned passenger is \$20.24, compared to the Moody's Average of \$68.87 from 2011, which is positive and reflects low debt levels at the airport. The days of unrestricted cash on hand are 505 days, with the Moody's 2011 average being 486 days. We have \$99.0 million of outstanding debt, including \$15.0 million outstanding under our Revolving Credit Facility.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Revenues are \$13.3 million and actual Operating Expenses are \$11.5 million leaving Operating Income before Depreciation of \$1.8 million. This gives the Authority a negative variance of \$859,000 as compared to budget or -32.4%.

Under the Combined Statement of Net Assets vs. Prior Year End, total current assets totaled \$858.4 million with cash and cash equivalents being \$138.1 million; and, land, property and equipment in the amount of \$718.6 million.

HUMAN RESOURCES:

Casto reported that the Human Resources Committee met on March 19, 2013 to receive an overview of the Authority's annual benefits renewal process and recommendations consistent with the overall total rewards strategy for the Authority. The Committee also reviewed the 2012 performance results under existing staff incentive plans and established 2013 performance measures. There was general discussion regarding the Authority's Total Rewards Strategy, and in particular, a desire to focus on a more robust wellness program for employees.

PRESIDENT & CEO REPORT

Roberts referred to the monthly activity report:

- Passenger activity at Port Columbus in February was down 3% compared to last February, leaving us down 2.6% year to date.
- Commercial flight activity, excluding charters, was down 10% in February compared to last February, leaving us down 8% for the year. Part of the monthly totals for both passengers and flights is because February 2012 had an extra day with it being a leap year as compared to this February.
- United Airlines is showing consistent year over year growth and the combination of Southwest and AirTran has them up approximately 2% for February and year to date.
- The remaining carriers remain flat or down, primarily on capacity reductions. Delta eliminated service to Washington National last year; US Airways eliminated service to LaGuardia last year; Frontier had passenger activity last February but not this February, and all carriers are in a continual fine tuning mode relative to their flight activity.
- Our estimated load factor for February is a strong 76% although slightly behind last year's load factor of 77%.
- At Rickenbacker, air cargo tonnage was down 8% in February as compared to last February leaving us down 1.5% year to date. The primary driver of the reduction is FedEx, down 13% or 1.2 million pounds in February, who reports solid activity levels but a higher use of trucking where possible versus flying. FedEx has indicated this trend will continue and, therefore, we will need to offset this loss with increased air cargo by other carriers. FedEx continues to account for over 70% of our total cargo – more than 18,000,000 pounds year to date – and we appreciate their years of excellent service at Rickenbacker.

Roberts reported that Frontier Airlines will resume service to Columbus on April 8 with three flights weekly (Monday, Thursday, and Sunday) to Trenton N.J. in the densely populated east coast corridor. They will be operating from their former ticket counter next to Cup 'O Joe and gate B36. Lane Aviation will be doing the ground and passenger handling as a third party service for Frontier.

Roberts reported that seasonal service by Delta is underway with once weekly service to Cancun, Ft. Myers and Orlando. These flights will continue through this month and into April. Likewise, Southwest/Air Tran is fully ramped up for spring Florida travel with four daily flights to both Tampa and Orlando, and three daily flights to Ft. Myers. Delta resumed service to Los Angeles on March 3 after winter hibernation with three weekly flights and will move to four weekly flights this summer.

Roberts reported that we are extremely pleased with the expansion at Rickenbacker by RCS Logistics with the passing of Resolution #19-13. RCS is a multi-national freight forwarder with a niche focus on moving textiles/fashion and electronics, among other commodities. They will be occupying the entire 48,000 square foot Air Cargo 4 building at Rickenbacker, our newest facility, and realize a net increase of 28,000 square feet. RCS only leased the original space last August. This rapid growth and other leads speak well for LCK and should result in more international air cargo flight activity over time.

Roberts reported that David Whitaker and Bryan Schreiber will be leaving for Asia April 5 for two weeks in pursuit of additional air cargo activity. Their trip includes stops in Beijing, Shanghai, Taipei and Hong Kong where they will meet with freight forwarders, shippers and airlines about Rickenbacker. Whitaker will be speaking to the Shanghai International Freight Forwarders Association at their regularly scheduled meeting April 9, and both gentlemen will be attending the Cargo Facts Asia conference in Hong Kong April 16 and 17. The full itinerary is available for anyone interested in greater detail.

Roberts thanked the Board for their strong support of the Authority's new brand, which has been well received by employees and the business leaders we have heard from. All five of our newest parking shuttle buses are wrapped in the new brand and business cards, PowerPoint and stationary are currently being transitioned into. We expect to deliver our 2012 Annual Report with the new brand elements at the next Board meeting. The entire transition will take approximately one year in our effort to be both aggressive and cost-effective with the process.

Roberts announced the Authority's annual student art reception with Columbus City Schools children will be May 23 at 5:00 p.m. in the center of the ticket lobby. Invitations will be sent.

Roberts announced the opening of the new south runway will be August 22, most likely in the morning. Details and invitations are to follow.

Roberts reported that our volunteer Airport Ambassadors have new high technology equipment to better serve our customers. The fourth generation iPads are being assigned to the Ambassadors to help provide superior customer service while at Port Columbus. The devices are used for flight tracking, foreign language translation, currency conversion, directions and much more.

Roberts reported that the 2013 Noise Complaint Hotline Annual Report has been released. A summary of the report includes:

- Noise complaints increased from 36 complaints in 2011 to 49 complaints in 2012; however, remain below the 10 year average of 96 complaints.
- Most of Port Columbus' complaints are from early aircraft turns due to operational needs relating to either weather, spacing, flow times, the replacement runway program, or a combination of the reason.
- Port Columbus's noise complaints increased by 16 complaints from 2011 to 30 complaints and accounted for 61% of the total complaints in 2012.
- Rickenbacker noise complaints decreased by 4 complaints from 2011 to 17 complaints and accounted for 35 % of the total complaints in 2012.
- Bolton Field's noise complaints increased by 1 complaint from 2011 to 2 complaints and accounted for 4% of the total complaints in 2012.

Roberts reported that we received notification last week from the Drug Enforcement Administration that they intend to keep a greater share of drug money seizures for themselves as a result of the impact of sequestration on the agency's budget. The letter was not specific as to what the new percentage will be. Currently, DEA keeps 20% of all drug money seizures that occur under its operational authority, and the remaining 80% is shared by the other agencies that participated in the operation.

Roberts reported that the TSA stakeholder meeting took place today and that the new body scanners have been installed at the Concourse B screening checkpoint. Three old scanners have been replaced by two new scanners. TSA is delighted with their performance; the time required to screen a passenger with a new body scanner is almost equal to the time required to pass through a magnetometer. Installation at checkpoints A and C (one scanner each) is now scheduled to occur in the first week of May.

Roberts reported, as was mentioned at last month's Board meeting, and has been widely reported by the media, FAA has made a final determination to close 149 airport control towers staffed by contractors, including the towers at Bolton Field and Ohio State Airports. FAA had published criteria under which the airport would be deemed to be of "national significance," but none was applicable to Bolton Field. Closures begin on April 7, including Bolton Field, and are phased over a four week period. We believe it is unlikely that FAA will reopen the Bolton Tower even if the sequestration issues are resolved.

Roberts reported that last week, she and Tory Richardson were in Washington, D.C. for the AAAE/ACI Annual Spring Legislative Conference. The speaker lineup included the FAA Administrator, FAA Associate Administrator for Airports, House Chairman of the Homeland Security Committee, House Chairman of the Transportation & Infrastructure Committee, Chair of House Appropriations Committee and Chair of House Aviation Subcommittee among others. Much of the talk centered on sequestration, federal budgets and debt ceilings. Many questions were asked about the closing of the contract towers and elected officials of both political parties indicated that this was an Administration decision designed to cause enough pain that it would break the impasse on the budget discussions.

In addition to very informative sessions at the Conference, we also had several very successful visits with Congressman Tiberi, Senator Brown, and senior staff of Congresswoman Beatty and Senator Portman. Earlier last week, we had a 2 hour meeting with Congressman Stivers here at Port Columbus which was very productive.

OTHER BUSINESS

With no further business being brought before the Board, Lhota moved to adjourn; Heifner seconded. Chair Smith adjourned the meeting at 4:45 p.m. on March 26, 2013.

Respectfully submitted,



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