



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF APRIL 23, 2013

BOARD MEMBERS

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

Absent: John W. Kessler

CRAA Executive Staff: Elaine Roberts, President and Chief Executive Officer
Rod Borden, Chief Operating Officer
Robin Holderman, Chief Asset & Development Officer
Tory Richardson, Vice President, Governmental Affairs & Strategy
David Whitaker, Vice President, Business Development & Communications

CRAA Staff: A. Beaver, R. Bush, C. Goodwin, J. Lizotte, J. Rockwell,
D. Saleme, B. Sarkis, W. Shelby, K. Whittington

Others Present: Alan Harding, Columbus Flight Watch
Don Peters, Columbus Flight Watch
Clarence E. Simmons, SIMCO/Touchstone Hospitality
Robert E. Lee, III, Touchstone Hospitality
Jim Grote, Donatos
Jane Abell, Donatos
Tom Krouse, Donatos
Steve Wartenberg, The Columbus Dispatch

Chair Smith called the meeting to order at 4:07 p.m.

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

COMMITTEE REPORTS

BUSINESS DEVELOPMENT:

No report.

FACILITIES & SERVICES:

Heifner reported the committee met on April 17 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 to report on significant events with executives of the following divisions: Operations (R. Borden), Finance and Technology Services (J. Byrum), Asset Management and Development (R. Holderman), Governmental Affairs & Strategy (A. Nederveld) and Business Development & Communication (D. Whitaker).

A presentation was given by D. Gotschall on the north runway rehabilitation project. When the runway was built in 1959, it was 6,000 feet in length. The runway has gone through several upgrades and when completed, will be 8,000 feet in length.

The committee also reviewed the proposed resolutions being presented to the Board.

FINANCE:

Miller reported that the Finance Committee met prior to the Board Strategic Planning session, and that the Authority's financials are in excellent condition. Miller requested R. Bush to report on the financial statements.

Bush reviewed the financial statements for the year-to-date period ended March 31, 2013. Under the Analysis of Operating Revenues, with \$20.2 million in actual revenues and a budget of \$21 million this leaves a negative budget variance of \$840,000. Airline revenue's negative variance of \$478,000 is a result of a higher 2012 Airline carry forward of \$209,000 due to increased 2012 expenses compared to estimate, and a \$253,000 decrease in landing fees due to weather related canceled flights in the first quarter. Auto Parking's negative variance of \$110,000 is due to decreased activity in the Red and Blue lots resulting from lower enplanements.

Under the Analysis of Operating Expenses, with \$16.6 million in actual expenses, and a budget of \$16.2 million, we have a negative variance of \$364,000. Salaries & Wages' negative variance of \$343,000 is due to the pacing and accrual of exempt sick time and the increase in usage of seasonal overtime. Benefits & Personnel Expenses' positive variance of \$116,000 is due to decreased health insurance costs of \$180,000 offset by an \$81,000 increase in OPERS contributions consistent with the increase in Salaries and Wages.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$72.4 million and expenditures to date of \$5.4 million, this represents a year-to-date execution of 7% of the approved Capital Budget spend. Bush reported that the debt per enplaned passenger is \$20.03, 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 523 days, with the Moody's 2011 average being 486 days. We have \$99 million of outstanding debt, and \$15 million outstanding under our Revolving Credit Facility.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Revenues are \$20.2 million and actual Operating Expenses are \$16.6 million leaving Operating Income before Depreciation of \$3.6 million. This gives the Authority a negative variance of \$1.2 million as compared to budget, or -24.9%.

Under the Combined Statement of Net Assets vs. Prior Year End, total current assets totaled \$859.1 million with cash and cash equivalents being \$140.7 million. Net land, property and equipment in the amount of \$716.7 million are the largest asset on the statement of net position.

HUMAN RESOURCES:

No report.

PRESIDENT & CEO REPORT

Roberts reported that we are pleased to present the 2012 Annual Report. The report reflects the new CRAA branding, including visuals that reflect the extensive motion and activity that define us. The report will be distributed to community leaders, industry peers and corporate partners. Please make suggestions on any others that should receive the report.

Roberts referred to the monthly activity report for March as well as the first quarter 2013 activity.

It was a disappointing, although not surprising, month of March and first quarter for passenger activity at Port Columbus. March came in at 7% down in passenger activity, as compared to last March, and through the first quarter we finished down 4.3%. We continue to experience national strategies deployed by air carriers in our local market. That is; continual refinement of the schedule and market focus to reduce frequencies and maximize efficiency and profitability. The strategy is working for the carriers, and airports like ours continue to experience activity trends like ours; flat or near flat. Some factors that led to our specific decrease:

We continue to adjust to US Airways elimination of service to New York, LaGuardia airport as part of the "slot swap" with Delta we discussed last year. In March alone, this equated to the loss of 122 departures and 7,000 seats.

The other part of that "swap" had Delta discontinuing service to Washington national which equated to another 65 departures and 3,300 seats lost. Additionally, Delta has reduced one frequency to Memphis, a hub that continues to see dramatic reductions in service much like Cincinnati. The Memphis flight loss resulted in 36 less departures and 1,800 less seats this March versus last. We still have two daily frequencies to Memphis.

Additionally, American Airline's large decline of nearly 20% is in large part due to a decrease in load factors of approximately 6% over a very strong prior year. In March, 2012, AA was up over 22% in passengers compared to 2011, and only had a 1% reduction in capacity this year.

Roberts stated these are difficult things to overcome and the report reflects the corresponding impacts to Delta and US Airways passenger traffic and aircraft operations figures. Overall, we experienced more than 850 fewer commercial departures, or a 7% reduction, in the first quarter than the 2012 first quarter, so in many ways we are holding our own despite the down traffic figures.

Roberts reported that on a more macro level, we are encouraged with recent activity:

We are delighted with American Airlines decision to begin daily non-stop service to Los Angeles effective August 27. This service will operate during daytime hours in both directions and will complement the 3-5 weekly frequencies operated by Delta depending on the time of year, which does operate with a red-eye inbound/eastbound. The American announcement is very significant

and we encourage all travelers to support the non-stop service providers in our market versus the numerous connecting opportunities available.

Frontier Airlines returned to our market on April 8 with three weekly big aircraft frequencies to the Trenton, NJ airport. Frontier is trying to capitalize on providing low-cost service to the densely populated Philadelphia, New York region and is off to a good start. Frontier is operating out of Concourse B.

Roberts reported that March was a sluggish month for air cargo traffic at Rickenbacker. We were down 6% for the month, and are down 3% through the first quarter. We have discussed that our largest operator, FedEx, is shifting as much movement as possible to the ground versus air and that is impacting our air cargo tonnage. FedEx was down 8% in March and 4.4% for the first quarter. Again, on a macro level, we are encouraged and do not expect the somewhat down first quarter to prevail in the coming months and years.

Roberts reported that David Whitaker and Bryan Schreiber on our Business Development team have just returned from a two-week trip to Asia in support of our Rickenbacker mission. They stopped in Beijing, Shanghai, Taipei and Hong Kong and visited with senior level personnel at 8 airlines, 4 multi-national freight forwarders, 2 air charter brokers and the leadership of the very large Shanghai Freight Forwarders Association, among other meetings. They also attended a conference focused on air cargo and maintenance facilities. Overall, a very productive trip that equates to real opportunity for Rickenbacker.

Roberts reported on the Bolton Tower closure. In response to a number of lawsuits filed by individual airports and the AAAE Contract Tower Association, FAA agreed to delay implementation of the plan to close contract towers until June 15. FAA has said it plans to then proceed with the closures pending further developments in the litigation. All the lawsuits have been consolidated into a single case in Federal District Court in San Francisco.

Roberts reported that the Federal Aviation Association (FAA) began furloughs for its air traffic controllers Sunday, effectively reducing controller staffing by 10%. It is anticipated that significant flights delays will result nationwide from the furloughs, especially during the presence of major weather systems that large numbers of aircraft must be routed around. Although our local FAA Tower Chief has advised he doesn't expect local delays due to the furloughs, Port Columbus could experience some delays stemming from delays elsewhere in the system.

Roberts reported that the Transportation Security Administration (TSA) announced that it intends to discontinue assigning its staff to monitor the exit lanes at passenger screening checkpoints, and that it intends to require airports to assume that responsibility. Airports are resisting on the grounds that TSA lacks the statutory or regulatory authority to mandate airports to perform this function. If the CRAA were required to assume exit lane monitoring responsibility at the three Port Columbus checkpoints, it would cost in excess of \$300,000 annually. This change is proposed to take effect in October with the new Fiscal Year 2014.

Roberts reported that the Transportation Security Administration (TSA) has cancelled the Security Directive that governs flights to Reagan-Washington National Airport. The Security Directive required, among other things, that each concourse from which a DCA flight was scheduled to operate be inspected by security staff each day before the passenger-screening checkpoint was opened.

Roberts reported that Kalitta Air, an all-cargo airline operating 757 aircraft, recently conducted a safety audit of CRAA's ground handling operation at Rickenbacker. We received a perfect score in the audit, which the auditor indicated was the only such score achieved by any of their ground handling contractors so far this year. Kalitta Air is our third largest operator at Rickenbacker. Roberts congratulated Charles Goodwin and his operations team.

Roberts reported that the triennial full-scale emergency exercise at Rickenbacker will be conducted on June 20. As always, the exercise will involve our mutual aid partners, the military, area hospitals and more than 100 volunteers who will play the role of injured victims.

Roberts reported on the Delta 737 Runway Excursion. Port Columbus experienced a minor aircraft incident last Friday morning when Delta Flight #1170 from Los Angeles landed on the north runway and came to a stop with its nose gear stuck in the soft earth about 12 feet beyond the edge of the pavement. There were no injuries and airport staff was able to expeditiously transport the passengers and crew to the terminal using eight shuttle buses from the parking and maintenance operations. The 737 aircraft did not sustain any apparent damage; it was towed to the gate and later departed Port Columbus on a scheduled passenger flight. The response was very well-coordinated and professionally executed, and DL management was extremely complimentary and appreciative.

Roberts reported that Congressman Stivers and the Columbus Chamber of Commerce conducted a military affairs meeting at Rickenbacker on April 2. The meeting was focused on ways to retain and attract federal assets in Central Ohio. A legislative assistant from Senator Portman's office toured Rickenbacker on April 11 with Tory Richardson and Eric Hensley. The focus of that visit was: military, cargo flights, and the air traffic control tower.

Roberts reported that the Ohio Aviation Association (OAA) Annual Conference was held April 16 and 17. Several members of CRAA staff attended the annual OAA Conference last week. Tory Richardson also serves as a Director of the OAA Board. This year, OAA also conducted a legislative day at the statehouse and Richardson met with several of our state legislators that represent the areas associated with Port Columbus, Rickenbacker, and Bolton Field. The intent of the meetings was to provide the legislators with updates about CRAA and all three airports.

Roberts reported that earlier this month, the CRAA hosted the Ohio Commercial Airports Consortium. This group represents the seven commercial service airports serving Ohio. The group consists of the Airport Directors, Governmental Affairs and Air Service Marketing staff. The purpose of the group is to collaborate on legislative and regulatory concerns; share information and best practices, and promote air service development for the State.

Roberts reported that on April 10, the Authority held its semi-annual President's Awards of Excellence luncheon and recognized 11 outstanding employees for actions that demonstrated excellence and exemplified our core values on a daily basis. This has evolved over the past five years into a recognition program that is well received by recipients, their families, and those who nominate them.

Roberts announced she will be speaking at the Annual Spring Luncheon of the Women Transportation Society (WTS), an international organization dedicated to the advancement of women in the transportation industry, along with Kristie VanAuken, Sr. Vice President, Akron-Canton Airport. Historically, WTS has mostly focused on surface transportation issues and this will be the first meeting of the Columbus Chapter with an exclusive aviation focus.

Roberts announced that next week we will be hosting our spring meeting with the corporate airline real estate representatives. Staff will provide updates on key capital projects like the terminal modernization program and review the financial feasibility of our future capital improvement program.

Roberts recognized special guests from Donatos: Jim Grote, Founder; Tom Krouse, President and CEO; and Jane Abell, Chairman of Donatos. Donatos is negotiating a franchise agreement with Touchstone Hospitality, LLC headed by Robert E. Lee, III and Clarence Simmons to provide a Donatos food and beverage concession in Concourse A. This agreement is being presented today as Resolution #27-13. Donatos is a very successful and well established family owned business here in Central Ohio. We are thrilled to add another hometown favorite to our concession offerings at Port Columbus and trust that our customers will be pleased as well. We also look forward to continuing our successful relationship with Touchstone Hospitality. Touchstone Hospitality opened the first Tim Horton's in an airport in 2011 here at Port Columbus, along with Cold Stone Creamery. Roberts thanked David Saleme, Concessions Manager, who has been working closely with Donatos and Touchstone Hospitality to finalize these concession agreements, as well as the agreement with Vino Vilo.

READING OF RESOLUTIONS

RESOLUTION #27-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONCESSION AGREEMENT WITH A TERM OF UP TO TEN YEARS WITH TOUCHSTONE HOSPITALITY, LLC TO PROVIDE A DONATOS FRANCHISE FOOD AND BEVERAGE CONCESSION IN CONCOURSE A AT PORT COLUMBUS INTERNATIONAL AIRPORT.

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

RESOLUTION #28-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONCESSION AGREEMENT WITH A TERM OF UP TO EIGHT YEARS WITH TASTE, INC. (D.B.A. VINO VOLO) TO PROVIDE A FOOD AND BEVERAGE CONCESSION IN CONCOURSE A AT PORT COLUMBUS INTERNATIONAL AIRPORT.

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

RESOLUTION #29-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$1,270,480 WITH WAUSAU EQUIPMENT COMPANY, INC. FOR THE PURCHASE OF TWO (2) SNOW BLOWERS, PROJECT # 13015, FOR USE AT RICKENBACKER INTERNATIONAL AIRPORT.

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

RESOLUTION #30-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH SHELLY AND SANDS, INC. FOR THE BRIDGEWAY AVENUE AND SAWYER ROAD PAVEMENT REHABILITATION PROJECT AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: S. Tomasky; SECONDED: J. Miller
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #31-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH CH2M HILL FOR DESIGN SERVICES RELATED TO THE RUNWAY 10L/28R REHABILITATION AND SHOULDER IMPROVEMENTS AT PORT COLUMBUS INTERNATIONAL AIRPORT.

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

RESOLUTION #32-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN AGREEMENT FOR REIMBURSEMENT TO DRCS, LLC, FOR THE RAIL CAMPUS CLEARING AND STORM WATER IMPROVEMENTS (PROJECT #11032) WITHIN THE RICKENBACKER LOGISTICS PARK RAIL CAMPUS LOCATED AT RICKENBACKER INTERNATIONAL AIRPORT.

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

RESOLUTION #33-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH SHELLY AND SANDS FOR THE TERMINAL APRON TRENCH DRAIN REPAIR PHASE 3 PROJECT AT PORT COLUMBUS INTERNATIONAL AIRPORT.

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

RESOLUTION #34-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY ESTABLISHING A CONSTRUCTION BUDGET FOR TELCO ROOM CONSTRUCTION PROJECTS, PROJECT #13052, AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: F. Cipriano; SECONDED: W. Heifner
YEA: 8 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the Board, Smith moved to adjourn; Tomasky seconded. Chair Smith adjourned the meeting at 4:37 p.m. on April 23, 2013.

Respectfully submitted,

Elaine Roberts

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