



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF MAY 28, 2013

BOARD MEMBERS

Present: Dwight Smith, Chair
Susan Tomasky, Vice Chair
William R. Heifner
John W. Kessler
William J. Lhota
Jordan A. Miller, Jr.

Absent: Don M. Casto, III
Frank J. Cipriano
Kathleen Ransier

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

CRAA Staff: M. Bargo, A. Beaver, R. Bush, M. Devereaux, D. Finch, J. Lizotte,
J. Rockwell, B. Sarkis, W. Shelby, P. Streitenberger, K. Whittington

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

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 April 23, 2013. Hearing none, Kessler moved for approval; Lhota seconded. Minutes approved unanimously.

COMMITTEE REPORTS

BUSINESS DEVELOPMENT:

Kessler reported that the committee has met; however, there is nothing to report at this time.

FACILITIES & SERVICES:

Heifner reported the committee met on May 20, 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 to report on significant events with executives of the following divisions: Finance and Technology Services (J. Byrum), Asset Management and Development (R. Holderman), Governmental Affairs & Strategy (A. Nederveld).

Heifner complimented CRAA staff for their work on the landscaping and signage along International Gateway.

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

A presentation was given by M. Bargo on the Terminal Modernization Project. Heifner requested Bargo to present the information to the full Board which included a PowerPoint presentation and samples of materials being used for the project throughout the terminal.

FINANCE:

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

Byrum reviewed the financial statements for the year-to-date period ended April 30, 2013. Under the Operating Revenues – Actual vs. Budget, with \$27.7 million in actual revenues and a budget of \$28.2 million this leaves a negative budget variance of \$473,000. Airline revenue's negative variance of \$516,000 is a result of a higher 2012 Airline carry forward of \$279,000 due to increased 2012 expenses compared to estimate, and a \$222,000 decrease in landing fees due to weather related canceled flights in the first quarter. General Aviation's positive variance is the result of a \$434,000 tenant fuel flow fee audit recovery.

Under the Operating Expenses – Actual vs. Budget, with \$21.8 million in actual expenses, and a budget of \$21.2 million, we have a negative variance of \$542,000. Salaries & Wages' negative variance of \$327,000 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 \$214,000 is due to decreased health insurance costs of \$275,000 partially offset by a \$75,000 increase in OPERS contributions consistent with the increase in Salaries and Wages. Services' negative variance of \$266,000 is the result of the America's Best Value hotel write-off of \$1.3 million partially offset by nearly \$1 million of timing of spends associated with professional services, equipment repair, and software maintenance.

Byrum reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$72.4 million and expenditures to date of \$8.3 million, this represents a year-to-date execution of 11% of the approved Capital Budget spend. Byrum reported that the debt per enplaned passenger is \$19.80, 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 533 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 \$27.7 million and actual Operating Expenses are \$21.8 million leaving Operating Income before Depreciation of \$6 million. This gives the Authority a negative variance of \$1 million as compared to budget, or -14.6%.

Under the Combined Statement of Net Assets vs. Prior Year End, total assets and deferred outflows were \$861.3 million with cash and cash equivalents being \$143.1 million. Net land, property and equipment in the amount of \$716.6 million are the largest asset on the statement of net position.

HUMAN RESOURCES:

No report.

PRESIDENT & CEO REPORT

Roberts referred to the monthly activity report for April:

- Passenger activity at Port Columbus was down 1.6% for April compared to last April. While this flat to slightly downward trend continues for us, April marks the best year over year performance for 2013. Roberts is hopeful this is a sign of better things to come. Year to date through April, we are down 3.6%.
- Air Canada, AirTran and U.S. Airways were all up for April compared to last April while Air Canada, AirTran and United are up year to date.
- Commercial flight activity at Port Columbus in total was down 4.4% for April, and is down 6.5% for the year, as airlines remain focused on carrying as many passengers as possible with fewer operations in its continuing quest for profitability. To that end, CMH flights were 77% full for April, one point below last April. The airline strategy is bearing fruit for them as they are, for the most part, a healthy industry at the moment.
- American Airlines' 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, American was up over 22% in passengers compared to 2011, and only had a 1% reduction in capacity this year.
- U.S. Airways elimination of LaGuardia service last year resulted in 118 fewer departures and 6,620 fewer departing seats for them in April, although they were still up 4% for the month.
- Delta Air Lines' reduction of Memphis service by one daily flight resulted in 33 fewer departures and 1,650 fewer departing seats for the month.
- American Eagle reported 38 flight cancelations in April due to weather.

Roberts reported that Delta Airlines has announced they are enhancing their nonstop route from Columbus to Los Angeles effective August 20, by shifting this service to daytime travel seven days a week. Delta's current service operates three to five times weekly depending on the time of year, and the return flight operates as a red-eye. Beginning Aug 20, the new flight times will be:

- Depart Port Columbus at 7:35 a.m. arrive Los Angeles at 9:20 a.m.
- Departing Los Angeles at 9:50 a.m. arrive Port Columbus at 5:07 p.m.

It was just a month ago that American Airlines announced they would start a new nonstop route from Columbus to Los Angeles effective August 27. Our Los Angeles area market demand is large enough to support two daily flights if the community chooses to book nonstop over a connecting flight. This Delta enhancement and the new American service is exciting news for the region.

Roberts reported that commercial air cargo tonnage at Rickenbacker was down 3.7% in April and is down 3.2% year to date. In a similar fashion to the passenger carriers, FedEx continues to optimize its flying activity by using more economical ground service wherever possible. As a result, FedEx air cargo was down nearly 3/4 of a million pounds in April and over 2 million pounds for the year. Despite those significant tonnage reductions, FedEx remains, by far, our largest operator and indicates the Columbus market is highly successful for them.

Roberts reported that Business Development, Real Estate and Airport Operations continue to manage numerous positive leads for increased activity levels at Rickenbacker and we will keep the Board posted as these opportunities advance.

Roberts reported that earlier this month, CRAA hosted corporate real estate representatives from the commercial passenger carriers serving Port Columbus for a mid-year update. The agenda included a comprehensive overview of the Terminal Modernization Program and other large capital projects, as well as our five-year financial feasibility model. Additionally, in light of the culmination of numerous capital projects over the next several years, time was spent with the carriers explaining our asset management philosophy and program. The carriers indicated an interest in starting the discussion at this fall's rates and charges meeting regarding objectives for the new airline use agreement. The current agreement expires at the end of 2014.

Roberts reported that consistent with our new branding effort and desire to more fully educate our key business partners; we have conducted several recent speaking engagements. Most recently, we have briefed the Experience Columbus Board of Directors as well as Columbus2020's Economic Development Advisory Council.

Roberts announced that a very successful student art reception occurred last Thursday, May 23. Roberts thanked our Chair, Dwight Smith, for his participation and role as emcee. He has a true gift for connecting with the students and inspiring them to continue their dreams. This year, we honored students associated with the Columbus City Schools displays in the U.S.O. reception area and in the hallway near the Big Ten store. The new student artwork will be installed in the next few weeks. We also took this opportunity to recognize students artists associated with the Ohio Alliance for Arts Education (OAAE) gallery in the ticket lobby in the former Cheryl's Cookies location. Roberts invited the Board and guests to enjoy this artwork when traveling through the ticket lobby.

Roberts announced that CRAA continues to actively support an Experience Columbus (our Convention & Visitors Bureau) initiative by introducing and promoting the Experience Dedicated Destination program to our employees and business partners at all three airports. The program is an effort to ensure visitors to central Ohio have a predictably excellent experience by measuring their feedback and acting to improve upon any gaps or deficiencies in service that they may have encountered during their visit. Our own customer service team has taught three "Certified Tourism Ambassador" (CTA) classes and certified 39 of our Airport Ambassadors and six staff as CTAs. Future CTA classes are being planned for CRAA staff and on-airport business partners who wish to pursue this worthwhile certification.

Roberts announced that beginning this Friday, May 31 and continuing through June 7, she will be holding the semi-annual President's Chats with all CRAA employees. This consists of approximately 15 sessions with the various workgroups covering all three shifts.

Roberts announced that she and Tory Richardson will be in Washington, D.C. on June 11 as part of the Columbus Partnership Fly-in for meetings with elected officials and Capitol Hill visits.

Roberts thanked the Board for taking time prior to last month's Board meeting to review the Authority's Strategic Business Plan and to discuss some of the industry challenges facing the Authority. The senior leadership team will be continuing the discussion at an offsite retreat on June 13 with an emphasis on leveraging technologies, organizational structure, and strategic process improvements to create and increase operational excellence.

Roberts announced that on June 17 and 18, she, J. Byrum, and R. Bush will be in New York City for the annual rating agency updates with Fitch Ratings, Moody's and S&P.

Roberts announced that the annual F.A.A. certification inspections have been scheduled for Port Columbus and Rickenbacker Airports. The Port Columbus inspection will be conducted during the week of June 14, and Rickenbacker's inspection will be July 16-18.

Roberts announced that the triennial full-scale emergency exercise will be conducted at Rickenbacker on June 20 and will involve many of our community partners in addition to more than 100 volunteers.

Roberts reported that the Air Force announced on May 22 that it has selected Pease Air National Guard Base's 157th Air Refueling Wing as the top choice to receive the new KC-46A refueling tanker. Pease was selected from among five Air National Guard installations across the country. The other finalists were Forbes Air Guard Station in Kansas, Joint-Base McGuire-Dix-Lakehurst in New Jersey, Pittsburgh International Airport Air Guard Station in Pennsylvania and Rickenbacker Air Guard Station in Ohio. Pending results of an environmental impact study, Pease will be the first Air National Guard unit to receive the next generation tanker.

Roberts reported that as a result of Congress passing legislation to allow F.A.A. to use funds budgeted for other uses, F.A.A. will keep contract towers open through the September 30 end of the fiscal year. F.A.A. also rescinded all furloughs of controllers in facilities it operates. Unfortunately, the money to keep the contract towers open and F.A.A. controllers on the job is being taken out of the Airport Improvement Program.

Roberts reported that the final numbers have been compiled for the 2012-2013 winter operations. The total cost at all three airports was \$1,425,000. Total snowfall for the winter was 41 inches, about 14 inches or 50% above the average for Columbus. Last year's light winter, with only 12 inches of snow, cost the Authority \$312,000. The 2010-2011 and 2009-2010 winters each cost just under \$1.1 million with 28 inches and 50 inches of snow respectively.

Roberts announced that at this morning's TSA stakeholders' meeting, it was announced that the conversion of the Advanced Imaging Technology (AIT) full body scanners has been completed at all three checkpoints. Four new L-3 body scanners (2 in at the concourse B checkpoint and 1 each at concourses A and C) are fully operational. TSA replaced the original x-ray based scanners that were the cause of privacy concerns. The through-put at each of the checkpoints has improved noticeably with the installation of the new L-3 scanners.

READING OF RESOLUTIONS

RESOLUTION #35-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY ADOPTING A DEBT ISSUANCE POLICY EFFECTIVE JUNE 1, 2013.

MOVED: J. Miller; SECONDED: S. Tomasky
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #36-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$550,000 TO THE MASTER SERVICE AGREEMENT WITH HILL INTERNATIONAL, INC. FOR AS NEEDED CONSTRUCTION MANAGEMENT AND TESTING SERVICES AT PORT COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL, AND BOLTON FIELD AIRPORTS.

MOVED: W. Heifner; SECONDED: J. Miller
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #37-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$300,000 TO THE MASTER SERVICES AGREEMENT WITH MSA ARCHITECTS FOR GENERAL ARCHITECTURAL AND RELATED SERVICES AT PORT COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL, AND BOLTON FIELD AIRPORTS.

MOVED: W. Lhota; SECONDED: S. Tomasky
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #38-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$400,000 TO THE MASTER SERVICES AGREEMENT WITH URS CORPORATION DESIGN FOR ARCHITECTURAL DESIGN SERVICES RELATED TO THE TERMINAL MODERNIZATION PROJECTS AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Heifner; SECONDED: W. Lhota
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #39-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH BLACK BOX NETWORK SERVICES FOR THE PURCHASE OF STRUCTURED CABLING IN THE AMOUNT OF \$558,805.22 FOR THE DATA CENTER RELOCATION PROJECT #10027 AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: S. Tomasky; SECONDED: W. Heifner
YEA: 5 NAY: 0 ABSTAIN: D. Smith _____

RESOLUTION #40-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH GEORGE J. IGEL & COMPANY, INC. IN THE AMOUNT OF \$22,139,491 AND AN OWNER-CONTROLLED CONTINGENCY OF \$1,107,000 FOR THE CONSTRUCTION TO CONVERT EXISTING RUNWAY 10R/28L TO A TAXIWAY AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Lhota; SECONDED: W. Heifner
YEA: 6 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the Board, Tomasky moved to adjourn; Lhota seconded. Chair Smith adjourned the meeting at 4:35 p.m. on May 28, 2013.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary