



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF JUNE 25, 2013

BOARD MEMBERS

Present: Dwight Smith, Chair
Susan Tomasky, Vice Chair
Frank J. Cipriano
William R. Heifner
John W. Kessler
William J. Lhota
Kathleen Ransier

Absent: Don M. Casto, III
Jordan A. Miller, Jr.

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: R. Bush, D. Finch, C. Goodwin, J. Lizotte,
J. Rockwell, B. Sarkis, P. Streitenberger, K. Whittington

Others Present: Alan Harding, Columbus Flight Watch
Don Peters, Columbus Flight Watch
John Montgomery, Central Ohio Severe Weather Net

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 May 28, 2013. Hearing none, Kessler moved for approval; Heifner seconded. Minutes approved unanimously.

COMMITTEE REPORTS

BUSINESS DEVELOPMENT:

Kessler reported that the committee met on June 14, 2013 and requested R. Holderman to provide an update.

Holderman reported that beginning with this board meeting, he will provide a brief Business Development Committee report at each board meeting. Much of the work done on this committee is confidential until details can be disclosed; however, a briefing of developments being worked on will be reported.

Holderman reported that at the request of the Facilities & Services Committee, a draft resolution for 22 acre land development north of Bridgeway Avenue was pulled. Additional information for this resolution will be gathered and presented to the Board of Directors at a later date.

Holderman reported over 300 bids have been received for the Fairfield Inn hotel. The bids are under review to compare them to our scope of work. Preliminary indications show that we are within budget and we will exceed our 20 percent DBE goal.

Holderman reported the committee is working on the old terminal project. Holderman has been involved in several meetings with interested parties including the Columbus Landmarks Foundation and other historic preservationists to discuss redevelopment opportunities to determine if the facility can be saved.

Holderman reported there are several built to suit prospects in the market for the Rickenbacker Global Logistics Park. The prospects are sizable, looking at 678,000 square feet to 1.2 million square feet. Holderman is optimistic that within 60 days the Authority could have a new tenant. This is the most activity we have seen in five years.

FACILITIES & SERVICES:

Heifner reported the committee met on June 19, 2013 to review the Major Capital Projects report for 2013 and all projects over \$2 million.

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) reported on new software to be implemented for accounting and budgeting; Business Development & Communications (D. Whitaker); Operations (R. Borden); Asset Management and Development (R. Holderman / W. Shelby); and, Governmental Affairs & Human Resources (T. Richardson).

The committee also reviewed and approved the proposed resolutions being presented to the Board, with the exception of the resolution regarding the 22 acre north airfield land development.

Heifner reported that the airport has adopted a construction procurement procedure called Construction Management at Risk. This is a relatively new program for the public sector. Heifner requested B. Sarkis to present the information to the full Board which included a PowerPoint presentation. Sarkis provided the presentation and addressed questions.

FINANCE:

Tomasky reported that the Finance Committee met prior to the Board Meeting, and that the Authority's financials are in excellent condition. Tomasky requested J. Byrum to report on the financial statements and recent visit to three rating agencies in New York City in an effort to improve our credit ratings.

Byrum reported that he, E. Roberts and R. Bush visited three rating agencies of Fitch, Standard & Poor's, and Moody's on June 17-18, 2013. The presentation materials include information about the Authority's air trade, airport activity, financial operations, legal structure, capital program, liquidity, and how we will pay for capital activities. These meetings have taken place for six years and that relationship assisted in all three of our ratings being upgraded within a 12 month period last year.

Byrum reviewed the financial statements for the year-to-date period ended May 31, 2013. Enhancements have been implemented to this report. Under the Operating Revenues – Actual vs. Budget, with \$34.6 million in actual revenues and a budget of \$35.5 million this leaves a negative budget variance of \$938,000. Airline revenue's negative variance of \$612,000 is a result of a higher 2012 Airline carry forward of \$348,000 due to increased 2012 expenses compared to estimate, and a \$251,000 decrease in landing fees due to weather related canceled flights in the first quarter. Concessions & Misc. Lessees' negative variance of \$217,000 is due to \$250,000 decrease in commissions as a result of lower enplanements and the recording of a \$147,000 year to date rental car liability related to contract true-ups. These amounts are offset by a \$69,000 increase in hotel commissions and \$110,000 in unbudgeted leases.

Under the Operating Expenses – Actual vs. Budget, with \$27.4 million in actual expenses, and a budget of \$27.1 million, we have a negative variance of \$298,000. Services' positive variance of \$72,000 is due to the America's Best Value hotel write-off of \$1.3 million partially offset by \$1 million as a result of the timing of spending related to professional services, equipment repair, and software maintenance. Current year vs. prior year variance for total operating expenses have a negative prior year variance of \$4 million greater in 2013 than 2012.

Byrum reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$72.4 million and expenditures to date of \$11.4 million, this represents a year-to-date execution of 16% of the approved Capital Budget spend. Byrum reported that the debt per enplaned passenger is \$19.57, 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, including \$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 \$34.6 million and actual Operating Expenses are \$27.4 million leaving Operating Income before Depreciation of \$7.1 million. This gives the Authority a negative variance of \$1.3 million as compared to budget, or -14.8%.

Under the Combined Statement of Net Assets vs. Prior Year End, total assets and deferred outflows were \$861 million with cash and cash equivalents being \$142.5 million. Net land, property and equipment in the amount of \$716.9 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 May:

- Passenger activity at Port Columbus was up 2% in May at Port Columbus as compared to last May. This is our first year over year increase in passengers since last August, so very good news for us in that regard. Year to date we remain down 2.4%.
- Air Canada, American, Delta and US Airways are all up year over year as is the combination of Southwest and AirTran. While that combined number is not visible to you, it is something we track. The combined carrier was up 2.8% in May.
- Load factor in May was a very high 82% versus 78% last May.
- Scheduled commercial flights at Port Columbus were down 4.4% in May and are down 6% year to date for reasons we have previously noted (consolidation, streamlining, slot swaps, return to profitability focus). Passenger numbers are relatively good in light of this reduced flight activity.
- Delta Airlines has loaded their winter schedule and we are pleased to see they will be operating once weekly seasonal service to Tampa, Ft. Myers and Cancun again this coming winter. Delta will also be operating daily Orlando service in the latter part of December. This winter's schedule has 71 additional flights and approximately 5,000 more seats than last winter's seasonal activity.

Roberts reported that at Rickenbacker, commercial air cargo tonnage was down 5.5% in May as compared to last May and is down 3.5% year to date.

- FedEx was down about 500,000 pounds in May, while Far East charters (operated by Kalitta) were down about 250,000 pounds, accounting for the tonnage reduction.
- UPS was up 2.5% in May and is also up just under 1% on a year to date basis.

Roberts reported that on June 13, Luxembourg based all cargo carrier Cargolux announced twice weekly scheduled service from Hong Kong to Rickenbacker effective June 16, using the new Boeing 747-8F freighters. Securing scheduled international cargo service versus the charter service we have had at Rickenbacker for many years opens the flights up to the market place, creating the opportunity for Rickenbacker to be a bigger player in the movement of air cargo globally. Initially, the flights are servicing just the local fashion companies with a select number of freight forwarders, but the intent is for a much broader array of commodities and freight forwarders serving a broader regional area over the next several months. The Authority's ground handling staff services the flights, off-loading the cargo and fueling the airplanes.

Three flights have occurred to date and all were unloaded and refueled in less than an hour. Cargolux has been very pleased with the quality of service they are receiving from us. The 747-8F is a very large aircraft for which FAA has established unique airport operating standards. In order to obtain permission for the aircraft to operate at Rickenbacker, the Authority had to agree to make significant improvements to the runway and taxiway system at Rickenbacker over the next ten years. It is very good news for the region and the first three flights have operated very smoothly. Roberts thanked D. Whitaker, C. Goodwin, and R. Borden for their work to bring Cargolux to Rickenbacker.

Roberts reported that we are expecting the existing twice-weekly charter flights operated primarily by Kalitta Airlines to continue, in addition to the scheduled service. RCS Logistics, the company that recently leased our Air Cargo building number four at Rickenbacker, is chartering the Kalitta flights.

Roberts reported that we were notified by Lane Aviation that the site they were considering for the General Aviation Facility (GAF) to clear non-commercial international arrivals will no longer work given challenges with that site. A new site has been identified and Lane is working closely with the Authority and U.S. Customs to get back to the same level of planning as we were with the previous site, minimizing any time lost as a result of this site change.

Roberts announced that Save the Date cards have been sent for the new south runway dedication scheduled for August 22, 2013 at 8:30 a.m. out on the new runway. We are hoping to attract the Department of Transportation Secretary or Administrator, in addition to numerous local dignitaries for this important milestone in Port Columbus' history. Please watch for additional information.

Roberts reported that on June 11, she and T. Richardson went to Washington D.C. for Capitol Hill visits along with Mayor Coleman, members of the Columbus Partnership and our board members, Mr. Kessler and Mr. Miller. The day was very productive, having met with all of the central Ohio delegation. The event concluded with an evening reception with remarks from Speaker of the House, John Boehner.

Roberts reported that immediately following the board meeting, we received confirmation that Mayor Reed of Atlanta, the Chair of the Transportation Committee for the US Conference of Mayors and sponsor of the PFC Resolution, was unable to travel to Las Vegas for the U.S. Conference of Mayors meeting. For that reason, the PFC Resolution was pulled from the agenda and not considered. However, the Mayors have assured us that their standing position to raise the PFC cap (to \$7.50) remains in effect. We were told by Conference of Mayors staff that the resolution had significant support.

We are pleased that Mayor Coleman supports a PFC (passenger facility charge) increase and was ready to support the resolution at the U.S. Conference of Mayors. The Mayor's support certainly lends credibility to our voice in D.C. as we pursue support for an increase.

Roberts reported that the FAA conducted its annual certification inspection at Port Columbus two weeks ago. The final inspection report noted no discrepancies. The inspector was very pleased with both the physical condition of the airport, and with all the required records and other documentation. Rickenbacker's certification inspection will take place July 16-18, 2013.

Roberts reported that the required triennial full-scale emergency exercise was conducted at Rickenbacker on June 20. The scenario involved an airliner crash in a location that affected both civilian and military areas of the Airport. A primary objective of the exercise was to test coordination with our military partners at Rickenbacker. The response by the Authority, National Guard and mutual aid first responders was professional and well executed, as was the Emergency Operation Center (EOC) operation at Port Columbus. In particular, the EOC evaluator remarked that the Authority's newly remodeled EOC greatly improved the functionality of that facility. R. Borden gave brief remarks and thanked the entire staff, and J. Lizotte for assistance with the technology needs. Roberts congratulated R. Borden and C. Goodwin for a job well done.

READING OF RESOLUTIONS

RESOLUTION #41-13 AUTHORIZING AN EXCHANGE OF REAL ESTATE WITH NORFOLK SOUTHERN RAILWAY COMPANY AND SOUTHERN REGION INDUSTRIAL REALTY, INC. NEAR RICKENBACKER INTERNATIONAL AIRPORT AND TO AUTHORIZE THE PRESIDENT & CEO, OR HER DESIGNEE, TO PERFORM ALL ACTIONS NECESSARY TO COMPLETE SAID EXCHANGE.

MOVED: J. Kessler; SECONDED: W. Heifner
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #42-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH SYSTEM SOURCE TECHNOLOGIES, INC. FOR THE PURCHASE OF NETWORK EQUIPMENT IN THE AMOUNT OF \$271,113.00 FOR THE TELCO ROOM CONSTRUCTION PROJECT #13052 AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: S. Tomasky; SECONDED: W. Lhota
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #43-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH TLD AMERICA CORPORATION FOR THE PURCHASE OF A MAIN DECK LOADER (MDL) AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: W. Lhota; SECONDED: W. Heifner
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #44-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH DECKER CONSTRUCTION IN THE AMOUNT OF \$140,279 FOR ASPHALT PATCHING AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: S. Tomasky; SECONDED: K. Ransier
YEA: 6 NAY: 0 ABSTAIN: W. Heifner

OTHER BUSINESS

Chair Smith welcomed F. Cipriano back to the Board meeting.

With no further business being brought before the Board, Cipriano moved to adjourn; Tomasky seconded. Chair Smith adjourned the meeting at 4:41 p.m. on June 25, 2013.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw