



## BOARD OF DIRECTORS | MEETING MINUTES OF AUGUST 27, 2013

### BOARD MEMBERS

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

Absent: Don M. Casto, III  
John W. Kessler

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

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

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

Chair Smith called the meeting to order at 4:05 p.m.

Chair Smith congratulated CRAA and all staff for the runway commissioning on August 22, 2013. Chair Smith also referred to the editorial, *Airport is Flying Right: Runway Part of Careful Financial Management at Port Columbus*, in The Columbus Dispatch.

Lhota moved a Resolution commending President & CEO Elaine Roberts and all CRAA staff for their work and accomplishments on the opening of runway 10R-28L, as well as other improvements over the years, at the Columbus Regional Airport Authority; include a copy of the editorial, and that the Resolution be appropriately displayed. Cipriano seconded; motion approved unanimously.

Chair Smith asked if there were any additions or corrections to the Minutes of July 23, 2013. Hearing none, Lhota moved for approval; Tomasky seconded. Minutes approved unanimously.

## COMMITTEE REPORTS

### BUSINESS DEVELOPMENT:

Holderman reported on the following activities:

- **Fairfield Inn & Suites:** The underground utilities and foundation is complete. The floor slab is being poured this week and then masonry wall work will begin. The project is one week ahead of schedule and on budget.
- **North Airfield:** A kick-off meeting with Daimler took place last week. We already have a significant amount of activity looking at this project, including a potential build to suit of 130,000 sq. ft. Some FAA issues are being worked out. Daimler is working on an outreach program with CRAA's Diversity Manager, D. Brown to increase the diversity level of participation on this project. There are a number of initiatives under way to identify diverse companies that have experience working with CRAA. Daimler will report back to D. Brown on the outcomes of the companies we are targeting to work on the project.
- **Old Terminal Building:** Efforts continue to salvage the old terminal building. The Columbus Landmarks Foundation and other interested parties will be participating in a contractor visit day next week.
- **Rickenbacker Global Logistics Park:** The Rohr Road land contract's due diligence period was extended for 60 days. A non-refundable deposit was made to accomplish same. The closing will generate approximately \$4.5 million to CRAA. The submarket activity remains strong with only a few large blocks of space available. This could bode well for spec development in the submarket in the not-too-distant future.

### FACILITIES & SERVICES:

Heifner reported the committee met on August 21, 2013.

Heifner reported the committee met 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.

Heifner reported a presentation was given by D. Gotschall regarding the South Runway Relocation project. Heifner was present at the runway commissioning, complimented the team for all of the work on the project, and provided the following facts:

- The program began in 2003-2004.
- Studies were completed from 2004-2008 and design began in 2009.
- The initial budget was \$143 million.
- Demolition began in 2010.
- 200,000 cubic yards of earth were moved which is enough earth to fill Crew Stadium.
- 185,000 cubic yards of existing pavement was recycled for an aggregate base, which is very "green" on an environmental standpoint.
- Pavement depth is 40" compared to a sidewalk being 4" thick or an interstate highway which is 12-14" thick.
- 400,000 tons of asphalt was placed which is equivalent of enough asphalt to pave 80 miles of a two lane highway.
- 33 miles of electrical conduit was placed
- 18 miles of underground storm drainage was placed
- 1,100 LED airfield lights were installed. CRAA was the first in the country to go 100% LED. The manufacturer was ADB Airfield Solutions, a Gahanna, OH based company.
- The project came in at slightly less than \$135 million, under budget.
- The project was the largest capital improvement project in the history of the airport.

The committee received divisional updates from Business Development & Communications, Finance and Technology Services, Operations, Asset Management, Government Affairs, and Human Resources.

The committee also reviewed and approved the proposed resolution being presented to the Board.

Heifner reported a new project has begun to complete a preliminary study of the curb front area to determine what we can do long term to improve the presence of the ticketing and baggage claim curb areas. Heifner will participate in the study.

---

## FINANCE:

Miller reported that the Finance Committee met prior to the Board Meeting. Miller requested Byrum to report on the financial statements.

Byrum reviewed the financial statements for the year-to-date period ended July 31, 2013. Under the Operating Revenues – Actual vs. Budget, with \$48.5 million in actual revenues and a budget of \$50 million this leaves a negative budget variance of \$1.5 million. Airline revenue's negative variance of \$810,000 is a result of a higher 2012 Airline carry forward of \$489,000 due to increased 2012 expenses compared to estimate, and a \$314,000 decrease due to lower than expected passenger enplanement and cargo activity. Auto Parking's negative variance of \$525,000 is due to decreased activity in the Red and Blue lots resulting from lower enplanements. Concessions & Misc. Lessees' negative variance of \$362,000 is due to \$417,000 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 \$70,000 increase in hotel commissions and \$170,000 in unbudgeted leases.

Under the Operating Expenses – Actual vs. Budget, with \$37.6 million in actual expenses, and a budget of \$37.8 million, we have a positive variance of \$212,000. Salaries & Wages' negative variance of \$447,000 is due to a \$147,000 accrual of exempt sick time and non-exempt comp time earned in lieu of seasonal overtime. The remaining \$300,000 is the result of incremental overtime related to snow operations, and anticipated but uncapitalized project management salaries. Benefits & Personnel Expenses' positive variance of \$623,000 is due to decreased health insurance costs. Services' positive variance of \$72,000 is a result of a \$1.4 million positive variance due to the timing of spending related to professional services, equipment repair, software maintenance, and other services, which is partially offset by the America's Best Value hotel purchase and write-off of \$1.3 million.

Byrum reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$72.4 million and expenditures to date of \$17.5 million, this represents a year-to-date execution of 24% of the approved Capital Budget spend. Byrum reported that the debt per enplaned passenger is \$19.75, 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 522 days, with the Moody's 2011 average being 486 days. We have slightly less than \$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 \$48.5 million and actual Operating Expenses are \$37.6 million leaving Operating Income before Depreciation of \$10.9 million. This gives the Authority a negative variance of \$1.3 million as compared to budget, or -10.7%.

Under the Combined Statement of Net Assets vs. Prior Year End, total assets and deferred outflows were \$861 million with current assets being \$142 million. Net land, property and equipment in the amount of \$717 million are the largest asset on the statement of net position.

Byrum reported that a Resolution will be presented to the Board at the September meeting in regards to a potential refunding for our 2003 bonds. An RFP is under way with financial institutions. We will be recommending refunding those bonds effective January 1, 2014 at approximately a 16.2% present value savings which is almost \$3.3 million worth of actual savings.

---

## HUMAN RESOURCES:

No report.

## PRESIDENT & CEO REPORT

**Roberts requested** D. Saleme, Manager of Concessions, to present to the Board a new initiative rolling out next week – a Port Columbus Loyalty Program which allows customers to earn airline or hotel mileage/points on money they spend at Port Columbus. Saleme provided a presentation on the program and gave an update on the new Vino Volo and Donatos concession projects in Concourse A.

**Roberts thanked** the many Board members who were able to join CRAA for the south runway opening celebration emceed by Chair Smith. We hosted nearly 300 community leaders and industry partners at the event, which featured remarks from FAA Administrator, Michael P. Huerta, Mayor Coleman, and Franklin County Commissioner, President, John O'Grady. There was significant, favorable local and industry coverage on the runway project, which increases airport capacity and makes room for an eventual second terminal building. The event was very successful and an important milestone in our history.

**Roberts reported** on the Editorial in The Columbus Dispatch newspaper entitled *Airport is Flying Right: Runway Part of Careful Financial Management at Port Columbus*. It is a strong statement of support for CRAA's efforts and the last sentence says it best: "Port Columbus is looking good these days; more important, it's an airport that works and is poised to serve the community well for years to come." This community support is a result of the efforts from our great team at the Authority under the direction and leadership of the Board of Directors.

**Roberts referred** to the monthly activity report for July:

- Passenger activity at Port Columbus: We are disappointed to report a 5.5% reduction in passenger demand this July versus last year, leaving us down just over 3% year to date. We are absolutely ready to accommodate many more passengers and are anxious to do so. The difference this July versus last July is load factor. Last July we had an incredibly high 84% load factor while last month we had a still high but significantly lower 78.6% load factor.
- The combined Southwest/AirTran operation was down 9% in July on one less net daily flight year over year and is down just under 2% year to date. In a recent conversation, Southwest reported they are very pleased with their Port Columbus (CMH) results so far this summer. Our market is performing exceptionally well and they believe they have found the "sweet spot" in terms of the network and frequency offering. They have an ideal CMH route portfolio from their perspective that allows them to profitably serve the market while offering a wide range of destinations, 12 in total. Southwest noted they will monitor the impact of their westbound flow given the Delta and American service to LAX.
- Frontier Airlines is reporting healthy passenger loads since they returned to Columbus in April, serving Trenton (TTN), NJ three times a week. Overall they are pleased and committed to making the service work. It is their expectation that summer 2014 CMH will be operating at 4/week, and profitable. While Frontier is estimated to be less than 1% of our monthly passenger activity, it's still encouraging news and every enplanement helps.
- We are pleased to report that scheduled commercial flights were not down (exactly flat) for the first time in over a year, perhaps indicating that schedule consolidation and industry 'rightsizing' is nearing an end. We remain down in scheduled flights nearly 5% year to date but it's good to see the leveling off in July.

**Roberts reported** that last Tuesday, Delta enhanced their non-stop Los Angeles service when they begin to provide daily daytime roundtrip service which is up from 3 to 4 times weekly service and eliminates the overnight return flight from Los Angeles. Additionally, Delta resumes seasonal service to Cancun, Ft. Myers, Orlando and Tampa, with most flights operating on Saturdays beginning this winter through spring break.

**Roberts reported** that later today American Airlines initiates their daily non-stop service to Los Angeles:

- 5:15 p.m. AA#1288 LAX to CMH arrives at CMH
- 5:25 p.m. Brief Remarks and a Ribbon Cutting
- 5:30 p.m. Boarding Commences
- 6:00 p.m. AA#1287 CMH to LAX departs to a traditional inaugural water cannon salute

**Roberts announced** that on August 20, we had exciting news for the Rickenbacker Charter Terminal. Allegiant Air announced new service to St. Petersburg, FL, an alternative airport to Tampa. Similar to the existing Orlando/Sanford service, Allegiant anticipates operating the St. Petersburg service twice weekly and nearly year round. Service will begin November 23, 2013 and operate on Tuesday's and Saturday for the first month and then Wednesday and Saturday thereafter.

**Roberts reported** that more than 12.5 million pounds of cargo were handled at Rickenbacker in July, an increase of .6% compared to July of 2012. This uptick reverses what had been a decline in tonnage for the first half of 2013 as the first full month of Cargolux's scheduled international service counters reductions in Fed Ex's air cargo volumes as they shift some air activity to ground. Another effect of the Cargolux service is that total landed weight of aircraft arriving at Rickenbacker was up 5.5% over July of 2012. Year to date, total cargo handled is down 3.1% but we chip away at this number and expect to end the year in positive territory. Another positive trend is that the international share of total cargo primarily flown on Kallita Airlines and Cargolux was 15% in July, compared to 8% in May, before Cargolux initiated service.

**Roberts reported** that in other cargo related news, RCS Logistics recently completed a move of their air freight processing warehouse from 20,000 square feet in Air Cargo Terminal # 3 to the newly configured Air Cargo Terminal #4, taking all 48,000 square feet of the building and becoming its first occupant. This new capacity should drive additional growth in the market as RCS aggressively expands in the fashion, apparel and electronics transportation, making Rickenbacker a key facility in their international network.

**Roberts reported** that we continue to work closely with architects MSA and URS regarding incorporating the "Essence of Columbus" into terminal modernization efforts. Relocating our historical Legacy of Leadership display is anticipated and relocation of the sculpture Brushstrokes in Flight is also being evaluated. Terrazzo floor medallions and projected light for color as well as messaging and advertising among other essence opportunities are also being studied. We have a meeting with MSA later this week and expect to brief the board on the 'essence' status at the September board meeting.

**Roberts reported** that David Whitaker will join Columbus2020 and Jobs Ohio on its delegation trip to Japan the week of September 8. There will be a focus on passenger and cargo service as well as general logistics during the week which also coincides with the annual Midwest US – Japan Conference in Tokyo.

**Roberts announced** that CRAA will hold its annual half-day FTZ seminar on Tuesday, October 1 at the Aladdin Shrine Temple. Anyone interested in attending and/or learning more about the FTZ process can contact Dave Whitaker.

**Roberts reported** that earlier this month, Tory Richardson and Roberts participated at a Transportation Roundtable hosted by Mayor Coleman with U.S. Department of Transportation Secretary Anthony Foxx. Key transportation, economic development, regional planning and chamber officials were represented. The community efforts underway at Rickenbacker were highlighted including the receipt of a TIGER grant from the Department last year for the East-West Connector Road, which is currently under construction.

**Roberts reported** that two weeks ago we announced that Rural Metro Corporation, our contract provider of ARFF, medic and security guard services, had filed for Chapter 11 protection. We contacted Rural Metro regarding their intentions with respect to our contract, and we received assurances that they intend to accept the contract, meaning that it will remain in full force and effect. Rural Metro reportedly has an agreement with all its major creditors, and plans to exit bankruptcy in the very near future.

**Roberts announced** that this is Chief John Rockwell's last Board meeting. Rockwell will retire effective September 19. He has been with the Authority for 3.5 years, during which time he has continued to enhance the Public Safety Division's capability and professionalism. During his tenure, our police department obtained CALEA re-accreditation "with excellence", placing the Department among the most elite in the nation. We thank John for his many contributions and the lasting impact he has made during his relatively brief time with us. Interviews for Chief Rockwell's replacement are well underway and we expect to make a decision as early as next week. You are welcome to drop by between 2:00 and 4:00 p.m. on September 18 for a retirement reception that we will host in the Emergency Operations Center.

## READING OF RESOLUTIONS

**RESOLUTION #49-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONSTRUCTION MANAGER AT RISK GUARANTEED MAXIMUM PRICE (GMP) CONTRACT WITH GILBANE BUILDING CO. IN AN AMOUNT UP TO \$12,316,658 FOR CONCOURSE B RENOVATIONS AT PORT COLUMBUS INTERNATIONAL AIRPORT WITH GMP AMENDMENTS SUBJECT TO REVIEW AND APPROVAL BY THE BOARD CHAIR AND FACILITIES AND SERVICES COMMITTEE CHAIR.

MOVED: S. Tomasky ;      SECONDED: J. Miller  
YEA: 7 NAY: 0      ABSTAIN: \_\_\_\_\_

**RESOLUTION #50-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY RECOGNIZING AND COMMENDING THE OUTSTANDING WORK OF THE PRESIDENT & CEO, ELAINE ROBERTS, A.A.E., AND THE STAFF OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY FOR THE SUCCESSFUL OPENING OF THE NEW SOUTH RUNWAY 10R-28L, AND \$700 MILLION IN CAPITAL IMPROVEMENTS AT PORT COLUMBUS INTERNATIONAL AIRPORT SINCE 2001.

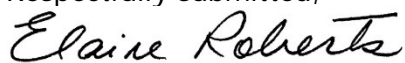
MOVED: W. Lhota ;      SECONDED: F. Cipriano  
YEA: 7 NAY: 0      ABSTAIN: \_\_\_\_\_

## OTHER BUSINESS

Chair Smith announced his term of office as Board Chair will end November 30, 2013. Smith appointed Don Casto as Chair, and Bill Lhota and Kathy Ransier as members of the Committee to nominate a Chair and Vice Chair for the ensuing term commencing December 1, 2013 through November 30, 2015. The Board will be asked to vote on the nominations at its last meeting of the year, November 26, 2013.

With no further business being brought before the Board, Heifner moved to adjourn; Tomasky seconded. Chair Smith adjourned the meeting at 4:58 p.m. on August 27, 2013.

Respectfully submitted,



Elaine Roberts, A.A.E.  
Secretary

ER | ksw