



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF SEPTEMBER 24, 2013

BOARD MEMBERS

Present: Don M. Casto, III
Frank J. Cipriano
William R. Heifner
William J. Lhota
Jordan A. Miller, Jr.
Kathleen Ransier

Absent: Dwight Smith, Chair
Susan Tomasky, Vice Chair
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
David Whitaker, Vice President, Business Development & Communications

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

Others Present: John Montgomery, Central Ohio Severe Weather Network

President & CEO Roberts called the Board Meeting of the Columbus Regional Airport Authority to order at 4:04 p.m.

In the absence of Board Chair Smith and Board Vice Chair Tomasky, Roberts asked for a motion to elect a Pro Tem Chair to preside over the meeting.

Lhota motioned to elect Bill Heifner as Chair. Cipriano seconded. Motion approved unanimously.

Pro Tem Chair Heifner asked if there were any additions or corrections to the Minutes of August 27, 2013. Hearing none, Lhota moved for approval; Miller seconded. Minutes approved unanimously.

COMMITTEE REPORTS

BUSINESS DEVELOPMENT:

Holderman reported on the following activities:

- Resolution 57-13 is being presented to the Board today. This resolution relates to the proposed 50 acre land sale to DRCS, LLC, located on Rickenbacker Parkway in the Rail Campus of the Rickenbacker Global Logistics Park. This resolution has received coverage in "Business First" newspaper. Holderman clarified the media's portrayal of a "sweet deal" headline and the Authority's decision "not to invest" in a potential spec building. The articles were misleading on both subjects. Future articles will hopefully bring clarity to the situation.
- North Airfield: We are working through the land lease process with the FAA.
- Old Terminal Building: The Columbus Landmark Foundation and other interested parties continue to explore options to salvage the building.
- Fairfield Inn & Suites: All utilities are in place. Slab, foundations, structural steel, and masonry are in place on the first floor and precast is being set. We are on schedule for a July 14, 2014 opening.

FACILITIES & SERVICES:

Heifner reported the committee met on September 18, 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.

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

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

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 August 31, 2013. Under the Operating Revenues – Actual vs. Budget, with \$55.4 million in actual revenues and a budget of \$57.1 million this leaves a negative budget variance of \$1.6 million. Airline revenue's negative variance of \$805,000 is a result of a higher 2012 Airline carry forward of \$558,000 due to increased 2012 expenses compared to estimate, and a \$241,000 decrease in landing fees due to year-to-date weather related canceled flights. Auto Parking's negative variance of \$612,000 is due to decreased activity in the Red and Blue lots resulting from lower enplanements. Concessions & Misc. Lessees' negative variance of \$351,000 is due to \$463,000 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 \$64,000 increase in hotel commissions and \$195,000 in unbudgeted leases.

Under the Operating Expenses – Actual vs. Budget, with \$42.3 million in actual expenses, and a budget of \$42.8 million, we have a positive variance of \$536,000. Salaries & Wages' negative variance of \$345,000 is due to a \$45,000 accrual of exempt sick time and non-exempt compensatory 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's positive variance of \$817,000 is due to decreased health insurance costs. Services' positive variance of

\$24,000 is a result of a \$2 million positive variance due to the timing of spending related to professional services, equipment repair, and software maintenance, which is partially offset by the America's Best Value hotel write-off of \$1.4 million and \$568,000 in tenant improvement costs associated with the air cargo buildings at Rickenbacker.

Byrum reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$72.4 million and expenditures to date of \$21.4 million, this represents a year-to-date execution of 30% of the approved Capital Budget spend. Byrum reported that the debt per enplaned passenger is \$19.52, 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 513 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. A payment was received from the FAA and was used as payment towards this debt. A \$10 million payment will be reflected in next month's report leaving a remaining balance of \$5 million.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Revenues are \$55.5 million and actual Operating Expenses are \$42.3 million leaving Operating Income before Depreciation of \$13.2 million. This gives the Authority a negative Operating Income before Depreciation variance of \$1.1 million as compared to budget, or -7.5%.

Under the Combined Statement of Net Assets vs. Prior Year End, total assets and deferred outflows were \$861.5 million with current assets being \$142 million. Net land, property and equipment in the amount of \$718 million is the largest asset on the statement of net position.

HUMAN RESOURCES:

Casto reported that a committee meeting will take place October 8 and a report will be given at the October Board Meeting.

PRESIDENT & CEO REPORT

Roberts referred to the monthly activity report for August:

- Passenger activity for Port Columbus was down 4.7% for the month of August and is down 3.3% YTD. This is a slight improvement from July's performance (which was down 5.5%) but still not where we want to be. For the second month in a row, scheduled airline flight operations (shown at the bottom of the page 1 of the board report) were flat compared to the previous year which may indicate that carriers are now content with the level of flights in our market. The difference, again like July, is demand for those flights, reflected in the load factor which is down 6.3 percentage points year over year. Year to date we are still down 3.4% in scheduled air carrier flight activity at Port Columbus.
- All carriers except US Airways and Air Canada were down year over year and both US Airways and Air Canada are up year to date while United and Frontier are virtually flat. AirTran is showing up year to date but when combined with new parent Southwest, the combined carrier is down 3.3% YTD.

Roberts reported that our top two carriers, Southwest and Delta report they are very pleased with CMH performance this summer where the focus for them is not necessarily passenger volume (as it is for us). Rather, a combination of airfares, which are up; operating costs, which are down; and demand, which is down slightly as reflected in the load factor but offset by increased airfares and decreased costs are the key ingredients for the air carriers.

Roberts reported that late last month, American Airlines initiated its daily LAX service and Delta increased to a daily frequency to LAX with an improved schedule, eliminating the overnight return flight. It is exceedingly important that these flights be supported by the region if we are to have success with other target markets like San Francisco and Seattle.

Roberts reported that Delta added a single flight nonstop from Columbus to Salt Lake City for Dec 1st. This is a Sunday-after-Thanksgiving peak travel day only addition. It's not a new regular flight, but CMH as a market was identified as having a lot of west coast feed that day and got that extra section along with a few other select east coast cities. Another example of airline network planning being more nimble than in the past.

Roberts reported that Dave Whitaker and Todd Carter will be attending the World Routes conference in Las Vegas October 6 -9 and will meet with several carries both domestic and international keeping up the very focused pitch on the Columbus Region and all it has to offer.

Roberts reported that air cargo tonnage at Rickenbacker was up nearly 7% year over year and is down just under 2% year to date. International cargo handled was up 49% on the strength of the combined Cargolux and Kallita 4X weekly service from Hong Kong. It is also positive to note that FedEx was up over 5% in August after several down months.

Roberts reported that Dave Whitaker recently returned from a trip to Japan with Columbus 2020 and Jobs Ohio. There he met with Nippon Cargo Airlines (NCA) and several freight forwarders, regarding service to Rickenbacker. NCA is taking on new 747-8 aircraft (same aircraft that Cargolux is now flying into Rickenbacker) in the next few months and is deciding where to fly them. The confluence of Honda's growth as well as our great geographic position relative to other Japanese and US automobile manufacturing facilities and the new NCA capacity, has created a solid opportunity.

While in Japan, Dave also met with both Japan Airlines (JAL) and All Nippon Airways (ANA) in their corporate offices in Tokyo and the conversations were productive. This follows a visit earlier this year by both carriers to Port Columbus where they inspected our international facilities and received an update from State, Region and airport staff.

Roberts reported that on October 2, the President of the Americas for NCA will keynote an auto parts seminar CRAA is hosting in Columbus. The audience is a broad array of freight forwarders who will hopefully express their strong support to NCA for NCA service to LCK.

Roberts stated that as we have long known, the advent of the Boeing 787 aircraft and, soon, the Airbus A350, positions markets like Columbus for service to both Europe and Asia. The reason is these new aircraft are reasonably sized holding roughly 200 passengers with incredible range - enabling Tokyo nonstop from Columbus for example. Previous aircraft with the same range had roughly 400 seats which is way too many for the current state of our market maturity. Combine this with the very fast growing internationalization of Central Ohio, particularly with Honda and its strong focus on the region, and the conversations move to the next level quickly.

Roberts reported that Allegiant has announced new service to St. Petersburg, FL, an alternative airport to Tampa, from Rickenbacker. Similar to the existing Orlando/Sanford service they anticipate operating St. Petersburg service twice weekly and nearly year round. The route launches on November 23. We are extremely close to hitting the 10,000 enplaned passenger level for Rickenbacker in 2013, enabling increased federal funding for infrastructure projects. We fully expect to hit that target this year and, based on current service levels, we should reach this milestone in future years as well.

Roberts announced our current Allegiant flights from Rickenbacker to Sanford/Orlando are on a scheduled hiatus and will resume on October 3.

Roberts reported that Foreign Trade Zone activity remains strong in FTZ # 138. The annual FTZ Board report to Congress noted that our FTZ, # 138, is 25th in the nation for value of merchandise received. Leads remain strong for additional companies in central Ohio that are evaluating the FTZ. Related, CRAA will be hosting its annual Foreign Trade Zone Seminar at the Aladdin Shrine Temple on Tuesday October 1st. Participants will learn the process and benefits for initiating operations within Foreign Trade Zone # 138. Speakers will include Columbus 2020 Chief Economic Officer Kenny McDonald, as well as our FTZ counsel and US Customs and Border Protection.

Roberts reported that our Customer Service team recently completed the last of a series of classes to support Experience Columbus' Certified Tourism Ambassador (CTA) initiative. Multiple classes were hosted by CRAA at Port Columbus throughout this year. We now have 42 volunteer Airport Ambassadors who have completed the 4 hour class which includes a knowledge test. The CTA program is part of a nationally-recognized certification program that aligns community stakeholders to provide an amazing Columbus experience. Plans to offer the training to front-line CRAA employees other than our volunteer ambassadors are being made for 2014.

Roberts reported that on September 5, she, Chairman Dwight Smith and Vice Chair Susan Tomasky met with Mayor Coleman. It was an excellent meeting and we provided updates on our Terminal Modernization Program, thanked him again for his participation in the new runway commissioning event, and we discussed a long term vision of multi-modal transportation services here at Port Columbus.

Roberts reminded the Board of Directors that we continue with our I.D. badge renewals and are ready to assist the Board members with your new badges. Kathy Whittington e-mailed the Board and their assistants last week and an application form has been provided. Please be sure to take two forms of I.D. with you to the I.D. Office to obtain a new badge.

Roberts announced that the American Propane Education and Research Council and METRO Magazine have recognized the Authority's parking shuttle bus fleet as one of the top five fleets in the bus transportation industry for the use of vehicles fueled by clean-burning propane. This national award was accepted by Parking and Ground Transportation Manager Tom Swackhamer at the annual BusCon conference in Chicago earlier this month.

Roberts announced that Airport Police Lieutenant Phil Gehrisch has been selected as the Authority's new Director of Public Safety and Chief of Police, effective September 29. He replaces John Rockwell, who retired on September 19 after 3-1/2 years in the position. Phil has been with the Authority for 11 years, 7 of those as a Police Lieutenant. He was selected from a pool of highly qualified candidates.

Roberts reported that as mentioned previously, Rural Metro Corporation, our contract provider of ARFF, medic and security guard services, has filed for Chapter 11 bankruptcy protection, and that we received assurances from them that they intend to maintain our contract in full force and effect. We received a visit approximately two weeks ago from Rural Metro's Sr. VP of Operations, who reiterated their previous representations regarding our contract. He also informed us that Rural Metro will probably have their reorganization plan approved and exit bankruptcy in late December or early January.

Roberts reported that TSA has formally announced that they intend to bring their Pre✓™ expedited passenger screening program to Columbus. Their tentative plan is to implement the program at concourses B and C beginning on October 10, with full implementation by October 13. The TSA plans to expand the program by making participation available to the general public. Those wishing to participate in the program will have to appear in person at an enrollment center, similar to US Customs' Global Entry program. Initially, the only enrollment center in Ohio will be located in Cleveland. We expect to have an enrollment center in Columbus within the next year or two. The application will be a two-step process: 1) Fill out an online application; 2) Verify identity and provide fingerprints at a TSA Pre✓™ enrollment center. The fee is \$85 for a 5-year term of eligibility.

Roberts announced that on September 12, traveler Sal Campanaro of Pickerington, Ohio personally recognized the Port Columbus team that saved his life after a sudden cardiac arrest. Campanaro said, "You and your team came to my rescue, got the EMTs on the scene and basically saved my life," explained Campanaro. "If the sequence of events that day happened any differently, I would not be thanking you and your whole team for your help. Also we want to thank you personally for taking care of our flight cancellation and retrieving our luggage before it was put on the flight to Fort Lauderdale." I would like to thank Firefighter/EMTs Jason Hoppert and Anthony Salamone, Firefighter/Paramedics Jeffery Taynor and Christopher Gerenscer, and Fire Captain Anthony Murphy for their outstanding work. The Rural/Metro team was assisted by Airport Police Officer Daniel Harper and Supervisor of Aviation & Airside Efficiency Christopher Pollock, who were recognized.

Roberts announced two upcoming dates in which we will provide the Board of Directors an opportunity to tour the new Data Center. The first is November 20, immediately following the Facilities & Services Committee meeting, at which we will have a presentation by Jim Lizotte. The second date is November 26 immediately following the Board meeting.

READING OF RESOLUTIONS

RESOLUTION #51-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT WITH SOUTHWEST AIRLINES CO. FOR SUITE D IN THE AIR CARGO BUILDING LOCATED AT 4750 EAST 5TH AVENUE AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Casto ; SECONDED: K. Ransier
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #52-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN AN AMOUNT NOT TO EXCEED \$167,000 WITH THE LOW BIDDER IN THE AUTHORITY'S BEST INTEREST FOR IMPROVEMENTS TO THE AIR CARGO BUILDING LOCATED AT 4750 EAST 5TH AVENUE, SUITE D AT PORT COLUMBUS INTERNATIONAL AIRPORT SUBJECT TO REVIEW AND APPROVAL BY THE BOARD CHAIR AND THE FACILITIES & SERVICES COMMITTEE CHAIR PRIOR TO EXECUTION OF THE CONTRACT.

MOVED: J. Miller ; SECONDED: K. Ransier
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #53-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AMENDING AND ADOPTING THE RICKENBACKER FOREIGN-TRADE ZONE (FTZ) NO. 138 FEE SCHEDULE.

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

RESOLUTION #54-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE TO THE CONSTRUCTION MANAGER AT RISK CONTRACT WITH CONTINENTAL BUILDING SYSTEMS IN AN AMOUNT UP TO \$994,000 FOR PROJECT NO. 12059, FAIRFIELD INN & SUITES, AT PORT COLUMBUS INTERNATIONAL AIRPORT, WITH THE AMENDMENTS TO THE GUARANTEED MAXIMUM PRICE (GMP) SUBJECT TO REVIEW AND APPROVAL BY THE BOARD CHAIR AND FACILITIES & SERVICES COMMITTEE CHAIR.

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

RESOLUTION #55-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$708,000 TO THE CONTRACT WITH CTBX AVIATION GROUP, LLC FOR AIR TRAFFIC CONTROL TOWER (ATCT) ARCHITECTURAL AND ENGINEERING DESIGN PHASE SERVICES AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: D. Casto ; SECONDED: K. Ransier
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #56-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH JOHNSON CONTROLS, INC. IN THE AMOUNT OF \$296,113.30 FOR THE EXPANSION OF THE CURRENT BUILDING MANAGEMENT SYSTEM AT PORT COLUMBUS INTERNATIONAL AIRPORT, RICKENBACKER INTERNATIONAL AIRPORT, AND BOLTON FIELD AIRPORT.

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

RESOLUTION #57-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE EXECUTION OF A PURCHASE CONTRACT FOR THE SALE OF APPROXIMATELY 50 ACRES OF LAND LOCATED ON RICKENBACKER PARKWAY IN THE RAIL CAMPUS OF THE RICKENBACKER GLOBAL LOGISTICS PARK NEAR RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: D. Casto ; SECONDED: J. Miller
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #58-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY REFUNDING REVENUE BONDS, SERIES 2013 OF THE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$17,600,000, FOR THE PURPOSE OF REFUNDING CERTAIN OF THE AUTHORITY'S OUTSTANDING AIRPORT REFUNDING REVENUE BONDS, SERIES 2003; AUTHORIZING THE EXECUTION AND DELIVERY OF A SIXTH SUPPLEMENTAL TRUST INDENTURE; AND AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER INSTRUMENTS, DOCUMENTS OR AGREEMENTS APPROPRIATE TO THE FOREGOING AND RELATED MATTERS.

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

RESOLUTION #59-13 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY ADOPTING A REVISED OPERATING BUDGET FOR CALENDAR YEAR 2013.

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

OTHER BUSINESS

Heifner complimented Holderman, Sarkis and the P&E team for their work on Construction Manager at Risk and how the Authority procures services. Heifner stated he has seen an impressive shift in this business process.

Heifner reported that a meeting was held September 24 with a Curb Front Study team. The team defined the area of the study and has an objective to look at deficiencies in the area. This is an opportunity for the Authority to look at what can be done long term to improve the presence of the ticketing and baggage claim curb areas.

With no further business being brought before the Board, Lhota moved to adjourn; Cipriano seconded. Pro Tem Chair Heifner adjourned the meeting at 4:45 p.m. on September 24, 2013.

Respectfully submitted,



Elaine Roberts, A.A.E.

Secretary

ER | ksw