



## BOARD OF DIRECTORS | MEETING MINUTES OF NOVEMBER 26, 2013

### BOARD MEMBERS

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

Absent: Kathleen Ransier

CRAA Executive Staff: Elaine Roberts, President and Chief Executive Officer  
Rod Borden, Chief Operating Officer  
Randy Bush, Chief Financial Officer  
John Byrum, Chief Financial 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, D. Finch, P. Gehrisch, J. Lizotte, B. Sarkis  
W. Shelby, P. Streitenberger, A. Tabor, K. Whittington

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

Chair Smith called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m.

Chair Smith asked if there were any additions or corrections to the Minutes of October 29, 2013. Hearing none, Lhota moved for approval; Tomasky seconded. Minutes approved unanimously.

## COMMITTEE REPORTS

### BUSINESS DEVELOPMENT:

No Report.

### FACILITIES & SERVICES:

Heifner reported the committee met on November 20, 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.

An update was given regarding the study for curb side improvements.

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

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## FINANCE:

Miller reported that the Finance Committee met prior to the Board Meeting and that the Authority's finances are in great shape. Miller requested Bush to report on the financial statements.

Bush reviewed the financial statements for the year-to-date period ended October 31, 2013. Under the Operating Revenues – Actual vs. Budget, with \$70.2 million in actual revenues and a budget of \$71.8 million this leaves a negative budget variance of \$1.57 million. The Airline negative variance of \$391,000 is a result of the net affect of the 2012 and 2013 Airline Carry forward and General Airline Credit adjustments, and a \$194,000 decrease in landing fees. General Aviation's positive variance of \$338,000 is the result of a \$435,000 tenant fuel flow fee audit recovery net of lower than anticipated FBO fuel sales. Auto Parking's negative variance of \$963,000 is due to decreased activity in the Red and Blue lots, resulting from lower enplanements. We are monitoring this closely. And Concessions & Miscellaneous Lessee's negative variance of \$365,000 is due to \$486,000 decrease in commissions as a result of lower enplanements offset by a \$135,000 increase in hotel commissions.

Under the Operating Expenses – Actual vs. Budget, with \$52.6 million in actual expenses, and a budget of \$55.2 million, we have a positive variance of \$2.6 million. Benefits & Personnel's positive variance of \$1.1 million is due to decreased health insurance costs. Supplies & Material's positive variance of \$220,000 is due to a decrease in FBO related fuel costs. And Service's positive variance of \$1.48 is the result of the timing of spending related to professional services, equipment repair, airport maintenance and software maintenance. We expect a larger spend in December.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$72.4 million and expenditures to date of \$34.5 million, this represents a year-to-date execution of 48% of the approved Capital Budget spend. Planning & Engineering anticipates several large capital expenditures before the end of the year in order to catch up on expenditures.

Bush reported that the debt per enplaned passenger is \$19.09, compared to the Moody's Average of \$59.37 from 2012, which is positive and reflects low debt levels at the airport. The days of unrestricted cash on hand is 533 days, with the Moody's 2012 average being 439 days. We have \$95 million of outstanding debt, including \$15 million outstanding under our Revolving Credit Facility. We also completed a refunding of our 2003 bonds this month that will generate a total savings of \$3.3 million over the next 7.5 years.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Income before Depreciation is \$17.6 million. This gives the Authority a positive Operating Income before Depreciation variance of \$1 million as compared to budget, or 6.5%.

Under the Combined Statement of Net Assets vs. Prior Year End, total assets and deferred outflows were \$859.3 million with current assets being \$133.3 million. Net land, property and equipment in the amount of \$724 million is the largest asset on the statement of net position.

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## HUMAN RESOURCES:

No Report.

## PRESIDENT & CEO REPORT

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

- Passenger activity for Port Columbus for the fourth quarter is off to a good start with October coming in with 2.5% more passengers than last October. Strong year over year performances by American and US Airways carried the month with both carriers up over 15% driven by capacity increases. Total scheduled commercial flights for our airlines were up 5% in October, the largest monthly capacity increase in several years. In retrospect, 2006 and 2007 were up nicely, consistent with the economy. 2008 and beyond were all down. We believe this speaks to the end of a consolidation era for the US aviation industry and a stabilizing of the marketplace.
- Frontier has announced it will leave Columbus effective 1/4/14. They provided service with 2-3 weekly flights to Trenton, NJ for the past several months. Frontier was recently sold and they are further evolving their business model. As a result, they have a lower threshold for new market maturity and advised our market was not maturing fast enough for them.

**Roberts reported** that the Department of Justice, American Airlines and US Airways have reached a settlement that will allow the merger of the two noted airlines. The settlement involved carriers giving up landing and take-off positions at airports they will dominate as a single carrier. The two most significant slot divestitures will occur at New York – LaGuardia and Washington National airports with additional divestiture at a few other airports around the country. We do not expect to be significantly impacted by these divestitures. We are expecting the two carriers to become a single carrier called American Airlines in the next 12 to 24 months. US Airways will join the growing list of defunct airlines including Northwest, Continental, TWA, America West and AirTran, to name just a few. Remaining are “the big 4,” American, Delta, Southwest and United – all with significant presence in Columbus and fighting for market share. While we have suffered with a flat environment at best through this consolidation, we stand to benefit in the new environment given a strong industry and dynamic market.

**Roberts reported** that Rickenbacker had an excellent month for air cargo in October with tonnage up nearly 10% for the month, bringing us very close to breakeven for the year. It is impressive to note our international cargo tonnage was up 57% in October on the strength of the Hong Kong traffic while domestic, primarily carried aboard FedEx and UPS, was also up over 5%.

**Roberts reported** that Allegiant began service to St. Petersburg, Florida last Saturday, the first of twice weekly virtually year-round service to that market which complements similar service to Orlando. Last week Allegiant announced a third market from Rickenbacker – Punta Gorda, Florida – for the spring break period. Service will also be twice weekly on Thursdays and Sundays to Punta Gorda and will begin February 13. Originally, the airline indicated the service would end March 30, but now advises they will operate the flights through April as well. Punta Gorda is a very strong market for Central Ohioans (Skybus offered three daily A320 flights at their peak and they were all full) and we are pleased about this service expansion. We are well above our target of 10,000 enplaned passengers, which enables us to receive an additional \$850,000 in FAA Airport Improvement Program grant funding.

**Roberts reported** that the airlines and passengers will be impacted beginning early next year as our terminal modernization program moves to the ticket lobby. We have had numerous communications with the carriers and our first in-depth meeting was earlier this month at Port Columbus. We are not expecting any major challenges with the phasing and work to be done despite the very large undertaking.

**Roberts reported** that total gross revenue from our concessions through the third quarter is up 3.3% when compared to the same time frame in 2012. This includes all food and beverage, retail, service, and advertising sales. Further, gross concession revenues per enplaned passenger have increased 6.7% over 2012 levels.

**Roberts reported** that the Finance, Accounting and Communications teams received the Authority's 21<sup>st</sup> consecutive Certificate of Achievement for Excellence in Financial Reporting (CAFR). The Certificate is the highest form of recognition in governmental accounting and financial reporting. We invest a significant number of hours in this communication and it is an honor for our team to be recognized for our excellence in financial reporting.

**Roberts and Borden reported** that shortly before noon last Monday, November 18, the crew of an American Airlines flight from Dallas to Columbus reported that a threatening note had been found in the aft restroom of the aircraft by a passenger, who then alerted a flight attendant. Upon landing, the aircraft was directed to the north airfield location designated for bomb threat aircraft. Airport Police and ARFF responded to the aircraft and the Emergency Operations Center was activated. The FBI and the Columbus Bomb Squad were called and responded. Upon their arrival, the FBI assumed the lead role in handling the incident. All 133 passengers were removed from the aircraft and transported to the terminal in shuttle buses from the airport parking operation and airfield maintenance. The aircraft and passengers' carry on possessions were checked by CRAA bomb dogs and it was determined the threat was a hoax. The incident was closed at approximately 2:05 p.m.

**Roberts reported** that the Airport Operations and Environmental staff conducted the annual winter operations briefing for Port Columbus tenants and users, including the airlines. Topics covered included the Port Columbus snow and ice control plan, operational priorities, the reconfigured south airfield, communications, and aircraft deicing procedures. The briefing was well attended and provided a wealth of information to help aircraft operators understand what to expect and how to obtain assistance during winter weather events.

**Roberts reported** that Cargolux recently conducted an audit of our ground handling operation at Rickenbacker. The auditor came from Cargolux's corporate headquarters in Luxemburg, and has been with the company for seventeen years. He said of the Rickenbacker ground crew, "I was very impressed in the ramp operation, I've never seen organization and Marshaling, Guiding of all the equipment anywhere else – it was like a show." He was also very impressed with the completeness and organization of all paperwork and records. The audit yielded no negative findings.

**Roberts reported** that Police K9 teams Officer Cathy Stover and K9 Speedy, Officer Cat Ruchti and K9 Charley participated in the annual TSA certification process recently and passed with outstanding results. The officers and dogs were tested in searching freight, baggage, aircraft, vehicles and the terminal. The evaluators commented positively about not only the test results, but about the attitude and professionalism of each member of the K9 unit.

**Roberts reported** that the Authority held its annual Leadership Development Conference in which approximately 100 supervisors and managers participated. Topics included change management, communication, and reverse delegation, among others. This event is an excellent investment in the development of our management staff.

**Roberts reported** that last week the Authority held its semi-annual Senior Leadership Retreat to discuss the 2014 strategic priorities, with a specific focus on how to implement enterprise work portfolio and budgeting process improvements.

**Roberts reported** that the Authority honored approximately 90 veterans on November 11. The Veterans Day event included the Color Guard presenting the colors, a guest speaker who was a pilot during World War II, and a roll call of the CRAA employees, contracted employees and volunteer ambassadors who have served in the military.

**Roberts reported** that the semi-annual Chats with the President begin next week in which Roberts meets with all CRAA staff. Discussions will include our 2013 accomplishments and a focus on our 2014 strategic priorities.

## READING OF RESOLUTIONS

**RESOLUTION #69-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT WITH ENERSYS DELAWARE, INC. FOR SUITES G, H & I IN THE AIR CARGO I BUILDING LOCATED AT 7200 ALUM CREEK DRIVE AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: S. Tomasky ;      SECONDED: W. Heifner  
YEA: 8 NAY: 0              ABSTAIN: \_\_\_\_\_

**RESOLUTION #70-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN AGREEMENT WITH ACREE DAILY FOR THE PURCHASE OF SOFTWARE AND PROFESSIONAL SERVICES FOR THE AMAG UPGRADE AND FAILOVER SOLUTION FOR PROJECT #13021, CCTV AND AMAG UPGRADE AND DIGITAL MIGRATION UTILIZING OHIO STS CONTRACT # 800164.

MOVED: J. Kessler ;      SECONDED: W. Lhota  
YEA: 8 NAY: 0              ABSTAIN: \_\_\_\_\_

**RESOLUTION #71-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN AGREEMENT WITH CDW-G FOR THE PURCHASE OF VIDEO STORAGE FOR PROJECT #13021, CCTV AND AMAG UPGRADE AND DIGITAL MIGRATION.

MOVED: W. Lhota ;      SECONDED: D. Casto  
YEA: 7 NAY: 0              ABSTAIN: Dwight Smith,\_\_\_\_\_

**RESOLUTION #72-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A MASTER AGREEMENT WITH SIMPLEX-GRINNELL FOR THE PURCHASE OF SOFTWARE, PROFESSIONAL SERVICES AND MAINTENANCE FOR THE CCTV VIDEO MANAGEMENT SYSTEM UPGRADE AND DIGITAL MIGRATION FOR PROJECT #13021, CCTV AND AMAG UPGRADE AND DIGITAL MIGRATION.

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

**RESOLUTION #73-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN EXTENSION TO CONTRACT NO. 3768 12 WITH VAISALA, INC. TO PROVIDE MAINTENANCE, INSPECTIONS, AND CERTIFICATIONS FOR CERTAIN NAVIGATIONAL AIDS AND COMMUNICATION EQUIPMENT AT RICKENBACKER INTERNATIONAL AND BOLTON FIELD AIRPORTS.

MOVED: D. Casto ;      SECONDED: W. Lhota  
YEA: 8 NAY: 0              ABSTAIN: \_\_\_\_\_

**RESOLUTION #74-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN AGREEMENT WITH MARRIOTT INTERNATIONAL DESIGN AND CONSTRUCTION SERVICES AND ESTABLISHING A BUDGET IN THE AMOUNT OF \$1,454,525.00 FOR THE PROCUREMENT OF THE FURNITURE, FIXTURES, AND EQUIPMENT (FF&E) FOR PROJECT #12059 FAIRFIELD INN & SUITES HOTEL.

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

**RESOLUTION #75-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY APPROVING AN EMPLOYMENT CONTRACT WITH ELAINE ROBERTS, PRESIDENT & CEO, EFFECTIVE JANUARY 1, 2014 THROUGH DECEMBER 31, 2018.

MOVED: D. Casto ;      SECONDED: J. Miller  
YEA: 8 NAY: 0              ABSTAIN: \_\_\_\_\_

**RESOLUTION #76-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY ADOPTING THE OPERATING AND CAPITAL BUDGETS, AND THE SCHEDULE OF FEES, RATES AND CHARGES FOR CALENDAR/FISCAL YEAR 2014.

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

**RESOLUTION #77-13** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY RECOGNIZING JOHN E. BYRUM, CHIEF FINANCIAL OFFICER, FOR HIS MANY YEARS OF OUTSTANDING LEADERSHIP AND DEDICATED SERVICE TO THE AUTHORITY.

MOVED: W. Lhota ;                      SECONDED: S. Tomasky  
YEA: 8 NAY: 0                      ABSTAIN: \_\_\_\_\_

Roberts read Resolution #77-13 in its entirety and presented a framed Resolution to John Byrum in recognition of his many years of service and to wish him well in his retirement. The resolution was signed by all Board members.

**OTHER BUSINESS**

Smith called on the Nominating Committee Chair.

Casto reported that the Nominating Committee had met and deliberated and moved that Susan Tomasky be elected as Chair and William Heifner be elected as Vice Chair for the term commencing December 1, 2013, and expiring November 30, 2015. Lhota seconded the motion and moved that the nominations be closed. Smith called for a vote and all Board members approved the nominations unanimously.

Roberts invited the Board members to take a tour of the new Data Center following the meeting.

With no further business being brought before the Board, Smith moved to adjourn; Cipriano seconded. Smith adjourned the meeting at 4:50 p.m. on November 26, 2013.

Respectfully submitted,

  
Elaine Roberts, A.A.E.  
Secretary

ER | ksw