



## BOARD OF DIRECTORS | MEETING MINUTES OF SEPTEMBER 23, 2014

Present: Susan Tomasky, Chair  
William R. Heifner, Vice Chair  
Frank J. Cipriano  
Elizabeth P. Kessler  
Kathleen Ransier  
Dwight Smith

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

CRAA Executive Staff: Elaine Roberts, President and Chief Executive Officer  
Rod Borden, Chief Operating Officer  
Randy Bush, Chief Financial Officer  
Robin Holderman, Chief Asset & Development Officer  
Tory Richardson, Vice President, Human Resources & Strategy

CRAA Staff: A. Beaver, P. Gehrisch, C. Goodwin, J. Lizotte, D. Saleme,  
B. Sarkis, W. Shelby, P. Streitenberger, A. Tabor, K. Whittington

Others Present: Kirk Christian, HMS Host  
Derryl Benton, HMS Host  
Howard Shiller, Eddie George's Grille 27  
Karen Grezner, HMS Host  
George Waite, Chute Gerdeman

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:00 p.m.

### MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of August 26, 2014. Hearing none, Heifner moved for approval; Cipriano seconded. Minutes approved unanimously.

### CONCESSIONS PRESENTATION

Chair Tomasky announced a special presentation by Derryl Benton, Vice President of Business Development with HMS Host. Roberts reported that new space is under construction in Concourse B and thanked Board Members Ransier and Lhota for serving on a selection committee with CRAA staff to identify this opportunity. Roberts congratulated CRAA staff members Saleme and Sandusky for their work on this project.

Benton announced special guest via telephone, Eddie George, who announced the new restaurant, *Eddie George Grill 27*, will open at Port Columbus. This will be the second restaurant of its kind in Columbus.

Benton, Shiller and Waite delivered a presentation, which included renderings of the restaurant, to the Board of Directors.

Following the presentation, Chair Tomasky asked for the Board of Directors to vote on Resolution #43-14. See the official Record of Resolutions within the Minutes for voting data. The Resolution was passed unanimously.

## COMMITTEE REPORTS

### AIR SERVICE DEVELOPMENT:

Tomasky reported that the Air Service Development committee did not meet and has nothing to report.

### BUSINESS DEVELOPMENT:

Cipriano announced the next Committee meeting will be held on November 4.

Holderman reminded the Board members of the official grand opening of the Fairfield Inn & Suites immediately following the Board meeting.

### FACILITIES & SERVICES:

Heifner reported that the committee met on September 17, 2014.

Heifner reported the committee reviewed the Major Capital Projects report for 2014. Also reviewed were the project status report, cost variance report, and construction schedules and timelines; and, the 2013 Capital Budget Recap, proposed 2014 Capital Budget Recap. A. Beaver reviewed the 2014 Capital Budget Recap.

Heifner reported on the following capital projects:

- Work on the South Runway Taxiway Conversion continues and is scheduled to be completed by the end of October.
- The Terminal Modernization Project continues with ongoing work in Concourse B.
- TSA has been located in their new areas in both Concourses A and C.
- Contractor bidding begins next week for the Rickenbacker air traffic control tower. It is possible that work could begin this winter since the materials used are precast concrete panels.

Heifner reported the committee discussed the pros and cons of a new export facility, followed by a review of the proposed Resolutions being presented to the Board.

### FINANCE:

Heifner reported that the Finance Committee met prior to the Board Meeting and that the Authority's finances are in great shape.

Heifner requested Bush to report on the financial statements.

Bush reviewed the financial statements for the year-to-date period ended August 31, 2014. Under the Operating Revenues – Actual vs. Budget, with \$57.9 million in actual revenues and a budget of \$57.5 million, this leaves a positive variance of \$350,000. Airline's negative variance of \$588,000 is due to adjustments to the 2013 Airline Carryforward. General Aviation's positive variance of \$342,000 is the result of higher than anticipated use fees of \$222,000 and \$120,000 related to new lease tenants. Air Freight's positive variance of \$116,000 is due to increased cargo airline activity and related fuel revenue at Rickenbacker. Hotel's positive variance of \$210,000 is a result of the pacing of the budget for the new operations. And Other Income's positive variance of \$210,000 is due to increased ground handling services.

Under the Operating Expenses – Actual vs. Budget, with \$42.3 million in actual expenses, and a budget of \$43.5 million, we have a positive variance of \$1.2 million. Salaries & Wages' positive variance of \$626,000 is related to

\$1,064,000 in vacant positions, offset by less than anticipated project management hours of \$438,000. Benefits & Personnel's negative variance of \$154,000 is due to increased health insurance costs of \$105,000, less than anticipated project management hours of \$147,000, and increased worker's compensation of \$86,000, offset by a \$184,000 decrease related to Public Employees Retirement System (PERS), Medicare, and unemployment claims. Supplies & Materials' positive variance of \$161,000 is due to the delay of paving and painting related projects of \$470,000 which is offset by increased winter weather costs related to fuel of \$35,000 and snow removal supplies of \$274,000.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$82.6 million and total cash expenditures to date of \$33.6 million, this represents a year-to-date execution of 41% of the approved Capital Budget spend. The total accrued expenditures to date of \$31.5 million represents 38% of the approved Capital Budget.

Bush reported that the debt per enplaned passenger is \$18.09, compared to the Moody's Average of \$66.92 from 2013 (Note this is an updated year for Moody's reporting), which is very strong and reflects low debt levels at the airport. The days of unrestricted cash on hand is 596 days, with the Moody's 2013 average being 526 days. Days of unrestricted cash excluding any rental car facility charges is 408 days. We have \$105.1 million of outstanding debt which includes \$30 million outstanding under our Revolving Credit Facility.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Income before Depreciation is \$15.6 million. This gives the Authority a positive Operating Income before Depreciation variance of \$1.6 million as compared to budget, or 11.4%.

Under the Combined Statement of Net Position vs. Prior Year End, total assets and deferred outflows were \$894 million with current assets of restricted and unrestricted funds being \$119 million. Net land, property and equipment in the amount of \$742.7 million is the largest asset on the Combined Statement of Net Position.

Bush reported that Fitch Rating Agency completed their review of the Authority's bond ratings and has affirmed our A+ stable outlook rating.

Bush reported we recently met with representatives from the Kroll Bond Rating Agency, which is a new agency with a focus on transportation. The meeting included a tour of the airports and the south runway was closed for the tour. We are currently under review and hope for an AA- rating. Kroll has only rated one other airport, Dallas Fort-Worth.

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## HUMAN RESOURCES:

Smith reported that the Human Resources Committee met on September 4 for the purpose of reviewing the 2014/2015 Talent Allocation Process and the proposed 2015 Personnel Budget. Staff has done a good job managing salary and benefit expenses.

The 2015 Budget will reflect a 3.9% increase over the 2014 Budget. This includes increases in wages as well as anticipated increases in healthcare costs.

The biggest improvement in controlling personnel expenses comes from managing the benefits. Planned changes in benefits include shifting an additional 1% of health plan costs from the Authority to the employee and shifting an additional 1% of the employees' share of pension contributions to the employee. Also, we have made significant progress reducing our cost of benefits as a percent of salary. For 2015, we are at about 42% compared to closer to 50% in previous years.

Budgeted headcount will be reduced through attrition by three full-time employees in 2015, resulting in 383 full-time employees and 23 part-time employees.

The Committee also discussed the benefits broker request for proposal process. Staff is currently working through the process to identify the firm and negotiate an agreement to help CRAA transition through a benefits redesign process for 2015 and beyond.

The next committee meeting is scheduled for December 4.

## PRESIDENT & CEO REPORT

**Roberts reported** on the following business items:

### **Passenger Air Service**

#### **Overview of Monthly Activity Report**

Port Columbus traffic continues on its solid path of growth, evident with August's passenger increase of 3.3% compared to the year prior. Another strong month results in year-to-date growth at 2.4%.

#### **Meaningful Examination of Statistics**

Our largest carrier saw the largest jump in passenger growth in August. Southwest, combined with AirTran, was up 9.7% compared to the year prior. As of August 10, Southwest took over AirTran's last route at Port Columbus, making this the last month that we will report AirTran passenger numbers.

The 'new' American, which combines merged carriers US Airways and American Airlines, saw a growth of 5.6% year over year, while Air Canada also saw an increase of 0.7%.

Although it is hard to believe that the holiday season is approaching, we are starting to see the associated flight schedule take shape. Delta will begin adding Saturday-only service to Orlando and Tampa in October and in December will begin Saturday service to Cancun and Fort Myers. The airline will also be adding a second daily flight to Los Angeles that will run from December 20 to January 4.

#### **Rickenbacker Charter Terminal Activity and New Service**

Over 9,000 passengers traveled through Rickenbacker Charter Terminal in August on Allegiant Air. The airline again saw a growth of over 240% compared to the year prior and total passengers year to date are over 60,000.

### **Cargo Air Service & Business Development Activity**

As it relates to Rickenbacker statistics, the great news is that international cargo was up 20.2% in August as compared to 2013. We hope to see this growth in international cargo continue, especially with the recent start of export service.

As related to domestic and international goods through Rickenbacker, total cargo in August was down 9.2% year-over-year. As previously discussed, the total number, despite impressive international gains, is being pulled down by FedEx's shift from air to truck transport for domestic cargo.

Year-to-date cargo at Rickenbacker is down nearly 6%, though landed weight, which is the source of our revenue, is up 2.5% with prospects for continued growth.

## **Cathay Pacific Begins Exports**

Cathay Pacific Cargo operated their first flights with U.S. exports over the past week with strong initial success. Our international flights have been entirely imports for many years with no exports being loaded in Columbus. After an enormous effort with numerous stakeholders, that changed last week with Cathay's exporting activity.

All parties are delighted with the diversity of origins (Cleveland, Columbus, Cincinnati, among others) and commodities (automobiles, fashion, power generators, text books, among others) to a variety of destinations (Hong Kong, Singapore, Malaysia, Taiwan, Thailand, China, Japan, Australia, among others). Such diversity of origins, commodities and destinations is critical to success and we are thrilled with this excellent start. Cargolux continues on a path to begin exporting over the next few months as well.

One of the impacts of the successful export launch is the fact that we are nearly out of space for more expansion. As a result, the staff is working with numerous stakeholders to identify the location and development options for construction of another air cargo building to accommodate the growth anticipated through exports.

## **JET Task Force**

CRAA staff continues to assist the Mayor's JET Task Force as needed. On September 26 the full Task Force will meet and will have another opportunity to hear from industry expert Bill Swelbar on the history and impacts of change in the airline industry. A full report from the Task Force is anticipated by the end of the year.

## **FTZ #138 Ranked Seventh in Value of Goods**

On the Foreign-Trade Zone front, the official 2013 numbers are in and Rickenbacker's FTZ #138 jumped to seventh in the United States for value of goods entered last year. This number is extremely impressive given there are 177 FTZs in the U.S.

In 2013 \$6.3 billion in goods flowed through FTZ #138 thanks to the strong sector of international retail distribution operations in the area. Foreign-Trade Zone Administrator Angie Atwood recently attended the National Association of Foreign-Trade Zones' annual meeting. Atwood serves as the Grantee Committee chair and facilitated a workshop on the benefits of using a Foreign Trade Zone.

Our annual Foreign-Trade Zone Seminar for local interests took place on Sept. 18th and was incorporated into the Ohio Conference on Freight. As part of our business development activities, Rickenbacker Inland Port sponsored the Ohio Conference on Freight, which was held in Columbus September 18 and 19. This year's conference theme was *Driving Change in Global Logistics* with many workshops dedicated to how Ohio is leading the way in this regard.

In addition to incorporating our annual FTZ seminar into the conference agenda, David Whitaker participated on a panel discussing supply chain capacity solutions and how the Rickenbacker Inland Port is providing additional capacity via air, sea, rail and highway for North American businesses and logistics providers.

## **Customer Service**

Our customer service team recently hosted the last of our 2014 series of Passenger Appreciation Day events. These quarterly engagement and experience events are well-received by our passengers, greeters, and business partner employees in the terminal.

A fun, "tailgate" theme was the focus of the day and our Airport Ambassadors served freshly-made popcorn, handed out buckeye candies, and coordinated fun pictures with a larger-than-life inflatable Brutus Buckeye. Everyone had an all-around great time and our customer service team is already planning next year's events.

## Community Participation

Over the past month, Roberts had the opportunity to represent the Authority by participating in the NCAA Women's Final Four site visit; COTA's roundtable of community leaders with the Federal Transit Administrator; and spoke last Friday evening to the Women in Aviation Club at Ohio State's Don Scott Airport.

## Port Columbus Full Scale Exercise

On the evening of September 9, staff conducted the required triennial full scale emergency exercise at Port Columbus in conjunction with our mutual aid partners and over 200 volunteers. Despite a challenging scenario, the exercise went well overall. Numerous lessons were learned from the event. The Emergency Preparedness staff is in the process of compiling comments from the observers and completing an after-action report. A summary "hot wash" debriefing was held immediately following the conclusion of the exercise, and a full debriefing involving all the participating agencies will be held upon completion of the after-action report.

## Cash for Drug K-9 Team Assistance

The Airport Police Department recently received \$2000 from the City of Whitehall, which represents approximately 10% of the cash seized in a drug interdiction operation in which APD Officer Dale Beam and K-9 Zeus participated. This is significant in that it was not a DEA operation; rather it was conducted by a local jurisdiction (Whitehall Police Department) with the assistance of its mutual aid partner(s).

## TSA Recognized for ASQ Results

Last week, Roberts and other members of CRAA staff participated in the TSA's annual awards ceremony. The purpose was to present the TSA with a CRAA outstanding customer service award. The award was the result of CRAA's outstanding scores in the security category on the second quarter airport customer survey. CRAA scored best in class among the 42 participating North American airports in two categories: Thoroughness of Security Inspection and Waiting Time at Security Inspection, and virtually tied for best in class in Courtesy and Helpfulness of Security Staff. CRAA also scored very high in Waiting Time at Passport/ID Inspection and Feeling of Being Safe & Secure. TSA was clearly the major contributor to these results, and we appreciate the efforts of Federal Security Director Don Barker, Assistant FSD for Screening Scott Lorenzo, and the entire TSA Columbus staff for their outstanding efforts to provide a high level of service to our mutual customers.

## Fairfield Inn & Suites Grand Opening

Immediately following the Board meeting, all are invited to join us at the new Fairfield Inn & Suites Grand Opening Event.

## READING OF RESOLUTIONS

**RESOLUTION #43-14** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING MODIFICATION TO THE EXISTING CONCESSION AGREEMENT WITH HOST INTERNATIONAL, INC. TO PROVIDE FOR A NEW CONCESSION LOCATION, REFURBISH AN EXISTING CONCEPT, AND TO RE-CONCEPT EXISTING LOCATIONS AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Heifner;  
YEA: 6 NAY: 0

SECONDED: D. Smith  
ABSTAIN: \_\_\_\_\_

**RESOLUTION #44-14** A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY RATIFYING SUBMISSION OF AN APPLICATION FOR FUNDING TO THE MID-OHIO REGIONAL PLANNING COMMISSION FOR ENTRANCE AND EXIT ROADWAYS ASSOCIATED WITH THE CONSOLIDATED RENTAL CAR FACILITY AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: K. Ransier;  
YEA: 6 NAY: 0

SECONDED: E. Kessler  
ABSTAIN: \_\_\_\_\_

**RESOLUTION #45-14** A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$500,000 TO THE MASTER SERVICES AGREEMENT WITH MSA ARCHITECTS FOR GENERAL ARCHITECTURAL AND RELATED SERVICES.

MOVED: W. Heifner;  
YEA: 6 NAY: 0

SECONDED: K. Ransier  
ABSTAIN: \_\_\_\_\_

**RESOLUTION #46-14** A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH LIQUID ANALYTICAL RESOURCES, LLC IN THE AMOUNT OF \$143,861.00 FOR THE PURCHASE AND INSTALLATION OF TWO (2) TOTAL ORGANIC CARBON (TOC) ANALYZERS (CMH PROJECT #14042).

MOVED: F. Cipriano;  
YEA: 6 NAY: 0

SECONDED: K. Ransier  
ABSTAIN: \_\_\_\_\_

**RESOLUTION #47-14** A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING FUNDING IN THE AMOUNT OF \$105,303.29 FOR THE CONTRACT WITH ELFORD, INC., FOR PROJECT #11044 TERMINAL TELECOM CLOSETS 022C, 149A, AND C301 REMEDIATION AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Smith;  
YEA: 6 NAY: 0

SECONDED: W. Heifner  
ABSTAIN: \_\_\_\_\_

## OTHER BUSINESS

With no further business being brought before the Board, Heifner moved to adjourn; Ransier seconded. Chair Tomasky adjourned the meeting at 4:52 p.m. on September 23, 2014.

Respectfully submitted,



Elaine Roberts, A.A.E.  
Secretary

ER | ksw