



BOARD OF DIRECTORS | MEETING MINUTES OF OCTOBER 31, 2017

Present: Susan Tomasky, Chair
William R. Heifner, Vice Chair
Don M. Casto, III
Frank J. Cipriano
Elizabeth P. Kessler
Jordan A. Miller, Jr
Kathleen Ransier
Dwight Smith
Terrance Williams

Absent: N/A

CRAA Executive Staff: Elaine Roberts, A.A.E., President & Chief Executive Officer
Rod Borden, A.A.E., Chief Operating Officer
Randy Bush, Chief Financial Officer
Casey Denny, A.A.E., Chief Asset Officer
Tory Richardson, A.A.E., Chief Strategy Officer
David Whitaker, Chief Commercial Officer

CRAA Staff: S. Bell, T. Carter, D. Finch, C. Goodwin, J. Lizotte, J. Pemberton, J. Rockwell, D. Saleme,
B. Sarkis, K. Shirer, P. Streitenberger, A. Tabor, K. Whittington, A. Wickline

Others Present: Matthew Maguire, OneJet
Rob Brancheau, R.W. Block
Rory McGuinness, City of Columbus
Tom Kromer, POCAT

CALL TO ORDER

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:05 p.m. on Tuesday, October 31, 2017.

Chair Tomasky welcomed guest Matthew Maguire, CEO of OneJet. Mr. Maguire discussed the new nonstop service from Columbus to Milwaukee. The Milwaukee flights will operate twice-daily Monday-Friday beginning November 1 on 7-seat Hawker 400 business jets. OneJet looks forward to working with Columbus leaders as they consider additional routes from Columbus.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of September 26, 2017. Hearing none, Casto moved for approval; Heifner seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE & CUSTOMER EXPERIENCE COMMITTEE:

No report.

BUSINESS DEVELOPMENT COMMITTEE:

Casto reported that the Business Development Committee met prior to the Board Strategy Session on October 31. The committee reviewed the two real estate related Board Resolutions on the agenda:

1. Resolution 83-17 relates to the sale of 10.33 acres of land in the Rickenbacker International Airport area.
2. Resolution 84-17 is a facility lease with FedEx Corporation, providing office and storage space to support their continuing operations at Rickenbacker.

The committee reviewed both resolutions and recommends board approval.

Staff also provided an update on the leasing activities and other development activities, including reports on:

1. A Right of First Offer with MPW to help facilitate a future expansion on the adjacent parcel.
2. An update on leasing/sale activities within the Rickenbacker Gateway Logistics Park.

FACILITIES & SERVICES COMMITTEE:

Heifner reported that the committee met on October 18, 2017 and reported on the following business items:

- B. Sarkis provided an update on the Capital Projects as well as an update on the Midfield enabling projects.
- Resurfacing of the TZR runway was completed and the airport has reopened. The runway was out of service for fifteen days in lieu of sixteen days and will be closed for five days in November for grooving and striping.
- A. Beaver reviewed the 2017 capital spending report.
- Review of the Quarterly Divisional Variance Overview reports.
- Reviewed a preview of the 2018/2019 Capital Budget.
- The committee reviewed the proposed Resolutions and recommends full board approval.

FINANCE & AUDIT COMMITTEE:

Miller reported that the Committee met prior to the board meeting. The committee reviewed the Financial Statements, Monthly Activity Reports, the 2018 Operating Budget and 2018 Airline Rates.

Bush reviewed the internally prepared financial statements for the year-to-date period ending September 30, 2017.

Operating Revenues – Actual vs. Budget, with \$84.0 million in actual revenues and a budget of \$84.6 million, leaving a negative variance of (\$621,000).

- Parking – The (\$1.601 million) negative variance is due to a delayed start date for the Valet agreement and the opening of the Walking Lot, as well as a decrease due to an aggressive budget for the Blue Lot and alternative transportation options for the Garage. This is partially offset by an increase in passenger traffic for Rickenbacker.
- Ground Transportation – The (\$218,000) negative variance is due to lower rental car revenue as the result of a payment policy change and increased utilization of alternative transportation options.
- Concessions & Misc. Lessees – The \$407,000 positive variance is due to higher concession activity due to increased passenger traffic as well as the introduction of new food and beverage concepts in Concourse B, Concourse C, and the Food Court.

Operating Expenses – Actual vs. Budget, with \$56.5 million in actual expenses, and a budget of \$60.2 million, leaving a positive variance of \$3.7 million.

- Salaries and Wages – The \$463,000 positive variance is the result of vacant positions, partially offset by a decrease in the allocation of project management hours.
- Benefits & Personnel – The \$963,000 positive variance is a result of a decrease in employee health insurance costs due to self-funding as well as vacant positions anticipated to utilize health insurance.
- Supplies and Materials – The \$613,000 positive variance is due to a decrease in the usage of snow supply materials as a result of a mild winter. This is partially offset by an increase in the rate of diesel fuel purchased compared to budget.
- Services – The \$1.8 million positive variance is the result of the timing of spend on airport maintenance, software maintenance and staff development and training programs as well as a decrease in costs related to glycol remediation due to a mild winter. This is partially offset by an increase in legal costs as a result of union negotiations and an annexation agreement at Rickenbacker, as well as a rate increase in real estate taxes.

Operating Income Before Depreciation – Actual vs. Budget, with \$27.4 million in actual Operating Income, and a budget of \$24.4 million, leaving a positive variance of \$3 million.

Composition of Operating Revenue and Expenses – Parking represents 32.6% of our operating revenue. Airlines represent 30.9% of our operating revenue. 62.3% of our operating expenses is related to people (benefits, salaries and wages, contract labor).

CRAA Salaries & Wages (CMH & LCK) – Total filled headcount is 397 employees. We currently have 35 staffing vacancies of which 24 are full-time, 7 part-time, and 4 seasonal positions.

Rental Car Activity – Year-to-date transactions is 338,024 compared to 356,020 in August 2016. Gross receipts are \$58.5 million compared to \$61.1 million year-to-date; a negative variance of (\$2.6 million).

Hotel Operations – Year-to-date Net Operating Income is \$1.63 million actual vs. a budget of \$1.68 million leaving a negative variance of (\$46,000). The actual occupancy rate for last month was 79% compared to a budget of 78%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$1.74 million in actual net operating income compared to a budget of \$624,000 providing a positive variance compared to budget of \$1.12 million.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$945.8 million in total assets and \$148.7 million in total liabilities. Included in total assets is \$167.9 million in Cash and Cash Equivalents.

Capital Expenditures – With an approved 2017 Capital Budget of \$56.2 million and total accrued expenditures to date of \$26.5 million, this represents a year-to-date execution rate of 47% of the approved Capital Budget. The year-to-date Capital Budget Baseline pacing was \$33.1 million. Compared to the accrued expenditures to date, this represents 80% of the planned pacing of the Capital Budget Baseline.

The Authority's debt per enplaned passenger is \$21.78, which is significantly lower than average debt loads when compared to the 2015 Moody's airport average of \$94.02.

The days of unrestricted cash on hand is 417 days, with the 2015 Moody's airport average being 657 days.

CRAA has \$92.9 million of outstanding debt which includes \$9.5 million outstanding under our Revolving Credit Facility. No additional debt is planned for at this time.

HUMAN RESOURCES COMMITTEE:

The Human Resources Committee met on September 26 prior to the last Board meeting and a verbal and written report was provided at that time.

The next committee meeting will be held December 15.

PRESIDENT & CEO REPORT

Roberts reported on the following business items:

Passenger Air Service

John Glenn International

After 42 consecutive months of year over year growth, September's passenger traffic dipped slightly at John Glenn International, down -2.1% for the month compared to the year prior. Even before the challenging hurricane weather in early September, we anticipated that September could be down based on the schedule information and the 56 cancellations attributed to the Hurricane Irma, primarily impacting Florida and Georgia, did not help.

At of the completion of the third quarter year-to-date passengers at CMH are up 3.3%.

Frontier saw a growth of 2,405 passengers in September, an increase of 11% over the year-prior. Year-to-date the airline has carried over 218,000 passengers at CMH.

Both Delta and United's traffic were virtually flat in September. Year-to-date Delta is trending up 1.9%, while United is down -1.9%.

Air Canada saw a decrease of -2.5%, or -160 passengers, for the month while American saw a decrease of -3.3%.

CMH's largest carrier Southwest also saw a decrease in traffic for the month of September, down -4.5% over the year prior. With up to 8 daily flights scheduled to Florida markets as well as three daily to Atlanta, Southwest was materially impacted by Hurricane Irma.

On November 1, CMH will welcome new nonstop flights from Columbus to Milwaukee. The service will be offered by OneJet, a new entrant air carrier to Columbus. This growing airline provides consumers with increased access to nonstop travel in small to mid-sized markets. The Milwaukee flights will operate twice-daily Monday-Friday beginning November 1 on 7-seat Hawker 400 business jets.

Rickenbacker Charter Terminal

At Rickenbacker the effects of Hurricane Irma were also felt by Allegiant given their extensive service to Florida destinations. Still, for the month of September the airline was up 5.2% over the year-prior, and is up 31.9% year-to-date.

Overall passenger traffic at Rickenbacker, which includes Allegiant and charter operations, was down -3.1% for the month due to a decrease in charter activity. Overall passenger traffic at Rickenbacker is up 30.6% year-to-date.

Cargo Air Service

Rickenbacker saw another strong month of cargo growth moving 23.8M pounds of air freight in the month of September, up 37.2% over September of 2016. International tonnage once again surpassed our domestic tonnage for the month and, for the full year to date, international tonnage is up 69% while domestic cargo is up 3%. Through the first three-quarters of 2017 total tonnage handled at Rickenbacker stands at 178.6M pounds, up 28% for the year.

Abu Dhabi-based Etihad Cargo began scheduled service at Rickenbacker a year ago last month and since they first came on board, they increased their initial schedule from one to two weekly frequencies while steadily increasing their volumes for both imports and exports. This week they will begin their third scheduled weekly frequency to Rickenbacker, a strong indication that the market is working well for them. Etihad is fully supported by freight-forwarder Trinity Logistics, who has made commitments for all of the space aboard these Etihad aircraft. Trinity has been aggressive in securing net new imports and exports to Rickenbacker. Our other incumbent carriers are also contributing to the success of Rickenbacker. Cargolux, the first international carrier to start scheduled service to LCK in 2013, had another steady month of export growth, increasing export tonnage by 205% year over year, while their

total cargo was up 34.8%. Meanwhile, Cathay Pacific Cargo increased their overall tonnage by 41.2% year over year and Emirates SkyCargo saw their overall cargo total up by 87.1% in the same period.

We are also experiencing a large number of air cargo charters in and out of Rickenbacker. Total international cargo charter activity, typically supporting special projects and providing supplemental capacity for peak season, increased 288% this September versus last. Qatar, Atlas, Kalitta, National and Singapore Airlines are some of the carriers we've seen for charters in addition to our scheduled flight activity. We are optimistic this strong scheduled and charter service will continue as word of mouth about Rickenbacker spreads throughout the industry and international shippers and forwarders look for a better way to bring products into and out of the US.

To support and help propel our growth, the Business Development team continues to visit the regional catchment markets to connect and provide information to those who aren't familiar with Rickenbacker. The team attended an international exporter's conference in Cleveland where new shipper and forwarder contacts were made. Additionally, staff was recently in New York, Chicago and Miami meeting with industry and engaging with current and future partners.

Customer Experience

The Customer Service team has hosted two additional "Facing Takeoff" workshops since the last Board meeting. These free workshops are a great way for those who may have some apprehension about taking a flight and other air travel processes to have a familiarization experience that allows participants to learn about the many elements of traveling by air – how do airplanes fly; what causes turbulence; and how to go through the security screening process, for example. The day culminates with being able to board an aircraft to talk with a flight crew.

Feedback from the participants continues to be very positive, with several attendees having successfully taken a flight since the class. More than 50 community members have participated in the three workshops we hosted this year; workshops are also planned for 2018. The Authority partners with The Ohio State University Center for Aviation Studies, Nationwide Children's Hospital Behavioral Health Services, and Southwest Airlines to offer this unique and valuable learning experience to those in our community who would like to learn more about airports, airplanes, and air travel.

Ground Transportation

We are in the final stages of installing and testing the new Parking and Revenue Control System in the Walking Lot, setting the stage for its opening next week, subject to successful final testing of the equipment. The \$11/per day lot is scheduled to open Tuesday, November 7 and provides another parking option for our guests. Additionally, the lot provides a relief valve and additional capacity for times when the garage is full. We will open the lot with directional signage and in-terminal marketing messages on our digital screens. We will market the lot more aggressively after we see how the lot is received by the public and as the weather breaks early next year.

PreCheck Enrollment

We will again be hosting a PreCheck enrollment event at CMH over a two week period beginning November 6 and ending November 17, Mondays – Fridays only. Specific hours: Monday-Thursday 9 a.m.-1 p.m., 2 p.m.-6 p.m. and Friday 8 a.m.-12 p.m., 1 p.m.-5 p.m.).

The event will take place at the same location as our previous events on Baggage Claim level, across from Baggage Carousel 6.

If you would like more specific information sent to you directly, contact David Whitaker. Sign-up can be done at <https://www.identogo.com/precheck>.

State Legislative Briefing

CRAA hosted a state-level legislative briefing on October 30 to share the state of central Ohio aviation with a focus on the new terminal studies and related projects. Tory Richardson and Kristen Easterday provided the briefing. We look forward to hosting a similar briefing for our federal congressional delegation in November. While we meet with the legislators as well as their staff regularly throughout the year, gathering these important groups for further dialogue with our leadership is another key opportunity to engage in meaningful conversation with our key stakeholders.

Annexation Agreement

CRAA is working diligently with The City of Columbus on crafting a new Annexation Agreement for CRAA's property around Rickenbacker. Staff and legal counsel are currently negotiating the terms with the City. The current agreement expires December 31, 2018 after 21 years. We hope this new agreement will come before the board for consideration at the beginning of 2018 after City Council provides authority for the City to sign this agreement.

USDOT TIGER Grant Funding

CRAA played an important leadership role within the community recently as we submitted an application to the USDOT for TIGER grant funding. This application proposes to widen Alum Creek Drive from 4 to 6 lanes for ~2.5 miles between 270 and Norfolk Southern's intermodal facility. The application also included a suite of pedestrian and workforce access enhancements ranging from a shared-use path to enhancements for last-mile shuttles for employees and sidewalks to area businesses.

INFRA Grant

CRAA is a party to the Ohio Department of Transportation's application for the INFRA grant also through the USDOT. This \$100+ million application includes six projects (two interchanges, a new roadway and the widening of three roads), the most important for CRAA being the extension of Rickenbacker Parkway which would open up development property for CRAA with the opportunity to invest ~\$408 million in capital investment and to create ~5,100 jobs.

Also related to funding and projects, staff is in the initial phase of developing a capital project funding request that would be submitted for a 2018 State Capital Bill. While Capital Bill legislation doesn't usually get released until the first quarter of the year, there is a November 6th deadline to submit projects that will ultimately be on the regional priority list for consideration. The focus for CRAA's request will be infrastructure development at Rickenbacker. We are happy to share more with you about our request as we develop it over the next few days.

Smart Columbus Live

Over 25 CRAA leaders attended the Smart Columbus Live session on October 10 which is designed for corporate, community, and civic partners to learn more about Smart Columbus, the future of mobility, and our role in helping this region-wide initiative be successful. We are among the 1,500 total community leaders taking part in this experience. We have set-up an internal Smart Columbus working group that continues to explore CRAA's engagement and opportunity in this space. We are exploring both internal and external opportunities in this space such as a mobile electric charging station.

Enterprise Communications

CRAA continues its efforts to launch new CRAA websites that further engage our audiences and provide them valuable information they can access from any device of their choosing.

Most recently launched is the new FlyColumbus.com. Based upon findings from studying website analytics, we've positioned the information travelers go to most – such as parking and flight information – at the forefront of the website in a manner that's user-friendly.

Also incorporated are some great new features, including weaving on-brand, user-generated social media posts of images related to their CMH travel experiences. From photos of their four-legged traveling companions to views of the Columbus skyline from a plane window, we're able to amplify the great experiences people are sharing on social media.

This same new feature was also included with our launch of the new RickenbackerInlandPort.com website. The new FTZ138.com website has also been launched, with ColumbusAirports.com and RickenbackerAviation.com to follow over the next few months.

5K on the Runway

On October 29, CRAA proudly hosted the first-ever 5K on The Runway at John Glenn Columbus International Airport. The event sold out in just 36 hours with over 800 participants from nine different states. The team of employees that did all the work were able to raise more the \$35,000 for Honor Flight Columbus. Honor Flight Columbus provides the opportunity to take our senior veterans in to the Nation's Capital to see, firsthand, the monuments and memorials built in their honor to recognize them for the service. We are proud of staff for their hard and creative work to pull off this successful event. Thank you to Board member, Don Casto, for running in the 5K event.

CRAA extends its appreciation to the many volunteers and sponsors for making the race so successful, and to the businesses along Bridgeway Avenue for allowing runners and volunteers to park at their facilities.

Additional Factoids on Honor Flight Columbus:

The Mission of Honor Flight Columbus is to:

- Honor our nation's senior veterans with a trip to Washington, D.C. to visit their war memorials at no cost to them.
- Share their stories for the benefit of future generations.
- Celebrate their homecoming, affirming their allegiance and service to our country.

Facts/Figures

- Over 5,000 senior vets honored to date (hit a milestone this year).
- Six flights this year.
- Average 82 Veterans per flight.
- Most veterans have served in Vietnam and Korea.
- Served 66 Veterans from WWII this year.
- Costs approximately \$700 for each Veteran

Incident at Rickenbacker

Last Friday morning the Airport Police Department was contacted by the Pickaway County Sheriff regarding a report of shots fired near LCK. Upon investigation, Deputies found a burning vehicle belonging to an individual who had been missing for several days, and who was believed to be in possession of a semi-automatic rifle. CRAA employees at LCK were notified and offices were locked down. After a several hour search, the firearm was recovered and the missing individual was located unharmed. No LCK flights were interrupted by the incident.

READING OF RESOLUTIONS

RESOLUTION #79-17 AUTHORIZING A CONTRACT WITH SHELLY & SANDS, INC. IN THE AMOUNT OF \$8,341,379.10 FOR PROJECT #17020, TAXIWAY REHABILITATION AND MODIFICATION OF STANDARDS (MOS) IMPROVEMENTS PHASE 1B AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: **E. Kessler**; SECONDED: **K. Ransier**
YEA: **9** NAY: **0** ABSTAIN: _____

RESOLUTION #80-17 AUTHORIZING AN INCREASE IN AN AMOUNT NOT TO EXCEED \$866,267 TO THE MASTER SERVICES AGREEMENT WITH CRAWFORD, MURPHY, & TILLY, INC. (CMT) FOR PROFESSIONAL ENGINEERING SERVICES ASSOCIATED WITH THE LCK MOS PHASE 1A/1B (PROJECT #17020) AND PHASE 1C (PROJECT #17053) IMPROVEMENTS AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: **D. Smith**; SECONDED: **F. Cipriano**
YEA: **9** NAY: **0** ABSTAIN: _____

RESOLUTION #81-17 AUTHORIZING A CONTRACT IN THE AMOUNT OF \$756,800 WITH R.W. SETTERLIN BUILDING COMPANY, FOR ELEVATORS 11, 15, AND 17 MODERNIZATION INCLUDING REVISED ALTERNATE #2.

MOVED: W. Heifner; SECONDED: E. Kessler
YEA: 9 NAY: 0 ABSTAIN: _____

RESOLUTION #82-17 AUTHORIZING AN INCREASE IN THE AMOUNT OF \$211,677 UNDER THE COOPERATIVE STATE OF OHIO STATE TERM SCHEDULE (STS) CONTRACT #534317 WITH PROTEAM SOLUTIONS, INC. FOR TEMPORARY PROFESSIONAL SERVICES STAFFING

MOVED: E. Kessler; SECONDED: T. Williams
YEA: 8 NAY: 0 ABSTAIN: K. Ransier

RESOLUTION #83-17 AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR APPROXIMATELY 10.33 GROSS ACRES OF LAND LOCATED AT THE SOUTHEAST CORNER OF ALUM CREEK RD AND STATE ROUTE 317 NEAR RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: D. Casto; SECONDED: F. Cipriano
YEA: 9 NAY: 0 ABSTAIN: _____

RESOLUTION #84-17 AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT WITH FEDEX CORPORATION FOR SUITES J, K AND L CONTAINING APPROXIMATELY 11,200 SQUARE FEET IN THE AIR CARGO I BUILDING LOCATED AT 7200 ALUM CREEK DRIVE AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: W. Heifner; SECONDED: J. Miller
YEA: 9 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

Chair Tomasky announced the following regarding CRAA Board Committees:

- Jordan Miller will chair the Nominating Committee. They will meet and a recommendation for the Board Chair and Vice Chair will be made at the November Board meeting.
- Terrance Williams will chair the Air Service & Customer Experience Committee. This committee will focus on business items including international service, incentives, marketing and fee structures.
- Elizabeth Kessler will chair the Business Development Committee. This committee will be named Business Development & Logistics which reflects the growth of LCK and requires a complex effort. Don Casto will continue to serve on this committee.
- Don Casto will chair the Human Resources committee.
- Committees will be realigned following Messieurs Cipriano and Smith resigning from the Board and their successors being appointed.

With no further business being brought before the board, Chair Tomasky requested to adjourn. Kessler motioned; second by Williams. Chair Heifner adjourned the meeting at 5:00 p.m. on Tuesday, October 31, 2017.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw