



BOARD OF DIRECTORS | MEETING MINUTES OF JANUARY 24, 2017

Present: Susan Tomasky, Chair
William R. Heifner, Vice Chair
Don M. Casto, III
Elizabeth P. Kessler
Kathleen Ransier
Dwight Smith
Terrance Williams

Absent: Frank J. Cipriano
Jordan A. Miller, Jr

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., Vice President
Robin Holderman, Chief Development Officer
Tory Richardson, A.A.E., Vice President
David Whitaker, Vice President

CRAA Staff: A. Beaver, S. Bell, K. Easterday, D. Finch, P. Gehrisch, C. Goodwin,
J. Lizotte, P. Streitenberger, K. Whittington

Others Present: Scott Wilson, CTL Engineering

CALL TO ORDER

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m. on Tuesday, January 24, 2017.

Chair Tomasky congratulated J. Miller on his reappointment to the CRAA Board for a four year term.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of November 22, 2016. Hearing none, Smith moved for approval; Ransier seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky reported the committee has not met since the last board meeting. The next meeting is scheduled for February 28 at 2:00 p.m. Discussions will include the 2017 air service development strategy and 2016 year-end customer service performance.

BUSINESS DEVELOPMENT:

No report.

FACILITIES & SERVICES:

Heifner reported that the Facilities & Services Committee met on January 18 and reported on the following business items:

- In the past 5 years, the Authority has spent \$300 million on capital improvements, an average of \$60 million per year.
- Process Improvement: In 2013 we spent 74% of the approved capital budget; in 2014 = 70%; 2015 = 91%; and, in 2016 a 96% spend of the approved budget. Heifner thanked CRAA staff for their hard work on this process improvement.
- Alex Beaver reviewed a summary of what funds were not spent as well as a summary of the capital spend.
- The Curbfront project is slightly behind schedule. New lighting is currently being tested.
- David Whitaker is working on new way finding / signage.
- Resurfacing of the runway at Bolton Field will take place.
- Midfield Development Program – work continues for the Consolidated Rental Car Facility and utility infrastructure. R.W. Block has begun the capacity study.
- The committee reviewed the proposed Resolutions.

FINANCE:

Ransier reported that the Finance Committee met prior to the Board Meeting. The Authority has a strong Balance Sheet and Income Statement. Ransier requested R. Bush to report on the financial reports.

Bush reviewed the internally prepared financial statements for the year-to-date period ending December 31, 2016. The 2016 financial data is approximately 95% complete as we finish accruing for 2016.

Operating Revenues – Actual vs. Budget, with \$104.5 million in actual revenues and a budget of \$105.2 million, leaving a negative variance of (\$659,000).

- Parking – The (\$924,000) negative variance is a result of under performance of the garage, and blue and green lots. Additionally, there is a decrease in valet operations as a result of the re-negotiation of the contract which is offset by an increase in the red lot.
- Airlines – The (\$1.6 million) negative variance is the result of a true-up from estimate to budget for the airline carry forward as well as an increase in the supplemental credit as a result of increased enplanements compared to budget. This is partially offset by an increase in landing fees, space rent, gate use and terminal use fees due to higher than anticipated landed weights and enplanements as well as the entrance of Frontier Airlines.
- Concessions & Misc. Lessees – The \$796,000 positive variance is due to an increase in gift shop, food and beverage, and lodging revenue due to increase enplanements.
- Ground Handling Fees – The \$374,000 positive variance is due to higher than expected ground handling services by Atlas, Cargolux, Etihad and Emirates due to increased activity at LCK.
- Intermodal Lift Fees – The \$416,000 positive variance is the result of an increase in the number of lifts as compared to budget. There are 13% more lifts in 2016 vs. 2015.

Operating Expenses – Actual vs. Budget, with \$75.2 million in actual expenses, and a budget of \$73.7 million, leaving a negative variance of (\$1.5) million.

- Salaries and Wages – The negative (\$325,000) variance is due to an increase in PTO accruals for annual merit increases of \$23,000 and comp time of \$238,000, as well as paid overtime of \$287,000.
- Benefits and Personnel – The negative (\$247,000) variance is due to an increase in OPERS expense of \$1,625 million for GASB 68 adjustments and the under allocation of project management hours. This is partially offset by a favorable variance for health insurance costs.
- Supplies and Materials – The positive variance of \$1,258 million is due to unpurchased maintenance and miscellaneous supplies and equipment of \$115,000 paint supplies of \$120,000, and fuel purchases of \$923,000 due to a decrease in the unit price and quantity due to a decrease in FBO customers.

Operating Income Before Depreciation – Actual vs. Budget, with \$29.3 million in actual Operating Income, and a budget of \$31.4 million, leaving a negative variance of (\$2.2) million.

Composition of Operating Revenue – Parking represents 33.7% of our operating revenue. Airlines represent 29.2% of our operating revenue. This metric shows we are maintaining a competitive level of costs for the carriers to operate in our market and maximizing the potential for non-airline revenue generation.

CRAA Salaries & Wages (CMH & LCK) – Total filled headcount is 407 employees. We currently have 36 staffing vacancies of which 23 are full-time, 3 part-time, and 10 seasonal.

Hotel Operations – Year-to-date Net Operating Income is \$2.138 million actual vs. a budget of \$2 million, leaving a positive variance of \$133,000. The actual occupancy rate for last month was 80.1% compared to a budget of 77.8%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$2.146 million in actual net operating income compared to a budget of \$633,000 providing a positive variance compared to budget of \$1.513 million.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$947.3 million in total assets and \$162.5 million in total liabilities. Included in total assets is \$152.5 million in Cash and Cash Equivalents.

Capital Expenditures – With an approved 2016 Capital Budget of \$54.8 million and total accrued expenditures to date of \$52.8 million, this represents a year-to-date execution rate of 96% of the approved Capital Budget. The year-to-date Capital Budget Baseline pacing was \$54.8 million. Compared to the accrued expenditures to date, this represent 96% of the planned pacing of the Capital Budget Baseline.

The Authority's debt per enplaned passenger is \$25.66, 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 459 days, with the 2015 Moody's airport average being 657 days.

CRAA has \$99.9 million of outstanding debt which includes \$9.5 million outstanding under our Revolving Credit Facility.

HUMAN RESOURCES:

Smith reported the committee met on December 12, 2016 to review the 2017 Strategic Priorities, the past year's performance of CRAA, as well as the evaluation of the President & CEO. The next meeting is scheduled for March 28.

PRESIDENT & CEO REPORT

Roberts reported on the following business items:

Top 2016 Successes of CRAA

Please refer to attached document at the end of these minutes.

Passenger Air Service

John Glenn International

At John Glenn International passenger traffic was up 3.8% in December when compared to the year prior, the 34th consecutive month of growth. This brings 2016's year-end total to over 7.3 million passengers, a 7.8% increase over 2015 and a 15.2% increase over the last two years.

2016 was John Glenn International's second busiest year in its history.

Top CMH Years

- #1: 2007 with 7,719,340 passengers
- #2: 2016 with 7,324,180 passengers
- #3: 2008 with 6,910,045 passengers
- #4: 2000 with 6,882,485 passengers
- #5: 2015 with 6,803,402 passengers

Southwest saw the largest growth in 2016 with over 2.6 million total passengers and a growth rate of 11.3% over 2015. Southwest marked the one-year anniversary of the Dallas, Washington D.C., Boston and Oakland routes in 2016 and all markets are performing well.

Delta saw the next largest increase in traffic for the year with 48,603 more passengers traveling in 2016, a growth of 3.1%.

United was closely behind Delta with an increase of 43,677 passengers for the year prior to 2015, an increase of 4.8%.

Air Canada saw a 24.2% increase for year, up 12,757 passengers which can be attributed to the airline's switch last May to 50 seat regional jets from 37 seat turbo-props .

American saw a small increase in passengers in 2016, up 6,974 over the year prior. After the merger announcement with US Airways at the end of 2013 the airline made investments in our Region by adding larger aircraft with additional capacity, resulting in a 6.3% increase in passengers in 2014 over the year prior. American's passenger levels are relatively flat compared to that increase seen 2 years ago. The month of December did see a 9% decrease in passenger traffic from AA as they continue to find the right balance of flights and aircraft. DCA, LGA and PHL all had slightly less frequencies this December versus last attributing to the reduction.

Another milestone worth noting was the return of Frontier Airlines to the Columbus market in June, 2016 with service to Denver, Las Vegas, Philadelphia and Orlando. The service resulted in over 150,000 passengers and represents a market share of approximately 3%.

Rickenbacker Charter Terminal

At Rickenbacker, over 196,000 passengers traveled on Allegiant in 2016. This was 23.6% growth over their passenger total in 2015. This past year the airline introduced new service to Jacksonville, Florida and already this year has announced new twice-weekly seasonal service to Destin-Fort Walton Beach, Florida beginning May 25.

Allegiant has seen a 127% growth in passengers over the past two years. Their 2017 schedule is such that they will be operating two scheduled flights simultaneously at Rickenbacker on several days of the week and their total weekly flight schedule will exceed 30 flights a week at spring peak.

Overall passenger traffic at Rickenbacker was up 22% in 2016. Recall we have numerous charter flights with football teams, bands and fans, both inbound and outbound, for local teams and visiting which accounts for the non-Allegiant passenger activity at Rickenbacker.

Cargo Air Service

Rickenbacker (LCK) capped off 2016 with another strong performance. Over 202 million pounds of air cargo moved through our growing international air cargo hub for the year, up 1.8% over 2015 and marking the third straight year of year-over-year growth. Recall 2015 saw an extra 21 million pounds of air freight move through Rickenbacker due to seaport-related supply chain disruptions, making this year's numbers particularly meaningful. The growth in 2016 was again driven by international cargo flowing through the airport aboard our scheduled international service that began in June of 2013 with Cargolux and was up 16% for the year. 2016 saw expansions in frequencies by both Cargolux and Emirates SkyCargo, plus the entry of Etihad Cargo into the market joining Cathay Pacific Cargo rounding out an impressive group of premier international freighter operators utilizing Rickenbacker. There are now 12 scheduled weekly international cargo flights with more growth anticipated in 2017. Not shown on your report, the airport saw 566 arrivals of Boeing 747 & 777 freighters from international points of origin in 2016, up from 456 a year prior and a 249% increase since 2013 when the airport saw 162 of such flights.

In a niche that continues to develop for us, the airport was named a permanent port of embarkation for the export of livestock last year and exported 129 horses, 202 goats and 53 sheep by air to points around the world.

Our domestic package tonnage flying aboard FedEx and UPS at LCK is not faring as well, down 6% for the year as small package traffic continues its shift to truck wherever possible. The airport's cargo mix is now a 60% domestic and 40% international, a balance that is more stable than in years past.

The success at Rickenbacker these past few years have truly been collaborative. Specifically our fashion and apparel companies have stepped up and directed their agents to use LCK whenever possible. And, as you know, the city, county and state, combined with the airport authority, have all helped finance numerous infrastructure improvements. Two key infrastructure improvements were completed on-airport last year, the new air traffic control tower and new international air cargo terminal that will serve the industry well for decades to come.

Foreign-Trade Zone (FTZ)

Our Foreign-Trade Zone #138 continues to thrive with \$7.8 billion worth of goods moving through the zone in the last reporting year of 2015, up 37% from the prior year. 2015 marked the second straight year that FTZ #138 ranked within the top 10 out of 186 active FTZs in the US and number one for apparel and footwear.

Concessions

Through November of 2016, Net Concessions Revenue from all food, beverage, retail, services, and advertising have increased 9.5%, nearly two percentage points above our passenger volume increase. Highlights in 2016 included opening Land-Grant Brewing Co. in Concourse B and a new pre-security Starbucks in the Food Court which is open 24 hours a day.

As anticipated, monthly revenues have rebounded and increased year over year by 14.5% since Terminal Modernization Project was completed in March. A complete recap of 2016 concession and rental car revenues will be provided next month.

TSA PreCheck Temporary Application Center

Travelers interested in saving time at security checkpoint lines can enroll in the Transportation Security Administration's (TSA) PreCheck expedited-screening program at John Glenn Columbus International Airport (CMH) February 27 through March 10. An application center, located on the baggage claim level across from carousel 6, will be open Monday through Wednesday from 10:00 a.m. to 7:00 p.m. and Thursday and Friday from 8:00 a.m. to 5:00 p.m. during this two-week period.

With TSA PreCheck, travelers don't need to remove shoes, laptops, 3-1-1 liquids, belts or light jackets and can enter the checkpoint through a designated TSA PreCheck lane. The TSA PreCheck program has been at CMH since January 2014 and continues to gain popularity in the Columbus Region.

December Winter Operations

December proved to be a very expensive month in terms of winter operations. We experienced a total of five winter events that required activation of snow and ice control operations. Just over five inches of snow fell in December, which is not uncommon. However, one major ice event also occurred which required the use of large amounts of chemicals and sand on the airfields and salt on the roadways. John Glenn Airport experienced a 5-hour closure during the event. Fortunately, the closure occurred during the overnight hours, so flight disruptions were minimized.

Human Trafficking

CRAA reported last year that the Airport Authority has partnered with the TSA and the Ohio Department of Public Safety to produce a human trafficking awareness training to familiarize employees with the signs of human trafficking as well as teaching employees who to contact when they suspect a human trafficking situation. The Ohio Department of Public Safety produced the video at no charge to the Authority. This effort has gained national attention, and the American Association of Airport Executives (AAAE) recently requested permission to post the video on its subscription-based training network. As a training resource on AAAE's Airport News and Training Network (ANTN), the video has the potential to reach over 16,000 employees at the 222 airports that subscribe to the service. CRAA is grateful to the Ohio Department of Public Safety and the TSA for their support of this effort. Roberts thanked Rod Borden for his efforts in leading this initiative.

December Proclaimed as General Aviation Appreciation Month in Ohio

Governor Kasich, Mayor Ginther and numerous other mayors across Ohio declared December as General Aviation Appreciation Month. These elected officials recognize that general aviation and community airports play a critical role in the lives of Ohio citizens and that the state of Ohio has a significant interest in the continued vitality of general aviation, aerospace, aircraft manufacturing, educational institutions, aviation organizations, community airports and airport operators. CRAA received a Proclamation from Mayor Ginther.

Aviation Issues Conference

Some staff and Board members recently attended the AAAE Aviation Issues Conference. The conference brings key stakeholders such as Federal Aviation Administration (FAA), Transportation Security Administration (TSA), National Business Aviation Association (NBAA), The Regional Airline Association (RAA) Airlines for America (A4A), the airlines, labor unions, and general aviation together to discuss the top issues facing the industry.

Major topics included: Air Traffic Control (ATC) Reform, funding for airports, security issues, shortage of pilots, and other workforce issues.

All of these issues affect CRAA as many of them will be incorporated or attempted to be incorporated into the FAA Reauthorization Bill. The current appropriations expires on April 28 and FAA Reauthorization expires on September 30.

Legislative Agenda

Related to our legislative efforts, staff will be in DC at least once between now and the end of March. This visit will be used to express our position on the various issues anticipated to be considered in the FAA Reauthorization Bill, seek opportunities under the yet to be announce Infrastructure Investment Plan, and seek approval of our US DOT FASTLANE grant application submitted in December to expand Alum Creek Drive.

At the State level we will continue seeking funding for the John Glenn Columbus International Airport renaming costs.

At the local level we'll be seeking additional partnerships and funding for development at Rickenbacker, including negotiating a new Rickenbacker Area Annexation Agreement with the City of Columbus. The current Agreement expires December 31, 2017.

CRAA staff provided the Board a 2016 Legislative Recap a few weeks ago. The 2017 legislative agenda is still being drafted. If the board has suggestions or question, please let us know. Tory Richardson is leading all of these legislative efforts on behalf of the CRAA.

Strategy

Roberts requested Tory Richardson, Chief Strategy Officer, to give a high level overview of our 2017 strategic priorities.

READING OF RESOLUTIONS

Note: Board Member D. Smith left the Board meeting prior to voting on Resolutions.

RESOLUTION #01-17 AUTHORIZING AN AMENDMENT TO THE SCHEDULE OF FEES, RATES AND CHARGES FOR CALENDAR/FISCAL YEAR 2017.

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

RESOLUTION #02-17 TO AUTHORIZE AN INCREASE IN THE AMOUNT OF \$119,080 UNDER PROFESSIONAL SERVICES MASTER AGREEMENT PEO-2013-009, WITH STAFFORD RESOURCES dba STAFFORD TECHNOLOGY, FOR TEMPORARY STAFFING SERVICES.

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

RESOLUTION #03-17 TO AUTHORIZE PURCHASES IN THE AMOUNT OF \$155,579 UNDER THE COOPERATIVE STATE OF OHIO STATE TERM SCHEDULE (STS) CONTRACT #534427 WITH TEKSYSTEMS, INC. FOR TEMPORARY SECURITY ANALYST STAFFING SERVICES AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT.

MOVED: E. Kessler; SECONDED: T. Williams
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #04-17 AUTHORIZING A CONTRACT IN THE AMOUNT OF \$4,210,176 WITH M-B COMPANIES, INC., FOR THE PURCHASE OF SIX (6) HIGH-SPEED MULTI-TASKING SNOW REMOVAL REPLACEMENT UNITS, PHASE ONE OF PROJECT #15023, FOR USE AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT.

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

RESOLUTION #05-17 AUTHORIZING AN AGREEMENT WITH TRILLION AV, LLC (d/b/a TRILLION AVIATION) TO PROVIDE PROFESSIONAL CONSULTING SERVICES RELATED TO COMMERCIAL AVIATION FUELING SYSTEMS, FIXED BASE OPERATIONS (FBO) AND OTHER COMMERCIAL AERONAUTICAL ACTIVITIES AT JOHN GLENN COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL AND BOLTON FIELD AIRPORTS.

MOVED: E. Kessler; SECONDED: T. Williams
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #06-17 AUTHORIZING AN EXTENSION OF THE CONTRACT WITH DBT TRANSPORTATION SERVICES LLC AND TO INCREASE THE AMOUNT OF THE CONTRACT TO \$419,195 TO PROVIDE MAINTENANCE, INSPECTIONS, AND CERTIFICATIONS FOR CERTAIN NAVIGATIONAL AIDS AND COMMUNICATION EQUIPMENT AT RICKENBACKER INTERNATIONAL AND BOLTON FIELD AIRPORTS.

MOVED: W. Heifner; SECONDED: E. Kessler
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #07-17 AUTHORIZING AN INCREASE IN THE AMOUNT OF \$251,968 TO THE MASTER SERVICES AGREEMENT WITH RS&H OHIO, INC. FOR ON-CALL AIRFIELD CIVIL ENGINEERING SERVICES AT JOHN GLENN COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL, AND BOLTON FIELD AIRPORTS.

MOVED: E. Kessler; SECONDED: D. Casto
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #08-17 AUTHORIZING A CONTRACT IN THE AMOUNT OF \$4,480,569 WITH THE FEDERAL AVIATION ADMINISTRATION (FAA) FOR REIMBURSABLE EXPENSES ASSOCIATED WITH THE ELECTRICAL DESIGN, CONSTRUCTION, AND COMMISSIONING TO RELOCATE THE FAA RTR C ANTENNA SITE AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Heifner; SECONDED: E. Kessler
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #09-17 AUTHORIZING AN INCREASE IN THE AMOUNT OF \$162,441 TO THE MASTER SERVICES AGREEMENT WITH WOOLPERT, INC. FOR THE ON-CALL CIVIL ENGINEERING SERVICES AT JOHN GLENN COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL, AND BOLTON FIELD AIRPORTS.

MOVED: K. Ransier; SECONDED: T. Williams
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #10-17 AUTHORIZING THE EXECUTION OF A LETTER OF INTENT BETWEEN THE AUTHORITY AND RENTAL CAR OPERATORS IDENTIFYING KEY BUSINESS TERMS AND CONDITIONS FOR A FUTURE CONSOLIDATED RENTAL CAR FACILITY LEASE AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT.

MOVED: E. Kessler; SECONDED: K. Ransier
YEA: 6 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

Tomasky updated the Board about a letter received from Mr. Ochs of Spirit Aeronautics. Tomasky will write a response and distribute to the Board. CRAA will commission a fee analysis with an expert to review fees appropriate for the market. Mr. Ochs will be directed to continue working with CRAA staff members.

With no further business being brought before the board, Chair Tomasky requested to adjourn. Casto motioned; second by Ransier. Chair Tomasky adjourned the meeting at 5:02 p.m. on Tuesday, January 24, 2017.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw

Attachment: 2016 Top Successes