



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF FEBRUARY 23, 2016

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

Absent: Susan Tomasky, Chair
Elizabeth P. Kessler
Dwight Smith
Terrance Williams

CRAA Executive Staff: Elaine Roberts, A.A.E., President & CEO
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, Human Resources & Strategy

CRAA Staff: A. Beaver, H. Brown, D. Finch, P. Gehrisch, C. Goodwin, M. Journigan,
B. Sarkis, P. Streitenberger, A. Wickline, K. Whittington

Others Present: Commissioner Paula Brooks, Franklin County Board of Commissioners
Cory Shawver, Franklin County Board of Commissioners
Marla Rose, The Columbus Dispatch
Don Peters, Columbus Flight Watch
John Montgomery, Central Ohio Severe Weather Network
Jim Thompson, Port Columbus Historical Society

CALL TO ORDER

Chair Heifner called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m. on Tuesday, February 23, 2016.

Chair Heifner welcomed Commissioner Paula Brooks to the Board meeting. Commissioner Brooks requested to speak before the Board.

Commissioner Brooks remarked that Elaine Roberts has demonstrated exemplary leadership for the Columbus Regional Airport Authority and the success of the three airports. Brooks presented Roberts with a Resolution from the Franklin County Board of Commissioners, recognizing her for receiving the "Champions of Change" award from The White House.

MINUTES

Chair Heifner asked if there were any additions or corrections to the Minutes of January 26, 2015. Hearing none, Cipriano moved for approval; Miller seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Williams reported the Committee has not met since the previous Board meeting. The next Committee meeting will be held April 13.

BUSINESS DEVELOPMENT:

No report.

FACILITIES & SERVICES:

Heifner reported that the committee met on February 17.

B. Sarkis reviewed the Major Capital Projects report for 2016. Also reviewed were the project status report, cost variance report, and construction schedules and timelines. A. Beaver reviewed the Capital Budget Update report.

Heifner reported on the following business items:

- The Terminal Modernization Program is on schedule for a March 2016 opening. This program remodeled all three concourses, the ticket lobby, baggage claim, the food court; and, soon to come, the Essence project.
- The Terminal Modernization Program will be celebrated with a community event the morning of March 23.
- Southwest Airlines will move to their final ticket counter space on February 29.
- A Resolution is forthcoming in March or April for the curb front renovations, which is a \$7 million project.
- The North Runway project will shut down the runway for 190 days. During that time, Port Columbus will operate with one runway.
- The Air Traffic Control Tower at Rickenbacker is scheduled for a May 1, 2016 commissioning.
- The committee reviewed the 2016 Capital Improvement Budget.
- The committee reviewed the Resolutions being presented to the full Board.
- On capital expenditures, percentage of baseline spent to date, is 44% through January 31, 2015.

FINANCE:

Miller reported that the Finance Committee met prior to the Board Meeting and that the Authority has a strong Balance Sheet and Income Statement.

Miller requested Bush to report on the financial reports. Bush reviewed the preliminary financial statements for the year-to-date period ending January 31, 2016.

Operating Revenues – Actual vs. Budget, with \$8.3 million in actual revenues and a budget of \$8.4 million, leaving a negative variance of (\$97,000).

- Air Freight – the (\$71,000) variance is due to a decrease in fuel sales as a result of lower retail price compared to budget as well as lower than anticipated sales for ground fuel as a result of a mild winter.

Operating Expenses – Actual vs. Budget, with \$5.7 million in actual expenses, and a budget of \$6.9 million, leaving a positive variance of \$1.2 million.

- Services – The variance of \$916,000 on is the result of the timing of spend of HVAC and airport maintenance of \$75,000, software maintenance of \$160,000, data storage and other services of \$171,000, staff development and training of \$196,000, professional services for passenger surveys and business development consulting, employee engagement and job analysis consulting, benefit administration and hotel management fees of \$314,000.

Composition of Operating Revenue – Parking represents 33.5% of our operating revenue. Airlines represent 30.6% 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.

Composition of Operating Expenses – A large component of the Authority's expenses is related to staffing costs. Salaries & Wages for full and part-time staff represent 40.4% of operating expenses; Benefits & Personnel costs are 15.2%; while Contract Labor represents another 12.1% of the Authority's operating expenses.

CRAA Salaries & Wages (CMH & LCK) – Total filled headcount is 384 employees. We currently have 61 staffing vacancies of which 41 are full-time, 6 part-time, and 14 seasonal.

Hotel Operations – Year-to-date Net Operating Income is \$125,000 actual vs. a budget of \$125,000 million, leaving a zero variance. For the month of January, we used the budget to accrue for this month's activity. This will be adjusted once we receive our actual activity from the hotel near the end of the month. The actual occupancy rate for last month was 76.6% compared to a budget of 70%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$293,000 in actual net operating income compared to a budget of \$206,000 providing a positive variance compared to budget of \$87,000.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$913 million in total assets and \$161 million in total liabilities. Included in total assets is \$126.2 million in Cash and Cash Equivalents.

Capital Expenditures – With an approved Capital Budget of \$54.8 million and total accrued expenditures to date of \$1 million, this represents a year-to-date execution rate of 2% of the approved Capital Budget. The year-to-date Capital Budget Baseline total was \$2.2 million. The accrued expenditures to date of \$1 million represents 44% of the planned pacing of the Capital Budget.

Bush reported that our debt per enplaned passenger is \$28.15, showing significantly lower than average debt loads when compared to the 2014 Moody's airport average of \$54.19.

The days of unrestricted cash on hand is 365 days, with the 2014 Moody's airport average being 557 days. CRAA has \$107.2 million of outstanding debt which includes \$2 million outstanding under our Revolving Credit Facility.

HUMAN RESOURCES:

Miller reported that the Committee has not met since the last report. The next Committee meeting is scheduled for March 14.

PRESIDENT & CEO REPORT

Chair Heifner called upon Roberts to provide the President & CEO Report.

Roberts reported on the following business items:

Passenger Air Service

Port Columbus

Port Columbus started the New Year off right with a 6% increase in passenger traffic for the month of January when compared to January, 2015, the strongest January performance since 2008 when Skybus was operating at its peak activity level.

On the strength of their significant 2015 expansion, Southwest saw the largest increase in passenger traffic with more than 27,000 additional passengers than last January, an increase of nearly 18%.

United saw the next largest increase in passengers with 10% more passengers than last January, while Delta saw an increase of 5%. As both carriers upgrade their smaller regional aircraft to larger ones, we continue to see a corresponding increase in passengers.

American Airlines meanwhile saw a decrease of 4.9% year over year.

Beginning May 1, Air Canada will begin flying 50 seat regional jet aircraft from Columbus to Toronto, in place of the currently used smaller propeller aircraft. Adding more seats to the market without direct competition is a reflection of the importance of Columbus to Air Canada. International connections to both Asia and Europe over Toronto are critical to the airline and Columbus travelers like this option.

Dave Whitaker and Todd Carter on our business development team left February 23 for London to meet with British Airways on February 25 at their London headquarters. They will be joined by Kenny McDonald of 2020, Steve Lyons of the Columbus Partnership and Geoff Chatas of The Ohio State University. British Airways remains our top target for European service and British Airways continues to pay attention to the good things happening in our market. Our competition for this service is strong including other U.S. and global markets but we are pleased to be at the table with them and under consideration.

Rickenbacker Charter Terminal

At Rickenbacker, Allegiant saw a 38% growth of passenger traffic in January. Overall passenger traffic at Rickenbacker was up just 14% due to significantly less bowl charter activity this year.

Cargo Air Service

Rickenbacker handled 14,860,326 pounds of air cargo in January, slightly less than 1% increase over January of 2015. The international share of cargo flowing through Rickenbacker now equals a third of our volume, up from just 10% a few years ago, and cargo carried by our international carriers was up 89% in January. Cargolux and Cathay Pacific Cargo were both up year over year (47% and 26% respectively) and Emirates, who was not flying to Rickenbacker in January of 2015 also contributed nearly a million pounds of their own. Domestic cargo is not performing as well with FedEx down 23% and UPS down 2.8% in January. The FedEx numbers do not reflect lost business through Columbus, rather a continuing shift of their cargo from plane to truck as the FedEx Express Division has instituted a very successful optimization program that accelerated in the 3rd quarter of 2015. In fact, FedEx was able to handle more package traffic with greater efficiency in our market this past December, but much of that was through trucking connections at the Rickenbacker hub thus reducing volumes that travel aboard aircraft. This trend could continue into the third quarter this year before numbers are normalized year-over-year. Despite this network optimization the number of aircraft landing at Rickenbacker for FedEx (and UPS) has not appreciably changed.

Regarding cargo volume over the next couple of months, in February we expect to see the effect of the west coast port disruptions factor in to year-over-year comparisons. There were 24 west coast relief flights in February of 2015 and that jumped to 54 in March, all large aircraft with a lot of tonnage coming off. We do not expect any of that activity this February and March so volume will be correspondingly down. We are still anticipating 2.5% growth this year overall.

Concessions

In 2015, gross concessions revenue from all food, beverage, retail, services, and advertising increased 7.9% for over \$31 million.

Net concession revenue was up 7.4% for \$4.6 million to the Authority.

Rental Car Report

Gross revenue was up 3.6% while net revenue was up 3.1%. The Authority's share is nearly \$8.7 million and represents the third largest revenue source for the CRAA.

The Board authorized an increase to the Rental Car Customer Facility Charge ("CFC") fee last August. Effective 9/1/15 the CFC rate increased to \$5.50 generating significant additional revenue for our new Consolidated Rental Car Facility (CONRAC). The October 2013 spike in CFC's was a result of the President's Cup event in Columbus driving increased rental activity.

Customer Service

The Customer Service team hosted the first of four planned 2016 Passenger Appreciation Days on February 11. Customers were treated to free popcorn, treats, and activities with a Valentine's Day theme. These events are popular with customers and are a fun way to show our appreciation for their business.

Winter Ops

Even though our February snowfall of 7.8" has exceeded the average of 6.3" for the month, we remain well below average for this winter season. Total snowfall for the season stands at 13.2", compared to an average of approximately 20" at this point in the season.

Marijuana Seizure

On February 12, Airport Police officers working with the DEA task force seized a suitcase containing approximately 50 pounds of Marijuana. The suitcase had arrived on an inbound flight.

Landmark Acquired by Signature

On February 5, Signature Flight Services announced that it has acquired Landmark Aviation, which operates an FBO in the Columbus International Air Center on the south side of Port Columbus. Signature is the largest chain of FBOs in the U.S., and is known for its high end facilities and services. Signature is in the process of re-branding the Columbus Operation and has already begun operations here under the Signature name.

Government Affairs

Roberts and Richardson will be in Washington, D.C. twice between now and the end of March. Next week is the Columbus Partnership Fly-In and March 15-16 is the AAAE/ACI-NA Legislative Affairs Conference. We will use this time to express our position on the various issues being considered in the FAA Reauthorization Bill. As a reminder, we'll spend some extra time at our Board Meeting in March to provide an update on legislative matters that affect CRAA.

On a more local note, CRAA staff has met with several of Mayor Ginther's new staff to begin establishing or maintaining relationships with them and to update them on projects and initiatives underway at CRAA. We have also started some very early coordination meetings with MORPC, Franklin County, and City of Columbus on some planning projects for the Rickenbacker area that will kick off later this year.

Speaking Opportunities

There is increasing interest in activities at our airports and since the beginning of the year, Roberts has given presentations to the Westerville Chamber, WTS—Advancing Women in Transportation, and to the Downtown Rotary. Other presentations are scheduled to the Westerville Rotary and the Genoa Township Business Association in April, and the Dublin Women in Business in July. There is a lot of interest in air service development and future development at the airports.

Terminal Modernization Program

A Save the Date card has been sent out to community leaders for March 23 from 8:00 to 10:00 a.m. to join us in celebrating the completion of the Terminal Modernization Program. Angie Tabor and our Communications team is planning a fun event and we hope our Board members will be able to join us. We have confirmed that Mayor Ginther

will be here to make remarks and our Board Chair, Susan Tomasky will be emceeding the event. Speaking remarks will start around 9:20 a.m.

READING OF RESOLUTIONS

RESOLUTION #14-16 AUTHORIZING A LEASE AGREEMENT WITH CLIFTON FAMILY FARMS PARTNERSHIP FOR THE FARMING OF APPROXIMATELY 814 ACRES OF LAND AT BOLTON FIELD AIRPORT.

MOVED: F. Cipriano; SECONDED: K. Ransier
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #15-16 AUTHORIZING A LEASE AGREEMENT WITH CLIFTON FAMILY FARMS PARTNERSHIP FOR THE FARMING OF APPROXIMATELY 1,308 ACRES OF LAND AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: J. Miller; SECONDED: K. Ransier
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #16-16 AUTHORIZING AN INCREASE IN THE PROFESSIONAL SERVICES MASTER AGREEMENT WITH INTELICE SOLUTIONS, LLC, IN THE AMOUNT OF \$300,794 TO UPGRADE MICROSOFT DYNAMICS NAV/SERENIC 2009 TO THE NEWER VERSION 2013 R2.

MOVED: K. Ransier; SECONDED: T. Williams
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #17-16 AUTHORIZING A CONTRACT IN THE AMOUNT OF \$133,365 WITH JD EQUIPMENT INC., FOR THE PURCHASE OF TWO (2) NEW JOHN DEERE 6130M CAB TRACTORS AND TWO (2) NEW JOHN DEERE HX20 FLEX-WING MOWING DECKS, PROJECT #13007, FOR USE AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: K. Ransier; SECONDED: J. Miller
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #18-16 AUTHORIZING THE PRESIDENT & CEO, OR HER DESIGNEE, TO PURCHASE ONE (1) LARGE AIRCRAFT PUSHBACK TRACTOR, (1) AIRCRAFT PORTABLE HEAT AND AIR CONDITIONING CART, (1) AIRCRAFT AIR START UNIT AND (1) SPLIT TANK GROUND FUEL SERVICING TRUCK, PROJECT #16006, IN AN AGGREGATED AMOUNT NOT TO EXCEED \$766,000 TO SERVE CRAA'S AIRCRAFT GROUND HANDLING ACTIVITIES AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: J. Miller; SECONDED: K. Ransier
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #19-16 AUTHORIZING A CONTRACT WITH GARSITE, LLC., TO PURCHASE ONE (1) MOBILE 10,000 GALLON FUEL TRUCK AND ONE (1) HYDRANT FUEL TRUCK, IN AN AGGREGATED AMOUNT NOT TO EXCEED \$571,289 TO SERVE CRAA'S AIRCRAFT GROUND HANDLING ACTIVITIES AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: K. Ransier; SECONDED: J. Miller
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #20-16 TO AUTHORIZE PURCHASES IN THE AMOUNT OF \$159,120 UNDER THE COOPERATIVE STATE OF OHIO STATE TERM SCHEDULE (STS) CONTRACT #534427 WITH TEKSYSTEMS, INC. FOR TEMPORARY SECURITY ANALYST AND APPLICATION INTEGRATION ENGINEER STAFFING SERVICES AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: F. Cipriano; SECONDED: J. Miller
YEA: 5 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the board, Cipriano moved to adjourn; Ransier seconded. Chair Heifner adjourned the meeting at 4:46 p.m. on Tuesday, February 23, 2016.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw