



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF MARCH 24, 2015

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

Absent: Frank J. Cipriano
Kathleen Ransier

CRAA Executive Staff: Tory Richardson, Vice President, Human Resources & Strategy
Rod Borden, Chief Operating Officer
Randy Bush, Chief Financial Officer
Robin Holderman, Chief Asset & Development Officer
David Whitaker, Vice President, Business Development & Communications

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

Others Present: David Tate, Huntington National Bank
Cheryl Schultz, Huntington National Bank
Mark Keagan, Huntington National Bank
Kevin McPeck, Public Financial Management
Chris Franzmann, Squire Patton Boggs
Aaron Shocket, Parking Solutions Inc.
Doug Shuck, CRP
John Montgomery, Central Ohio Severe Weather Network
Don Peters, Columbus Flight Watch
Alan Harding, Columbus Flight Watch

CALL TO ORDER

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

Chair Tomasky reported that President & CEO, Elaine Roberts is out of the country and that Tory Richardson will report to the board in her absence.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of February 24, 2014. Hearing none, Kessler moved for approval; Lhota seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky reported that the committee did not meet this month and the next meeting is April 23, 2015 at 3:00 p.m.

BUSINESS DEVELOPMENT:

Casto reported that the committee did not meet and that there are a number of business transactions in process which will be reported on at a later date.

FACILITIES & SERVICES:

Heifner reported that the committee met on March 18, 2015.

B. Sarkis reviewed the Major Capital Projects report for 2015. Also reviewed were the project status report, cost variance report, and construction schedules and timelines. A. Beaver reviewed the 2015/2016 Capital Budget Update report.

Heifner reported that the committee toured the Ticket Lobby modernization project. New sky lights are a significant transformation. The committee reviewed a mock-up of the new ticket counters. The project is scheduled for completion the end of May 2015. Work on the north lobby started ahead of schedule and completion is scheduled for February 2016. Work on Concourse B continues and is scheduled for completion in July 2015. Work on the baggage claim area has commenced and is a significant undertaking. The project is scheduled for completion the end of 2015.

Heifner reported the committee discussed Air Cargo Terminal #5 at Rickenbacker International Airport and that Resolution #17-15 is being presented to the board to consider preconstruction and design phase services.

Also reviewed were the Resolutions being presented to the board.

FINANCE:

Miller reported that the Finance Committee met prior to the Board Meeting and that the Authority's finances are in great shape. The committee reviewed four resolutions being presented to the board. Miller requested Bush to report on the monthly financial statements.

Bush reviewed the preliminary financial statements for the year-to-date period ending February 28, 2015.

Under the Operating Revenues – Actual vs. Budget, with \$16 million in actual revenues and a budget of \$15.1 million, this leaves a positive variance of \$921,000.

- Airline's positive variance of \$456,000 is related to the 2013 and 2014 Airline Carryforward adjustments.
- Other Income's positive variance of \$104,000 is due to increased ground handling services at Rickenbacker of \$108,000 offset by a decrease in lift fees of \$4,000.
- Air Freight's positive variance of \$209,000 is due to a \$169,000 increase in landing fees related to unreported 2014 cargo landings, and a \$40,000 increase in Rickenbacker fuel revenue.

Under the Operating Expenses – Actual vs. Budget, with \$11.8 million in actual expenses, and a budget of \$11.7 million, we have a negative variance of \$148,000.

- Salaries & Wage's negative variance of \$278,000 is related to \$65,000 less than anticipated project management hours, \$130,000 in overtime related to inclement weather, and \$83,000 due to an increase in sick leave accruals.

- Supplies & Materials' positive variance of \$120,000 is due to \$341,000 in the timing of spend offset by \$221,000 increase in snow supply usage due to inclement weather.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$62.3 million and total cash expenditures to date of \$3.1 million, this represents a year-to-date execution of 5% of the approved Capital Budget spend. The total accrued expenditures to date of \$3.3 million represent 5% of the approved Capital Budget.

Bush reported that the debt per enplaned passenger is \$17.16, compared to the Moody's Average of \$66.92 from 2013, which is very strong and reflects low debt levels at the airport. The days of unrestricted cash on hand is 601 days, with the Moody's 2013 average being 526 days. Days of unrestricted cash excluding any rental car facility charges is 406 days, which is well ahead of the 365 days the Authority wants to maintain. CRAA has \$116 million of outstanding debt which includes \$45 million outstanding under our Revolving Credit Facility. This debt will be reduced by \$40 million with the board's approval of Resolution #14-15 which authorizes the issuance of airport refunding revenue bonds awarded and sold to Huntington Public Capital Corporation.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Income before Depreciation is \$4.165 million vs. a budget of 3.392 million. This gives the Authority a positive Operating Income before Depreciation variance of \$773,339 as compared to budget, or 22.8%.

Under the Combined Statement of Net Position vs. Prior Year End, total assets and deferred outflows were \$905.9 million with current cash and cash equivalents of \$121.0 million. Net land, property and equipment in the amount of \$747.3 million is the largest asset on the Combined Statement of Net Position.

HUMAN RESOURCES:

Lhota reported that the committee did not meet this past month, but has been closely monitoring our Health and Wellness Benefits renewal process as well as ongoing negotiations with the Ohio Patrolmen's Benevolent Association (OPBA), which represents about eight of CRAA's police corporals and sergeants. Lhota reported it is likely the committee will meet in April to review these matters prior to the next board meeting. The next scheduled committee meeting is June 25, 2015.

PRESIDENT & CEO REPORT

Chair Tomasky announced that CRAA has hired Donald Robertson as Manager of Business Diversity.

Richardson reported on the following business items:

Passenger Air Service

Overview

The passenger growth trend continues at both Port Columbus and Rickenbacker.

Port Columbus

At Port Columbus over 445,000 passengers traveled through the airport in February, up 2.0% compared to the year prior. This was the highest February passenger traffic count in 3 years, and also marked the 12th consecutive month of passenger growth. 2015 year to date passenger activity is up 5.3%. Delta saw the largest increase in traffic with over 8,000 more passengers flying than last February, an increase of 8.5%. Part of this increase in passengers for the month can be attributed to a 24% seat increase to New York markets: JFK and LaGuardia, compared to the year prior.

Southwest also saw an increase of traffic with over 2,400 more passengers flying this month compared to the year prior, or an increase of 1.6%. In just a few short weeks – beginning April 8 – Southwest will launch new daily service to both Dallas Love Field and Ronald Reagan Washington National Airport.

Air Canada was up slightly while the combined merger of American and US Airways as well as United saw a slight decrease in passenger's activity year over year for February.

CRAA is pleased to welcome the return of Vacation Express seasonal weekly Cancun service on Saturday March 14, as well as a new weekly route to Punta Cana, Dominican Republic which started Monday March 16. Punta Cana had not been served non-stop from Port Columbus in over ten years.

Rickenbacker Charter Terminal

Likewise, the Rickenbacker Charter terminal was quite active in February with over 8,800 passengers using the facility last month. You may recall Allegiant Air started seasonal service to New Orleans last month and their year-round twice weekly service to Ft. Lauderdale started operating just a couple of weeks ago.

Cargo Air Service

Air cargo traffic at Rickenbacker was up substantially in February, mainly due to supply chain disruptions caused by protracted negotiations with dock workers at west coast seaports that eventually brought those ports to a standstill. This caused manufacturers and distributors to switch from ocean to air freight charters out of Asia in order to keep assembly lines running. Capitalizing on its ideal position as a gateway to the eastern U.S., Rickenbacker handled nearly 7 million additional pounds of air freight in February compared to last year. A total of 17.1 million pounds of air cargo was handled at Rickenbacker last month. Domestic freight was up 1.5% for the month but the majority of the whopping 66% y/y increase was attributed to international freighter activity. Combining the extra charter activity with our regularly scheduled freighter activity, the airport saw 43 international freighter flights in February, typically a slower month. Scheduled service providers Cathay and Cargolux performed well in February, flying a collective 18 scheduled flights last month as compared to 6 in 2014, which was before Cathay entered the Rickenbacker market. Thus far in 2015 Rickenbacker has handled over 30M pounds of air cargo, a 38% increase over the first two months of 2014, a trend we expect to continue into March and beyond.

One of the benefits of the charter activity is for shippers, airlines and freight forwarders to experience the efficiency of Rickenbacker and understand its potential for these companies on a more permanent basis. Business development conversations are very strong based on this and the presence of Cathay and Cargolux. In fact, this week marks another "first" for Rickenbacker. A fully loaded Boeing 747 departed LCK with 176 pregnant heifers on it – a project that was two years in the making. A big thanks goes out to our BD&C, Operations, and Asset Management Teams for making this a success.

With all this recent success, staff has been meeting with the City, County, State, MORPC, and others to discuss future investments in Rickenbacker. In a few minutes, we'll be requesting your approval of resolutions to further explore and develop schematics of a new facility as well as procure additional equipment to support these cargo activities/

Washington D.C.

CRAA staff spent two days in the Nation's Capital this month meeting with elected and administration officials.

There were several Hill visits to meet with our elected officials and their staff to emphasize the need for two critical Bills this year: Highway Reauthorization and FAA Reauthorization. Several key elements associated with FAA Reauthorization include, airport funding through the Airport Improvement Program (AIP), an increase in the Passenger Facility Charge (PFC), and the Federal Contract Tower Program.

Staff also took the opportunity to highlight the need for continued investments in our three airports as well as briefed our elected officials on our air service and cargo successes.

2015 Community Report

Within the next 1-2 weeks, board members will receive a mailed copy of CRAA's 2015 Community Report, formerly referred to as our Annual Report. The theme of this year's report is Open Sky and touches upon the organization's recent accomplishments and future goals. This year we pushed the distribution of the report back by a few weeks in order to highlight Southwest's recent expansion in our market.

The Community Report is distributed locally and nationally to community stakeholders, elected officials and industry partners, and will be available on ColumbusAirports.com. We look forward to feedback on this publication.

Customer Service

Our customer service team is very active working with all of our in-terminal business partners handling the spring break travel peak which occurs for most local school districts, universities, and colleges in the early-March through mid-April timeframe. Our teams always look forward to this fun annual travel time period when so many customers are anxious to head to warmer climates for some rest and relaxation. In fact the first Punta Cana flight noted earlier was full with very happy college students escaping the Midwest late winter doldrums.

JET Task Force

The JET Task Force held its last official meeting February 25, the day after our last Board meeting. The final report is being developed and will be presented to the Mayor in April. When complete, the final report will also be available online on the City's website.

Winter Operations

With the official arrival of spring and no major winter storms in the forecast, it looks like we will finish the 2014-15 winter at just over 33" of total snowfall, which is 6" above our average annual total of 27-1/2 inches. Our crews did an exceptional job of maintaining operations at all three airports, despite staffing challenges resulting from the strong local economy. This winter, the airlines were exceptionally proactive in preemptively cancelling flights, and we experienced large numbers of cancellations and delays even though our airports were fully operational. We expect to have the detailed financial and statistical data on this year's winter operations available next month.

Parking Shuttle Bus Accident

Just after midnight on March 3, 2015 a CRAA shuttle bus driving southbound on Stelzer Road en route to the green lot was hit broadside by a vehicle that ran the red light at the off-ramp from I-670. Both occupants of the vehicle had minor injuries and were treated at the scene. Of the shuttle bus occupants, one passenger was transported to Grant Hospital; six passengers and the driver had minor injuries and were treated at the scene.

Baggage Handling System Incident

In the early morning of March 12, 2015, an apparent power surge damaged several components of the baggage handling system north matrix. As a result, checked baggage had to be manually transported to the south matrix for screening, and then had to be manually sorted and retrieved for loading on flights. The outage lasted approximately six hours, until parts could be pulled from redundant systems in the south matrix and installed in the north matrix equipment. As a result of the outage, 26 flights were delayed. Staff continues to study the cause of the outage and examine alternatives to prevent such occurrences in the future.

Lhota inquired about surge protection on the system. Borden reported that the planned outage lasted longer than anticipated. This depleted the back-up batteries which also act as the surge protector of the system.

FBO Activity

2015 has started out as a strong year for the FBO at Rickenbacker. In part due to the labor dispute at the west coast ports, the number of cargo flights handled by our team have been approximately four times the weekly average of March 2014, with more than 80 cargo wide-bodies expected to be handled this month. In addition, Allegiant Airlines now has 12 scheduled passenger flights per week, compared to six in March of 2014. We have begun to see an easing in the number of cargo flights because manufacturers in the Far East are running out of raw materials. We expect to see another surge later in the year, as raw materials begin flowing again and manufacturers begin shipping products to market, and parts to U.S. manufacturing plants.

READING OF RESOLUTIONS

RESOLUTION #14-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE ISSUANCE OF AIRPORT REFUNDING REVENUE BONDS, SERIES 2015 OF THE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$40,000,000, FOR THE PURPOSE OF PAYING THE COSTS OF REFUNDING CERTAIN SUBORDINATED AIRPORT REVENUE CREDIT FACILITY BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A SEVENTH SUPPLEMENTAL TRUST INDENTURE; AND AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER INSTRUMENTS, DOCUMENTS OR AGREEMENTS APPROPRIATE TO THE FOREGOING AND RELATED MATTERS.

MOVED: J. Miller;
YEA: 7 NAY: 0

SECONDED: D. Casto
ABSTAIN: _____

RESOLUTION #15-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY PROVIDING FOR AN ESTIMATE OF THE AUTHORITY'S INACTIVE MONIES FOR THE FIVE-YEAR PERIOD JUNE 1, 2015 TO AND INCLUDING MAY 31, 2020.

MOVED: D. Smith;
YEA: 7 NAY: 0

SECONDED: E. Kessler
ABSTAIN: _____

RESOLUTION #16-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY TO DESIGNATE THE BANKING INSTITUTIONS THAT MAY PROVIDE BANKING SERVICES FOR THE COLUMBUS REGIONAL AIRPORT AUTHORITY FOR THE FIVE-YEAR PERIOD JUNE 1, 2015 TO AND INCLUDING MAY 31, 2020.

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

SECONDED: E. Kessler
ABSTAIN: J. Miller

RESOLUTION #17-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A DESIGN-BUILD CONTRACT WITH ELFORD, INC. WITH AN INITIAL AUTHORIZATION OF UP TO \$300,000 FOR PRECONSTRUCTION AND DESIGN PHASE SERVICES ASSOCIATED WITH AIR CARGO TERMINAL #5 AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: W. Heifner;
YEA: 7 NAY: 0

SECONDED: W. Lhota
ABSTAIN: _____

RESOLUTION #18-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH OURS EXCAVATING, LTD., IN THE AMOUNT OF \$240,625 FOR PROJECT #06078A, INTERMODAL CAMPUS STORM WATER IMPROVEMENTS PHASE 1 WITHIN THE RICKENBACKER GLOBAL LOGISTICS PARK AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: J. Miller;
YEA: 7 NAY: 0

SECONDED: W. Lhota
ABSTAIN: _____

RESOLUTION #19-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH STRAWSER PAVING CO., INC., IN THE AMOUNT OF \$327,528 FOR PROJECT # 14036, REHABILITATION OF THE AIRPORT RESCUE AND FIRE FIGHTING (ARFF) APRON AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Lhota;
YEA: 7 NAY: 0

SECONDED: E. Kessler
ABSTAIN: _____

RESOLUTION #20-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A SEVEN (7) MONTH EXTENSION TO THE EXISTING CONCESSION AGREEMENTS WITH THE RENTAL CAR OPERATORS AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: J. Miller;
YEA: 7 NAY: 0

SECONDED: W. Lhota
ABSTAIN: _____

RESOLUTION #21-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PRESIDENT & CEO, OR HER DESIGNEE, TO PURCHASE FIVE (5) AIR CARGO TOW TRACTORS AND SIXTY (60) AIR CARGO TRANSPORT DOLLIES IN AN AGGREGATED AMOUNT NOT TO EXCEED \$630,000 TO SERVE CRAA'S EXPANDING AIRCRAFT GROUND HANDLING ACTIVITIES AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: D. Smith;
YEA: 7 NAY: 0

SECONDED: W. Heifner
ABSTAIN: _____

RESOLUTION #22-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$204,352 WITH JACK DOHENY COMPANIES, INC., FOR THE PURCHASE OF A REPLACEMENT RAMP VACUUM SWEEPER, PROJECT #11012, AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Heifner;
YEA: 7 NAY: 0

SECONDED: D. Casto
ABSTAIN: _____

RESOLUTION #23-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY TO AUTHORIZE CAPITAL FUNDS IN THE AMOUNT OF \$187,200 UNDER PROFESSIONAL SERVICES MASTER AGREEMENT (XPSMA) # ADMI 2015 PEO-2012-001-001 WITH NESCO RESOURCE COMPANY FOR TEMPORARY PROJECT MANAGEMENT STAFFING SERVICES AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: **W. Lhota**;
YEA: **7** NAY: **0**

SECONDED: **J. Miller**
ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the board, Casto moved to adjourn; Heifner seconded. Chair Tomasky adjourned the meeting at 4:35 p.m. on March 24, 2015.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw