



BOARD OF DIRECTORS | MEETING MINUTES OF MARCH 25, 2014

BOARD MEMBERS

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

Absent: John W. Kessler

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
David Whitaker, Vice President, Business Development & Communications

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

Others Present: Alan Harding, Columbus Flight Watch
Don Peters, Columbus Flight Watch
Ed Gillespie, Columbus Flight Watch
John Montgomery, Central Ohio Severe Weather Network

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

Chair Tomasky asked if there were any additions or corrections to the Minutes of February 25, 2014. Hearing none, Lhota moved for approval; Smith seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

No Report.

BUSINESS DEVELOPMENT:

Casto requested Holderman to provide the Board with development updates.

Holderman reported that Resolution 11-14 authorizes a ground lease with FlightSafety International for their new flight training facility on the north airfield.

Holderman reported that Resolution 17-14 authorizes a reduction in base land value for 27 acres in the Intermodal Campus of the Rickenbacker Global Logistics Park to accommodate a build-to-suit prospect.

Holderman reported that the Fairfield Inn & Suites Hotel is on time and on budget for a grand opening on or about August 1, 2014.

Holderman reported that the Daimler Group will be breaking ground for the first building in the Air Side Business Park on the north airfield in April. An anchor tenant has been secured for approximately one-third of the building.

Holderman reported on the original terminal building. We continue to work with the preservation group formulating an adaptive reuse plan for the building.

Holderman reported that the Rohr Road land sale at Rickenbacker will close on March 27. Vantrust has announced they will be starting a spec building in the second quarter. The sale will net the Authority \$4 million.

FACILITIES & SERVICES:

Heifner reported the committee met on March 19, 2014.

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

Heifner reported that work has commenced on the south runway relocation following the harsh winter.

Heifner reported that the terminal modernization work has been completed in Concourse A. The board toured the concourse following the February 25 board meeting. The space is much more open and brighter. The board welcomed to the concourse two new restaurants, Donatos and Vino Volo.

Heifner reported that the terminal modernization work has been completed in Concourse C. A tour of the concourse followed this board meeting.

Heifner reported that terminal modernization work is underway. TSA check point at Concourse A has been moved as work begins.

The committee also reviewed work for the floor medallion. Roberts reported that a report will be given at the May board meeting.

The committee also reviewed and approved the proposed 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. Miller requested Bush to report on the financial statements.

Bush reviewed the financial statements for the year-to-date period ended February 28, 2014. Under the Operating Revenues – Actual vs. Budget, with \$13.6 million in actual revenues and a budget of \$13.3 million this leaves a positive budget variance of \$322,000. We are currently receiving guaranteed minimums which will be trued up in May. Auto Parking's positive variance of \$72,000 is due to increased activity in the parking garage.

Under the Operating Expenses – Actual vs. Budget, with \$11.3 million in actual expenses, and a budget of \$11.2 million, we have a negative variance of \$139,000. Salaries & Wages negative variance of \$162,000 is due to seasonal labor and overtime costs as a result of winter weather. Benefits & Personnel's negative variance of \$168,000 is due to increased health insurance costs and incremental pension costs associated with higher salaries and wages related to winter weather. Supplies & Materials' negative variance of \$64,000 is due to the pacing of budgeted supplies and equipment of \$308,000 which is offset by increased costs related to fuel of \$72,000 and snow removal supplies of \$300,000.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$82.6 million and expenditures to date of \$6.9 million, this represents a year-to-date (cash basis reporting) execution of 8% of the approved Capital Budget spend.

Bush reported that the debt per enplaned passenger is \$18.97, compared to the Moody's Average of \$59.37 from 2012, which is very strong and reflects low debt levels at the airport. The days of unrestricted cash on hand is 559 days, with the Moody's 2012 average being 439 days. We have \$106.6 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 \$2.2 million. This gives the Authority a positive Operating Income before Depreciation variance of \$183,172 as compared to budget, or 8.7%.

Under the Combined Statement of Net Position vs. Prior Year End, total assets and deferred outflows were \$882 million with current assets being \$145 million. Net land, property and equipment in the amount of \$735 million is the largest asset on the Combined Statement of Net Position.

HUMAN RESOURCES:

Lhota reported that the committee met on March 21. The committee reviewed and approved the committee meeting minutes from December 13, 2013. The committee received an update from staff on the 2014 health benefits renewal process. The plan year runs from May 1 to April 30. Staff is still in the process of negotiating the various elements of the plans and the premiums associated with those plans. Next steps are to finalize that information and share it with staff, then conduct the open enrollment process in order to finalize the process by May 1.

Lhota reported the committee discussed the Authority's pay-for-performance programs. The committee suggested some changes for staff to incorporate into the plan documents.

Lhota reported the next committee meeting is scheduled for June 10.

PRESIDENT & CEO REPORT

Roberts reported on the following business items:

Passenger Air Service

The airline industry has been engaged in capacity discipline for quite some time and our conversations with airlines to expand in Columbus are positive. The airlines like our market and usually respond that, when the time is right for the airlines, they will expand service. We believe that time is now.

For example, the current March schedule compared to March a year ago from the point of view of markets, air service from Columbus to Charlotte had the largest increase in capacity with an additional 35% capacity in scheduled seats compared to the prior year. Additional markets that saw an increase of 10% or more increased capacity included Cancun, Fort Myers, Fort Lauderdale, Chicago O'Hare, Houston Intercontinental, and New York-LaGuardia.

In February, Delta and American airlines combined to offer 55 scheduled flights providing 8,500 seats that didn't exist last year. We are very pleased we have the Los Angeles route and continue our efforts to open up additional routes to the west, namely San Francisco.

The second quarter of 2014 looks promising for Port Columbus. The amount of seats scheduled in and out of CMH is up 3% compared to 2013. This is a strong signal our airlines continue to invest in Columbus.

As shown in the Activity Report, the actual number of passengers in the month of February was down 1.5% (6,762 passengers) compared to the previous year. This is no surprise given this is worst winter on record for airline cancellations. Port Columbus was heavily impacted with about 276 cancellations in February accounting for 8% of total flights.

When examining the February statistics, there are several positive indicators. Four airlines at Port Columbus actually saw an increase in passengers. American Airlines reported the largest increase in passengers, finishing the month up nearly 17%. Air Canada, and Delta also reported increases, and US Airways was flat. Although Southwest's passenger numbers were up that is mitigated by the large decline in AirTran's passengers as they consolidate operations.

Merger News

In merger news, the last Port Columbus AirTran flights that operate to Atlanta will be fully converted in August to Southwest flights. The Southwest aircraft will be larger than what was previously flown on this route, providing an additional 1,400 seats per month to Atlanta. The AirTran brand is officially retiring by the end of the year in remaining cities.

Cargo News

Referring to the Activity Report, Cargo tonnage handled at Rickenbacker in February was down 13.6%, continuing the trend of domestic express package volumes switching from air to truck.

Good news is on the horizon though, as on Friday Cathay Pacific landed the inaugural flight of its new service. With Cathay's entry into the market Rickenbacker is now served four days a week out of Hong Kong, a frequency that is attractive to retailers that depend on the timely service to deliver their products to market.

It is encouraging to see the international service on the rise, as this can help offset the decline in domestic service. With Cathay's entry alongside Cargolux, Rickenbacker now has two of the premier international cargo carriers serving the airport. And, we are encouraged by their aspiration to begin exporting cargo from Columbus in 2014.

Cathay Pacific Pre-Assessment

In preparation for their startup at Rickenbacker, Cathay Pacific conducted a detailed assessment of CCAA's ground handling operation and provided training on their operational procedures. As with audits and assessments by other airlines, the results of Cathay's assessment were outstanding, the trainer stated, "The Rickenbacker ground support team is doing an awesome job". They were extremely pleased with Friday's inaugural operation as well.

Cargo Business Development Efforts

Later this month, Business Development will attend the Air Cargo 2014 conference, which brings together players in the logistics industry. Our attendance will strengthen Rickenbacker's place in the market through educational forums and provide new business opportunities.

In keeping with CCAA's initiative to diversify revenues by pushing into new business areas, in April, Business Development will partner with Columbus2020 to attend and exhibit at Aviation Week and Space Technology's MRO Americas conference.

MRO Americas is the premier event for the commercial air transport maintenance, repair and overhaul (MRO) industry. This industry is a hot growth sector and encompasses everything from small aircraft servicing to wide-body aircraft interior and finishing work.

We believe that Rickenbacker, with its ample airside access and existing logistics infrastructure, is a prime location for companies to locate an MRO facility.

Rebranding Efforts Recognized

The Columbus chapter of the American Advertising Association, which represents over 100 members, recently held its annual awards gala known as the ADDYs. The CRAA rebranding efforts received a silver ADDY in the category of "Integrated Campaign." The submission highlighted the branding strategy and execution, including the logos, brand guidelines, brand video and much more.

We thank Ologie for our successful partnership in this rebranding effort and offer our congratulations on receiving this prestigious award. Ologie captured a total of 16 ADDY awards, including Best of Show for their work on the viewbook for Sewanne: The University of the South.

Part-Time Customer Service Agents During Ticket Lobby Modernization

In order to ensure continued positive passenger experiences during the extensive ticket lobby modernization efforts, we have contracted with six part-time customer service agents to assist with customer way finding and line management. They are onsite daily and the hours vary based upon peak activity periods, with special attention paid to the early morning rush.

Meanwhile, the team of nearly 70 volunteer airport ambassadors, CRAA employees and all tenant employees are being encouraged to be especially diligent in assisting passengers during this construction period.

April 17 Events

All Board Members were sent an invitation to the April 17 morning event when CRAA and The Columbus Foundation will celebrate the 50th Anniversary of Jerrie Mock's historic, solo flight around the world. During this event we will unveil a bronze sculpture of Jerrie Mock that will become part of the Port Columbus Legacy of Leadership.

I'm excited to announce that Dorothy Cochrane, who is the Smithsonian's curator of general aviation aircraft and flight material including the Jerrie Mock collection, will be speaking at our event. I do hope you have the opportunity to join us at this exciting celebration, which will also include remarks by our Board Chair, Mayor Coleman, Franklin County Commissioner President Marilyn Brown and Doug Kridler.

Immediately following the Jerrie Mock celebration activities, general aviation (GA) business partners in attendance will adjourn to a separate briefing on airport updates and initiatives pertinent to general aviation, including a keynote presentation by Dorothy Cochrane. This annual GA event is an excellent opportunity for the Airport Authority to connect with our GA business partners from all three CRAA airports.

Mayor's Task Force

We are anticipating the announcement this week from the Mayor's office regarding the makeup of the Task Force which he announced at his State of the City address. Tory Richardson will be our staff liaison to the Task Force and the subsequent three working groups that are established to focus on increased air service development; the feasibility of making the Port Columbus area a multimodal transportation center, and to strengthen the area as a major jobs center. Two weeks ago, we kicked off our Loop Road land use study for Port Columbus with a visioning session that included several external stakeholders like the City, County, COTA and MORPC. This study will serve as the key work for the Task Force working group that is examining multimodal feasibility at Port Columbus. The other two working groups will be created and meetings scheduled as soon as the full Task Force membership is announced.

Legislative Conference | Capitol Hill Visits

Tory Richardson and Roberts will be in Washington, D.C. this Wednesday and Thursday to participate in the AAEE/ACI-NA Legislative Conference. We will also make Hill visits to U.S. Representatives and Senators.

2013 Drug Enforcement Administration Statistics

2013 was a very active and successful year for drug interdiction efforts here at Port Columbus. Seizures in 2013 included 6.6 lbs. of cocaine, more than 20 lbs. of marijuana, and nearly \$800,000 in cash. Interdiction activities are conducted by a task force operating under the authority of the Drug Enforcement Administration. The Airport Authority has two full time police officers assigned to the task force, as well as a drug dog team.

Public Safety Risk Assessment by Insurance Underwriters

CRAA's insurance underwriter recently conducted an assessment of the Airport Police Department. The assessor evaluated the department's management controls, employee screening and training procedures, recordkeeping & documentation practices, and general safety programs. The assessor gave the department a superior rating, and had no recommendations for improvements.

Business Continuity Planning

One of the top seven strategic priorities for the Authority this year is to revise and implement the continuity of operations project plan. This priority will expand and enhance our position of preparedness beyond the traditional arena of response by our operations and safety personnel to incidents that threaten lives or property. It continues our efforts to develop enterprise wide awareness and management of all significant risks that threaten our business operations and our ability to serve our customers. This priority has two components: one focuses on business continuity and our ability to quickly recover and maintain functionality of all importation functions; and two, disaster recovery, which is narrowly focused on restoring the functionality of our technology systems. The Board Chair has requested that we plan to provide a full briefing to the Board regarding our business continuity planning efforts. Roberts will be coordinating the schedule with Rod Borden, who is sponsoring this strategic priority to determine the best time for the briefing.

Winter Operations

With winter weather nearly behind us, we can safely say that this winter will be the most expensive winter in the Airport's history. As of this morning, the total snowfall for the season stood at 53.9 inches. An additional ¼" of snow will make this the snowiest winter in the Airport's history. We will have a detailed final report on the 2013-14 winter operations at the April Board meeting.

Board Member Tour of Concourse C

Following today's board meeting, the Board of Directors is invited to tour Concourse C for any of you interested in seeing the improvements made through the Terminal Modernization Program.

READING OF RESOLUTIONS

RESOLUTION #10-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A FIFTH SUPPLEMENTAL TRUST INDENTURE AMENDING AND SUPPLEMENTING A TRUST INDENTURE DATED AS OF MARCH 1, 2004 BETWEEN THE COLUMBUS REGIONAL AIRPORT AUTHORITY AND U.S. BANK, NATIONAL ASSOCIATION AS TRUSTEE IN CONNECTION WITH OASBO EXPANDED ASSET POOLED FINANCING PROGRAM.

MOVED: D. Casto; SECONDED: W. Heifner
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #11-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A GROUND LEASE WITH FLIGHTSAFETY INTERNATIONAL, INC. FOR THE DEVELOPMENT OF A FLIGHT TRAINING CENTER AND RELATED OFFICE FACILITIES ON AUTHORITY PROPERTY NORTH OF BRIDGEWAY AVENUE AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: K. Ransier; SECONDED: J. Miller
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #12-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY RESCINDING RESOLUTION 09-14 AND AUTHORIZING A PURCHASE AGREEMENT IN THE AMOUNT OF \$127,246 WITH BLUE APPLE TECHNOLOGIES, LLC, UNDER STATE TERM SCHEDULE CONTRACT STS033, SCHEDULE #533110, FOR THE PURPOSE OF PROCURING CISCO ELECTRONIC NETWORK EQUIPMENT FOR PROJECT #13042, EMERGENCY CALLBOX REPLACEMENT – PHASE 2.

MOVED: W. Heifner; SECONDED: D. Casto
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #13-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH ADVIZEX TECHNOLOGIES FOR THE PURPOSE OF PROCURING CISCO ELECTRONIC NETWORK EQUIPMENT IN THE AMOUNT OF \$426,797 FOR THE CLOSED CIRCUIT TELEVISION (CCTV) SYSTEM AND AMAG ACCESS CONTROL SYSTEM UPGRADE AND DIGITAL MIGRATION PROJECT #13021 AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Lhota; SECONDED: J. Miller
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #14-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH BROWN ENTERPRISE SOLUTIONS, LLC., TO PROVIDE AN ENTERPRISE BACKUP SOLUTION THAT WILL SUPPORT THE REQUIREMENTS OF TECHNOLOGY SERVICES' CONTINUITY OF OPERATIONS/DISASTER RECOVERY PROJECT #13036.

MOVED: D. Smith; SECONDED: D. Casto
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #15-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$242,402 WITH ANNSEAL, INC. FOR THE CONCRETE JOINT REPAIRS PHASE 2 PROJECT AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: J. Miller; SECONDED: W. Lhota
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #16-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$543,010 WITH PETTIBONE CONCRETE FOR THE TERMINAL APRON TRENCH DRAIN REPAIR PHASE 4 PROJECT #14014 AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Lhota; SECONDED: D. Smith
YEA: 7 NAY: 0 ABSTAIN: W. Heifner

RESOLUTION #17-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A REDUCTION IN THE BASE LAND VALUE OF APPROXIMATELY 27 ACRES OF LAND IN THE INTERMODAL CAMPUS OF THE RICKENBACKER GLOBAL LOGISTICS PARK AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: D. Casto; SECONDED: D. Smith
YEA: 8 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the Board, Lhota moved to adjourn; Miller seconded. Chair Tomasky adjourned the meeting at 4:47 p.m. on March 25, 2014.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw