



BOARD OF DIRECTORS | MEETING MINUTES OF JULY 22, 2014

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: Elizabeth P. 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 & Communication

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

Others Present: Steve Wartenberg, The Columbus Dispatch
Alan Harding, Columbus Flight Watch
Don Peters, 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 June 24, 2014. Hearing none, Cipriano moved for approval; Smith seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky reported that the Air Service Development committee meets quarterly and has not met since the last Board meeting, therefore nothing to report. The committee has invited aviation industry expert, William Swelbar, to join us August 1 for a presentation. Swelbar is a prolific speaker on the aviation industry and we have asked him to join us to share the global context of the aviation industry as it stands today and how it applies to us locally. He is a Research Engineer in MIT's International Center for Air Transportation, where he is affiliated with the Global Airline Industry Program and Airline Industry Research Consortium.

BUSINESS DEVELOPMENT:

Casto requested Holderman to provide an update on the Fairfield Inn & Suites. Holderman reported the hotel will hold a soft opening on July 23 for the CRAA team responsible for the work on this project. The first registered guest is

Susan Reid, sister of Jerrie Mock. The Board Room of the hotel features a large photograph of the original terminal. Holderman reported a Grand Opening will be held in September and that information will be sent to the Board soon.

FACILITIES & SERVICES:

Heifner requested Cipriano to report. Cipriano reported the committee met on July 16, 2014.

Cipriano 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; and, the 2013 Capital Budget Recap, proposed 2014 Capital Budget Recap.

Cipriano reported on the following capital projects:

- Convert Existing Runway to Taxiway – Project is to be completed this year.
- Ticket Lobby Modernization – Checkpoint A, C and the throat of B are all under construction. New lobby construction is to be completed in 2015.
- Concourse B Renovations – The former Skybus area continues to maintain a scheduled completion of late July 2014.
- CCTV and AMAG Upgrade – The AMAG Control System software update is complete. The CCTV software upgrade was completed in May. Digital camera installation is slated to begin in September.
- Rickenbacker Parkway 2B – Construction is to be complete this December.
- Loop Road Study – Future Terminal Concept Refinement will be ready in August. Concept Development and Evaluation to be completed Fall 2015.

Heifner reported that *Brushstrokes in Flight* has been relocated to the atrium area. The art work is on a temporary base at this time.

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 June 30, 2014. Under the Operating Revenues – Actual vs. Budget, with \$42.9 million in actual revenues and a budget of \$42.6 million this leaves a positive variance of \$246,000. Auto Parking's positive variance of \$375 is due to increased activity in the parking garage and green lot. General Aviation's positive variance of \$220,000 is the result of the pacing of the budget of use fees of \$139,000 and \$81,000 related to new lease tenants. Airline's negative variance of \$395,000 is the result of a reduction in landing fees due to weather related cancelled flights, as well as adjustments to the 2013 Airline Carryforward. Other Income's positive variance of \$110,000 is due to increased ground handling services at Rickenbacker.

Under the Operating Expenses – Actual vs. Budget, with \$32 million in actual expenses, and a budget of \$33.2 million, we have a negative variance of \$1.1 million. Salaries & Wages' positive variance of \$370,000 is related to \$693,000 in 33 vacant positions, offset by less than anticipated project management hours of \$323,000. Benefits & Personnel's negative variance of \$214,000 is due to increased health insurance costs of \$95,000, and less than anticipated project management hours of \$105,000. Supplies & Materials' positive variance of \$204,000 is due to the delay of paving and painting related projects of \$522,000 which is offset by increased winter weather costs related to fuel of \$42,000 and snow removal supplies of \$274,000.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$82.6 million and expenditures to date of \$20.7 million, this represents a year-to-date (cash basis reporting) execution of 25% of the

approved Capital Budget spend. We do not project reaching the \$82.6 million and anticipate spending closer to \$65 million.

Bush reported that the debt per enplaned passenger is \$18.08, 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 564 days, with the Moody's 2012 average being 439 days. Days of unrestricted cash excluding any rental car facility charges is 383 days. We have \$105.5 million of outstanding debt which includes \$30 million outstanding under our Revolving Credit Facility. We are nearing receipt of our 2014 Letter of Intent payment from the FAA. This amount will be approximately \$10 million and will be used to pay down the Revolving Credit Facility when received.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Income before Depreciation is \$10.8 million. This gives the Authority a positive Operating Income before Depreciation variance of \$1.4 million as compared to budget, or 14.4%.

Under the Combined Statement of Net Position vs. Prior Year End, total assets and deferred outflows were \$885 million with current assets being \$113.6 million. Net land, property and equipment in the amount of \$733 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. However, the committee members have reviewed and are recommending approval of Resolutions #37-14, #38-14, and #39-14.

Resolution #37-14 authorizes the President and CEO to enter into a 3-year agreement with the Fraternal Order of Police (FOP).

Resolution #38-14 addresses the OPERS contribution sharing rates between CRAA and employees under the FOP collective bargaining agreement, consistent with the Tentative Agreement reached by both parties.

Resolution #39-14 addresses the OPERS contribution sharing of non-represented employees to maintain consistency with the recently agreed upon FOP collective bargaining agreement.

The next committee meeting is scheduled for September 4, 2014.

PRESIDENT & CEO REPORT

Roberts welcomed Henrietta Brown, Director of Administration to the Authority. Brown joined the senior leadership team last week. Previously, Brown was the Airport Assistant Director of Finance and Accounting at the Lambert – St. Louis International Airport. Brown will be responsible for the office of contracts and procurement, internal audit, legal services, and business diversity.

Roberts reported on the following business items:

Passenger Air Service

Overview of Monthly Activity Report

This June, passenger demand was the highest it has been in two years, with nearly 600,000 passengers coming through Port Columbus' doors. This increased passenger travel is 3.4% higher than June of last year, and brings our first half 2014 demand up 1.5%.

Meaningful Examination of Statistics

June was a positive month for the majority of our airlines. The 'new' American, comprised of the merged companies US Airways and American Airlines, continues to grow at Port Columbus. Their June passenger traffic was up 11%, with year-to-date demand nearly reaching double digits.

Air Canada ended the month up 7%, Delta up 3.5%, and Southwest, combined with AirTran, up 3.5%. The only existing carrier with declining traffic for the month was United.

Southwest: In June the airline added an additional Denver flight, serving the mile-high city twice daily during the summer.

Southwest is advertising locally for service to Atlanta. The route is currently flown by AirTran, and will transition to the Southwest brand August 10. The flight will operate twice daily, and provide an additional 1,000 seats per month for Atlanta-bound passengers.

Rickenbacker Charter Terminal Activity

Rickenbacker passengers enjoyed 30 flights to three sunny destinations in June. In fact, over 9,000 passengers enjoyed these flights, which was a 290% increase compared to the prior year.

Cargo Air Service & Business Development Activity

International cargo handled through Rickenbacker in June was up 35%, with total cargo down 3% due to FedEx domestic express package volumes switching from air to truck. Year-to-date tonnage is down 6%.

Amerijet International operated its first flight from its new Domestic Hub Network at Rickenbacker on July 8, 2014. With a morning departure and evening arrival scheduled to operate 5 days per week, between Rickenbacker and Reno-Tahoe International, CRAA provides all ramp handling and fueling services for Amerijet. The revenues from these services will benefit Rickenbacker's bottom-line and are in addition to those revenues generated by ground handling services that CRAA provides to the wide-body international flights and Allegiant Air's passenger flights to multiple vacation destinations. In June, CRAA handled 27 wide-body freighters and 30 passenger flights.

On the international side, on June 23 Cathay Pacific added a third weekly flight to Rickenbacker from Hong Kong to match Cargolux's third frequency added in March. Rickenbacker is now served six times a week out of Hong Kong on the largest freighters in regular service.

Business Development Activity

The Rickenbacker business development team recently completed a successful trip to Asia where they held nearly 30 meetings with airlines, freight forwarders, shippers and other interested partners. Rickenbacker was top of mind for many companies as they are following our recent successes on the international front with Cargolux and Cathay Pacific service. Follow up discussions are in full swing to build on this momentum in partnership with the Columbus region and stakeholders.

The Port Columbus business development team recently attended the annual commercial airline passenger route development conference hosted by Airports Council International. They represented the Columbus Region in positioning Port Columbus for new and expanded air service opportunities to over ten incumbent and prospective airlines.

Outstanding Customer Service

There has been recent media coverage about a Frontier Airlines pilot who bought pizza for his flight that was experiencing an extensive delay. I want to share with you that our very own Port Columbus teams recently responded to a similar challenge to deliver great customer service to passengers in need.

Late in the evening on Tuesday, June 24, a JetBlue flight en route from JFK to Las Vegas reported the smell of smoke in the cockpit and diverted to CMH. This situation was somewhat unique. Given that JetBlue doesn't serve Port Columbus, there were no JetBlue personnel in the terminal to assist with this incident.

Our teams responded in a variety of ways: the initial emergency response; coordinating the use of a gate area and jet bridge; facilitating a maintenance response from Lane Aviation; and assisting the crew with managing the passengers.

The incident occurred after the normal closing time for our in-terminal concessions. Once it was apparent that the aircraft was going to be here for some time while the issue was investigated, our teams took a lead role in ordering and picking up over 40 pizzas and beverages for the 168 crew and passengers. They were grateful for the food and drink, as well as the 100+ emergency comfort blankets that were distributed from our cache, all of which made the delay a bit more tolerable.

Well into the early morning hours of the next day, after the aircraft was cleared for flight and a new crew was ferried in (the original crew had exceeded their regulatory-mandated duty hours), everyone boarded and continued their journey to Las Vegas.

This is just one example of how we provide a great customer experience for passengers, even if the airline in need is one that doesn't have regular service at CMH. JetBlue was very thankful for the complete and thoughtful response by all of staff who responded, going as far as hosting an appreciation pizza party for the staff members who assisted them.

Rating Agency Update

On July 25 and 26, Randy Bush, Paul Streitenberger and Roberts visited three rating agencies on Wall Street in New York City. The focus of the visit was to provide each agency an annual update on our financial condition, additional bonding needs, the strength of our local economy and our proposed capital needs for the next five years. The visits went very well and our Financial Advisor, Ken Fullerton, was quick to request a revision to our ratings with a positive outlook to our already strong credit ratings of A1 from Moody's and A+ from Fitch and S&P. Our information will now move to committee within each of the rating agencies and we hope to hear positive news from them very soon.

In addition, our Financial Advisor suggested that we present to a new rating agency called the Kroll Bond Rating Agency. They are using a unique methodology that works well with the strengths of the Authority. We are planning to meet with them on September 4 here in Columbus in an effort to strengthen our bond ratings prior to the issuance of any new debt.

CALEA Re-Accreditation

The Airport Police Department will be awarded re-accreditation by the Commission for Accreditation of Law Enforcement Agencies (CALEA) this Saturday in Chicago. CALEA is an independent organization created through the joint effort of prominent national law enforcement associations to promote high standards of professionalism in law enforcement agencies and to recognize those agencies that attain those standards. Recognition comes through the accreditation process. The accreditation process is entirely voluntary, and entails complying with a set of nearly 500 stringent standards that reflect law enforcement best practices. A team of CALEA volunteer evaluators, who are themselves accomplished law enforcement professionals, conduct an on-site evaluation of each agency seeking accreditation. The evaluators produce a written report, noting any deficiencies in compliance with the standards. Representatives of the agency are then interviewed by the accreditation board, where they must explain or defend the deficiencies noted on the report. To maintain their accreditation, agencies must repeat this process every three years. Presently, less than 4% of all law enforcement agencies nationwide and only 16 airport police departments are CALEA accredited. Chief Gehrish and Lieutenant Bekemeier will be leaving Columbus immediately after today's Board meeting to travel to the annual CALEA conference, where they will undergo the accreditation board interview. Because the evaluators' written report from the evaluators contained no material deficiencies, we expect this interview

to be mostly a formality. The Airport Police Department was first accredited in 2002 and this will be the fourth successful recertification.

Concourse B Communication and Data Cable Incident

Last Thursday night, a contractor working in concourse B cut a cable consisting of a bundle of third party communications and data lines, rendering nearly all airline (United, American, US Airways, and Republic) telephone and data systems in the concourse inoperative. As a result, at least four flights were cancelled and numerous other departures experienced significant delays. The cable was part of a legacy third party copper-wire system that lacked redundancy; it will ultimately be replaced by the Authority's fiber-optic backbone being installed as part of the Terminal Modernization Program. Authority staff, particularly Technologies and Planning & Engineering, working with AT&T, was able to restore critical data services by late afternoon Friday. Most of the remaining data and communications functionality was restored over the weekend.

Parking Shuttle Accident

Two weeks ago, a CRAA parking lot shuttle bus driver lost control of his vehicle, striking two parked vehicles and crashing into the jet blast barrier between the parking lot and a taxiway. The shuttle bus and one of the parked vehicles were heavily damaged. No passengers were on the bus at the time of the accident, and the driver was not injured. The driver reported that he blacked out momentarily, causing him to lose control of the bus. The driver is employed by our shuttle operation contractor, and the contractor's insurance will pay for the damages.

FBO Activity

Amerijet operated its first flight from its new Domestic Hub Network at Rickenbacker on July 8, 2014. With a morning departure and evening arrival scheduled to operate five days per week, CRAA provides all ramp handling and fueling services for Amerijet. The revenues from these services will benefit Rickenbacker's bottom line and are in addition to those revenues generated by ground handling services that CRAA provides to the wide-body international flights and Allegiant Air's passenger flights to multiple vacation destinations. In June, CRAA handled 27 wide-body freighters and 30 passenger flights.

Additionally, June was a record month for FBO sales through its retail point of sale (POS) system with nearly 40,000 gallons being sold to commercial and government aircraft last month. YTD retail fuel volumes are up over 90% as compared to 2013.

TSA Administrator Visit

TSA Administrator, John Pistole, visited Columbus on July 9 in conjunction with a series of town hall meetings he is conducting with TSA staff. Pistole met with CRAA staff for about 30 minutes, during which we were able to emphasize the outstanding working relationship we enjoy with local TSA management, as well as point out our desire that TSA retain responsibility to monitor security checkpoint exit lanes, and that they equip and staff a fourth passenger screening land in the expanded Concourse A checkpoint.

Speaking Engagement

Last Week, Roberts spoke at the Worthington Chamber's Women's Business Network event and provided an overview of our Terminal Modernization Program, air service development efforts and key customer service initiatives.

READING OF RESOLUTIONS

RESOLUTION #35-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$151,020 WITH THE FEDERAL AVIATION ADMINISTRATION FOR REIMBURSABLE EXPENSES ASSOCIATED WITH THE RELOCATION OF FAA EQUIPMENT TO THE NEW AIR TRAFFIC CONTROL TOWER (PROJECT #08031) AT RICKENBACKER INTERNATIONAL AIRPORT.

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

RESOLUTION #36-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$115,000 TO THE MASTER SERVICES AGREEMENT WITH WOOLPERT, INC., FOR AS-NEEDED CIVIL SURVEYING SERVICES AT PORT COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL, AND BOLTON FIELD AIRPORTS.

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

RESOLUTION #37-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PRESIDENT & CEO TO ENTER INTO A THREE-YEAR NEGOTIATED COLLECTIVE BARGAINING AGREEMENT WITH THE FRATERNAL ORDER OF POLICE, CAPITAL CITY LODGE #9, RETROACTIVE TO APRIL 1, 2014, THROUGH MARCH 31, 2017.

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

RESOLUTION #38-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY RESCINDING RESOLUTIONS 13-11, 28-11, 47-11, AND 14-12, EXCEPT AS THEY MAY PERTAIN TO THE EMPLOYER PICK-UP PLAN FOR THOSE FULL-TIME EMPLOYEES REPRESENTED BY A COLLECTIVE BARGAINING AGREEMENT WITH THE AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES COUNCIL 8, LOCAL 3770, AND THOSE FULL-TIME POLICE OFFICERS HOLDING THE RANK OF CORPORAL AND SERGEANT REPRESENTED BY A COLLECTIVE BARGAINING AGREEMENT WITH THE OHIO PATROLMEN'S BENEVOLENT ASSOCIATION, AND AUTHORIZING THE CONTINUATION OF THE EMPLOYER PICK-UP PLAN FOR EMPLOYEES' SHARE OF PUBLIC EMPLOYEES RETIREMENT SYSTEM CONTRIBUTIONS FOR CERTAIN EMPLOYEES.

MOVED: W. Lhota; SECONDED: K. Ransier
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #39-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AMENDING IN PART RESOLUTION 24-14 AND AUTHORIZING THE CONTINUATION OF THE EMPLOYER PICK-UP PLAN FOR EMPLOYEES' SHARE OF PUBLIC EMPLOYEES RETIREMENT SYSTEM CONTRIBUTIONS FOR CERTAIN EMPLOYEES.

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

OTHER BUSINESS

With no further business being brought before the Board, Smith moved to adjourn; Miller seconded. Chair Tomasky adjourned the meeting at 4:40 p.m. on July 22, 2014.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

