



BOARD OF DIRECTORS | MEETING MINUTES OF SEPTEMBER 26, 2017

Present:

William R. Heifner, Vice Chair
Frank J. Cipriano
Jordan A. Miller, Jr
Kathleen Ransier
Dwight Smith
Terrance Williams

Absent:

Susan Tomasky, Chair
Don M. Casto, III
Elizabeth P. Kessler

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., Chief Asset Officer
Tory Richardson, A.A.E., Chief Strategy Officer

CRAA Staff: S. Bell, K. Easterday, C. Goodwin, J. Lizotte, J. Pemberton, J. Rockwell, B. Sarkis,
K. Shirer, P. Streitenberger, A. Tabor, K. Whittington, A. Wickline

Others Present:

Rob Brancheau, R.W. Block
Hannah Reed, City of Columbus
Marla Rose, The Columbus Dispatch
Jim Thompson, Port Columbus Historical Society
Richard Formo, Signature Flight Support

CALL TO ORDER

Chair Heifner called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m. on Tuesday, September 26, 2017.

MINUTES

Chair Heifner asked if there were any additions or corrections to the Minutes of August 22, 2017. Hearing none, Smith moved for approval; Miller seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE & CUSTOMER EXPERIENCE COMMITTEE:

Williams reported that the committee has not met and there was no report.

BUSINESS DEVELOPMENT COMMITTEE:

No report.

FACILITIES & SERVICES COMMITTEE:

Heifner reported that the committee met on September 20, 2017 and reported on the following business items:

- D. Wall reviewed the Rickenbacker Master Plan.
- B. Sarkis provided an update on the Capital Projects as well as an update on the Midfield enabling projects.
- A. Beaver reviewed the capital spending.
- Resurfacing of the TZR runway is underway. The runway will be out of service for sixteen days and then down for two days in November for striping.
- The committee reviewed the proposed Resolutions and recommends board approval.

FINANCE & AUDIT COMMITTEE:

Miller reported that the Committee met prior to the board meeting and reviewed the investment policy and two resolutions. Miller requested R. Bush to report on the financial reports.

Bush reviewed the internally prepared financial statements for the year-to-date period ending August 31, 2017.

Operating Revenues – Actual vs. Budget, with \$74.7 million in actual revenues and a budget of \$75.2 million, leaving a negative variance of (\$508,000).

- Parking – The (\$1.154M) negative variance is due to a delay in renegotiating the Valet agreement, a delay in the opening of the Walking Lot, budgeting Blue Lot revenue using 3.5% growth rate instead of an intended 2.0% rate, and lower than expected revenue in the Garage due to increased utilization of alternative transportation options. This is partially offset by an increase in revenue due to the Rickenbacker lot performing better than anticipated as a result of increased passenger traffic.
- Ground Transportation – The (\$194,000) negative variance is due to lower rental car revenue as the result of a payment policy change and increased utilization of alternative transportation options.
- Concessions & Misc. Lessees – The \$309,000 positive variance is due to increased passenger traffic and higher than planned ground and concession rents.

Operating Expenses – Actual vs. Budget, with \$48.9 million in actual expenses, and a budget of \$52.7 million, leaving a positive variance of \$3.8 million.

- Salaries and Wages – The \$699,000 positive variance is the result of vacant positions, partially offset by a decrease in the allocation of project management hours.
- Benefits & Personnel – The \$875,000 positive variance is a result of a decrease in employee health insurance costs due to self-funding as well as vacant positions anticipated to utilize health insurance.
- Supplies and Materials – The \$576,000 positive variance is due to a decrease in the usage of snow supply materials as a result of a mild winter as well as the timing of spend for fleet and building maintenance supplies, partially offset by higher fuel costs.
- Services – The \$1.850M positive variance is the result of the timing of spend on airport maintenance, software maintenance and staff development and training programs as well as a decrease in costs related to glycol remediation due to a mild winter. This is partially offset by an increase in legal costs as a result of union negotiations and an annexation agreement at Rickenbacker, as well as a rate increase in real estate taxes.

Operating Income Before Depreciation – Actual vs. Budget, with \$25.7 million in actual Operating Income, and a budget of \$22.4 million, leaving a positive variance of \$3.3 million.

Composition of Operating Revenue and Expenses – Parking represents 32.7% of our operating revenue. Airlines represent 30.8% of our operating revenue. 62% of our operating expenses is related to people (benefits, salaries and wages, contract labor).

CRAA Salaries & Wages (CMH & LCK) – Total filled headcount is 392 employees. We currently have 40 staffing vacancies of which 29 are full-time, 8 part-time, and 3 seasonal positions.

Rental Car Activity – Year-to-date transactions is 290,775 compared to 305,823 in July 2016. Gross receipts are \$49.8M compared to \$52.1M year-to-date; a negative variance of (\$2.3M).

Hotel Operations – Year-to-date Net Operating Income is \$1.45 million actual vs. a budget of \$1.5 million leaving a negative variance of (\$56,000). The actual occupancy rate for last month was 79.2% compared to a budget of 77.4%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$1.67 million in actual net operating income compared to a budget of \$716,000 providing a positive variance compared to budget of \$955,000.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$948.6 million in total assets and \$150.9 million in total liabilities. Included in total assets is \$169.2 million in Cash and Cash Equivalents.

Capital Expenditures – With an approved 2017 Capital Budget of \$56.2 million and total accrued expenditures to date of \$24 million, this represents a year-to-date execution rate of 43% of the approved Capital Budget. The year-to-date Capital Budget Baseline pacing was \$26.5 million. Compared to the accrued expenditures to date, this represents 91% of the planned pacing of the Capital Budget Baseline.

The Authority's debt per enplaned passenger is \$21.99, 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 433 days, with the 2015 Moody's airport average being 657 days.

CRAA has \$93.7 million of outstanding debt which includes \$9.5 million outstanding under our Revolving Credit Facility. No additional debt is planned for at this time.

HUMAN RESOURCES COMMITTEE:

Smith reported that The Human Resources Committee met prior to the Board meeting for the purpose of reviewing the proposed 2018 Personnel Budget. Staff has done a good job preparing the personnel budget and ensuring reasonable salary and benefit expenses.

New positions and increases in the starting wage rate for many of our union-represented positions are the key drivers to our increase. These increases were offset by better than expected insurance costs as a result of moving to self-funded insurance last year.

Additional changes include our progression on better cost sharing by adjusting another 1% of the employees' share of pension contributions to the employee. Also, we have made significant progress reducing our cost of benefits as a percent of salary. The Authority is at 35%, which is down from 39% last year and it was closer to 50% in previous years.

Staff also shared an update on the Balanced Scorecard and Strategic Priorities Dashboard. We are making good progress under the People Pillars of our Strategic Priorities Dashboard and Balanced Scorecard. Those items tie directly to Employee Engagement.

The Committee shared that the Authority negotiated another three year agreement with the Fraternal Order of Police (FOP) that is effective retroactive April 1, 2017 through March 31, 2020. Two resolutions are required to affect the changes in the new agreement. The H.R. Committee supports and recommends approval of Resolutions #68-17 and #69-17. Smith acknowledged A. Wickline for her work on the contracts and several other Human Resources related projects. The 2018 Budget will reflect a net 2% increase in Salaries, Wages, and Benefits over the 2017 Budget.

The next Committee meeting is scheduled for December 15.

PRESIDENT & CEO REPORT

Roberts reported on the following business items:

Welcome New Director

Roberts introduced the newest member of the senior management team—Kevin Shirer. Kevin is the new Director of Asset Management, reporting to Chief Asset Officer, Casey Denny. In this new position, Kevin will provide strategic direction for the CRAA teams who manage the computerized maintenance management system, inline baggage handling system and the CAD/GIS systems associated with all 3 airports. Kevin is an Accredited Airport Executive (A.A.E.) with 32 years of experience in aviation. He was most recently associated with Woolpert in Englewood, Colorado.

Passenger Air Service

JOHN GLENN INTERNATIONAL

August saw another month of solid passenger growth at John Glenn International, with traffic up 4.3% over August of 2016, our 42nd consecutive month of growth. Year-to-date over 5 million passengers have flown through the terminal, a 4.0% increase over the year prior.

Southwest, our largest carrier at CMH, had a double-digit month of growth in August with over 225,000 passengers flying through the terminal, an increase of 11% over the year prior.

This growth over last year is a result of the airline extending their robust summer schedule to select markets further into the month of August than last year, including their flights to Denver as well as several destinations in Florida. Year-to-date the airline is up 4.6%.

Delta saw the next largest increase with nearly 11,000 more passengers traveling than the same time period last year, an increase of 8% attributable to strong load factors. Year-to-date the airline is up 2.1%.

Frontier was up 2,121 passengers for the month, an increase of 9.3% over last year. Frontier announced that they will begin nonstop service to Austin from CMH beginning April 8, 2018, operating 3x per week on Tuesdays, Thursdays and Sundays.

Air Canada was up 5.4% for the month, with their year-to-date figure up 4.4%.

United saw an increase of 0.9% for the month. The airline's Houston Intercontinental Airport hub operations were greatly affected by Hurricane Harvey at the end of the August, and locally the airline canceled their 4 daily flights from Columbus to Houston during that time frame. Year-to-date the airline is down -2.1%.

American saw a -6% decrease in passengers compared to the same time period last year. Year-to-date the airline is down -2.2%. American has reduced frequencies this summer versus last to Philadelphia and Washington National while reducing the gauge of aircraft to New York. AA still operates excellent service with numerous daily frequencies to each of these markets.

RICKENBACKER CHARTER TERMINAL

At Rickenbacker Allegiant carried over 23,019 passengers in the month of August, a 25% increase over August 2016. In August Allegiant announced that they will begin serving Austin from Rickenbacker, operating 2x weekly beginning February 16 next year. In addition, Allegiant will be increasing their frequencies on nearly all their current routes next spring. In total, the 2018 spring schedule has 110 more flights than this past spring. The airline began operating from LCK 5 years ago and will serve 10 destinations next spring.

Overall passenger traffic at Rickenbacker, which includes Allegiant and charter operations, is up 39% year-to-date.

Cargo Air Service

August was another excellent month of cargo growth at Rickenbacker with over 23M pounds of air freight handled. This marked the 13th straight month of year-over-year growth at Rickenbacker. International cargo was up 99%, while domestic cargo was also up 9% when compared to August 2016. As reflected on page 5, our international tonnage once again slightly surpassed our domestic tonnage aboard FedEx and UPS for the month. Recall not more than a few years ago our FedEx and UPS (domestic) activity accounted for nearly 90% of the total tonnage. Today that mix is almost an even split between tonnage handled aboard our domestic and our international carriers. Year to date, international tonnage is up 66% and domestic is up 3%.

Our scheduled international carriers continue to focus on development at Rickenbacker as our forwarder and shipper partners discover the ease and reliability of using Columbus as their freight hub. Cargolux had a 46.5% increase in total cargo when compared to the previous August and continues to be our strongest exporter. Cathay Pacific Cargo was up 51.6% compared to last August and continues to increase its export tonnages as well. Emirates SkyCargo saw a 60.6% increase in total cargo this August compared to last. Emirates recently added a fourth weekly frequency for peak season to their schedule bringing freight directly from Vietnam. Given significant textile manufacturing operations in Vietnam, we are optimistic this route will become permanent even after peak season. Finally, Etihad Cargo hasn't yet been with us for a year, but continues to grow at Rickenbacker with a contribution of 10% of the market share, moving over 2.3M pounds of cargo in August.

In addition to our scheduled carriers, we have seen an influx of charter activity for peak season, which has started earlier this year at Rickenbacker than in prior years. RCS Logistics is partnering with charter airline Atlas for a weekly flight with inbound cargo, also from Vietnam. Meanwhile Taiwan-based Morrison Express is partnering with various carriers for a weekly 747 flight with inbound cargo from Shanghai for a project that will continue through the end of December. When combined with scheduled activity we have seen as many as 19 weekly frequencies from international points of origin as peak distribution ramps up and we look forward to a strong finish to the year.

This month, the Rickenbacker business development team attended the Discover Global Markets conference in Cleveland, where they connected with shippers from northern Ohio and Michigan to make new contacts and further educate them on the advantages of moving air freight through Rickenbacker. Meanwhile Chief Commercial Officer David Whitaker is engaged in meetings this week with prospective air cargo carriers at the World Routes Conference in Barcelona.

Foreign-Trade Zone (FTZ)

Two new companies were activated in the FTZ on August 15 as our Zone continues to deliver value to companies that import.

CRAA's annual FTZ Seminar was held on August 31 with 37 people in attendance, which included existing and prospective companies, county representatives and multipliers (forwarders, brokers, consultants, etc.). This year our seminar was paired with a Trade Day hosted by the Columbus Importers and Brokers Association in partnership with US Customs and other government agencies involved in international commerce. This combination of events gave participants the valuable opportunity to interact directly with these governmental agencies.

Customer Experience

At the August Board meeting, Roberts reported that our Customer Service team planned to host 16 local residents in the Authority's *Facing Takeoff* workshop at the end of August. The free workshop was a wonderful opportunity for those who may have some apprehension about taking a flight and other air travel processes to have an introductory experience that allows participants to learn more about many elements of traveling by air – how do airplanes fly; what causes turbulence; and how to go through the security screening process, for example. The day culminates with being able to board an aircraft to talk with a flight crew.

Feedback from the participants was universally positive, with several who have either successfully taken a flight since the class, or have planned a trip in the coming months. Two additional sessions, one this month and one in October, are fully booked, with future workshops planned for 2018. The Authority partners with The Ohio State University

Center for Aviation Studies, Nationwide Children's Hospital Behavioral Health Services, and Southwest Airlines to offer this unique and valuable workshop to those in our community who would like to learn more about airports, airplanes, and air travel.



The Customer Service Team also hosted the second of two **Certified Tourism Ambassador (CTA) classes** on September 21st. The CTA program is an on-going initiative led by Experience Columbus to train front line employees who are in customer service type roles and others involved in tourism and customer service, the value of providing a great customer experience to visitors. The Authority was an early supporter of the program and has helped train dozens of Authority staff, volunteer Airport Ambassadors, in-terminal business partners, and others from the community to earn their CTA certification.

Government Affairs

Our Board Chair, Vice Chair and staff met with Mayor Ginther and some of his staff to provide an update on the Authority's activities. We shared our progress on air service development as well as our Midfield Development Program. We also discussed our ongoing collaborative work in the region on the Rickenbacker Master Plan, MORPC's Rickenbacker Regional Plan, and the Rickenbacker Annexation Agreement. In addition, staff is planning a legislator briefing session to provide an update on CRAA activities for our elected representatives later this fall and the Columbus Regional Coalition (CRC) is working on a DC Fly-out for our DC delegation to come out to Columbus for a briefing and all-day tour of the region. Both of these events are anticipated to occur yet this fall. We'll share more details with you about these events as the schedules gets confirmed.

FAA Reauthorization and FAA Appropriations are key pieces of legislation for airports. Much of our capital program is funded through the Airport Improvement Program (AIP), which is authorized and funded by acts of congress.

Currently, the FAA Reauthorization expires in 5 days and Department of Transportation appropriations run out in 75 days. The House Transportation and Infrastructure Committee unveiled a bill to extend the Airport Improvement Program and aviation excise taxes for another six months - through the end of March 2018. However, the bill failed to garner enough votes for passage yesterday.

Congress needs to send another temporary extension to the President's desk before the end of next week to avoid a partial shutdown of the FAA. One of our biggest impacts from a partial shutdown is the disruption it causes in our grant funding program. It usually causes delays in project approvals and reimbursements under the grant program. Other potential impacts include delays in conducting air space analysis and the implementation of NextGen Air Traffic Control.

On September 22, the TSA conducted one of its recurring media events at CMH to provide travelers with tips and advice on what is and is not permitted in their carry-on bags. The TSA proactively hosts these sort of media events across the country to remind travelers how to comply with security screening measures.

Certification Inspections

The FAA conducted its annual certification inspections at John Glenn and Rickenbacker Airports during the week of August 28. Once again the results were extremely positive, and the inspectors were very complimentary of the condition of both airports and all required records. The final report noted one discrepancy, which occurred at both airports: the inspectors found some minor inconsistencies in the painted markings on the airfield pavements, particularly with the application of reflective glass beads that enhance night time visibility of the markings. Staff from the Airfield Maintenance and Airport Operations teams are collaborating to enhance the quality control process for applying airfield markings.

Hurricane Irma

In conjunction with the massive evacuations in Florida ahead of Hurricane Irma, a charter flight carrying more than 100 pets arrived at John Glenn International on September 8. The evacuation was coordinated by Wings of Rescue, and brought the animals from Fort Lauderdale to Columbus for distribution to shelters throughout Ohio, Indiana and Kentucky. Hurricane Irma resulted in the cancellation of 112 flights at John Glenn, and 16 Allegiant flights at Rickenbacker. Earlier, Hurricane Harvey resulted in the cancellation of 53 flights at John Glenn, most of which were flights to and from Houston.

Full Scale Exercise

Last Wednesday, the required triennial full scale emergency exercise was conducted at John Glenn International. The exercise involved emergency services response to a simulated aircraft accident scene, standing up CRAA's Emergency Operations Center (EOC), and opening a Family & Friends Gathering Center. The preliminary evaluation indicated that the exercise was very successful, especially in the focus areas of incident command and communications. A full debriefing will be conducted and a detailed after-action report will be finalized within the next 60 days.

Budget

The management team held an all-day Budget Summit on August 25 to prepare the 2018 Operating Budget and 2018/2019 Capital Budget. Both will be reviewed with the appropriate Board committees in October. Following those reviews, the annual airline rates and charges meeting scheduled will take place on November 2 to review the budget and the impact on the airline costs. The final budget will then be brought to the Board for consideration at the November Board meeting.

READING OF RESOLUTIONS

RESOLUTION #67-17 ADOPTING AMENDED AND RESTATED BYLAWS OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY, CITY OF COLUMBUS, FRANKLIN COUNTY, OHIO

MOVED: J. Miller; SECONDED: F. Cipriano
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #68-17 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, 2017, THROUGH MARCH 31, 2020.

MOVED: D. Smith; SECONDED: J. Miller
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #69-17 AMENDING RESOLUTION 38-14 AND AUTHORIZING THE CONTINUATION OF THE EMPLOYER PICK-UP PLAN FOR EMPLOYEES' SHARE OF PUBLIC EMPLOYEES RETIREMENT SYSTEM CONTRIBUTIONS FOR CERTAIN EMPLOYEES.

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

RESOLUTION #70-17 AUTHORIZING A PROFESSIONAL SERVICES MASTER AGREEMENT, FIA-2017-002, WITH UNISON CONSULTING, INC., FOR AIRPORT FEASIBILITY CONSULTANT SERVICES.

MOVED: J. Miller; SECONDED: T. Williams
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #71-17 AUTHORIZING A PURCHASE IN THE AMOUNT OF \$103,390 WITH THE AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES (AAAE) TO UPGRADE THE INTERACTIVE EMPLOYEE TRAINING SYSTEM (IET).

MOVED: F. Cipriano; SECONDED: K. Ransier
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #72-17 AUTHORIZING A CONTRACT IN THE AMOUNT OF \$266,938 WITH B&B SEALING LLC, DBA DURA-SEAL FOR THE CRACK SEAL AND SEAL COAT OF THE GREEN AND GREEN OVERFLOW PARKING LOTS AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Smith; SECONDED: T. Williams
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #73-17 AUTHORIZING AN AGREEMENT WITH WEST SAFETY SOLUTIONS CORPORATION FOR THE PURCHASE OF A VIPER 911 SYSTEM IN THE AMOUNT OF \$125,484.

MOVED: J. Miller; SECONDED: F. Cipriano
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #74-17 AUTHORIZING AN INCREASE IN AN AMOUNT OF \$6,313,117 TO THE CONTRACT WITH TRANSYSTEMS CORPORATION FOR THE DESIGN DEVELOPMENT AND CONSTRUCTION DOCUMENTS OF THE CONSOLIDATED RENTAL CAR FACILITY (CONRAC) AT THE JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT.

1ST MOVED: F. Cipriano; SECONDED: J. Miller
YEA: 3 NAY: 0 ABSTAIN: (3) K. Ransier, D. Smith W. Heifner

RESOLUTION #74-17 VOTED UPON TWICE. LET THE RECORD REFLECT THAT FOLLOWING THE FIRST VOTE, AT 4:55 P.M., BOARD MEMBER DWIGHT SMITH LEFT THE BOARD MEETING, THEREBY NOT VOTING ON ANY FURTHER RESOLUTIONS.

2ND MOVED: F. Cipriano; SECONDED: T. Williams
YEA: 3 NAY: 0 ABSTAIN: (2) K. Ransier, W. Heifner

RESOLUTION #75-17 AUTHORIZING A CONTRACT WITH MEYERS + ASSOCIATES ARCHITECTURE, LLC FOR THE DESIGN OF THE EXTENDED STAY HOTEL – RESIDENCE INN AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT IN AN AMOUNT UP TO \$ 1,059,530.

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

RESOLUTION #76-17 AUTHORIZING A CONTRACT IN THE AMOUNT OF \$148,000 WITH QUALITY MASONRY COMPANY, INC., FOR PARKING GARAGE WALL AND NORTH SKYCAP REPAIRS.

MOVED: T. Williams; SECONDED: F. Cipriano
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #77-17 AUTHORIZING AN INCREASE IN THE AMOUNT OF \$101,209 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: F. Cipriano; SECONDED: K. Ransier
YEA: 5 NAY: 0 ABSTAIN: _____

RESOLUTION #78-17 AUTHORIZING AN AMENDMENT TO THE SCHEDULE OF FEES, RATES AND CHARGES FOR CALENDAR/FISCAL YEAR 2017.

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

OTHER BUSINESS

With no further business being brought before the board, Chair Heifner requested to adjourn. Cipriano motioned; second by Ransier. Chair Heifner adjourned the meeting at 5:02 p.m. on Tuesday, September 26, 2017.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw