



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF FEBRUARY 25, 2014

BOARD MEMBERS

Present:

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

Absent:

John W. Kessler
William J. Lhota

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, D. Saleme,
B. Sarkis, W. Shelby, P. Streitenberger, A. Tabor, K. Whittington

Others Present:

Jane Abell, Donatos
Tom Pendrey, Donatos
Art Prendergast, Donatos
Doug Kourie, Donatos
Tim Young, Donatos
Curtis Jewell, Donatos/Touchstone Hospitality IV
Robert E. Lee III, Touchstone Hospitality IV
Dawn Tyler Lee, Touchstone Hospitality IV
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 4:02 p.m.

Chair Tomasky asked if there were any additions or corrections to the Minutes of January 28, 2014. Hearing none, Cipriano moved for approval; Heifner seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

No Report.

BUSINESS DEVELOPMENT:

Casto reported the committee met on February 5 and requested Holderman to provide the Board with development updates.

Holderman reported that the Fairfield Inn & Suites Hotel is on time and on budget for a July 15, 2014 completion and a grand opening on August 1, 2014. The building is dried in, the EFIS is 50% complete, and four mock-up rooms were constructed on the fourth floor which Marriott inspected and approved in terms of finishes. Furniture, fixtures and equipment will be delivered beginning at the end of March.

Holderman reported the Daimler development on the north airfield will be called AirSide Business Park. Mayor Coleman announced in the State of the City Address that construction on this project is intended to start April 1st with a 100,000 sq. ft. building. Daimler has a 30,000 SF anchor tenant, Homage, for the building.

Holderman reported on the original terminal building. We continue to work with the preservation group trying to come up with an adaptive reuse plan for the building. The group is involving the Columbus Chamber of Commerce and other agencies to garner additional support. The City of Columbus is also involved and researching possible grant funding for remediation of mold and asbestos.

Holderman reported that the Rohr Road land sale at Rickenbacker is anticipated to close on March 31. Vantrust has announced they are the buyer and could begin a spec building as early as April. This is a \$4.5 million sale for the Authority.

Holderman reported that we recently reach an agreement with Duke Realty / Capitol Square on the 8th amendment to the MDA which affords them the opportunity to start a spec building on the Rail Campus at Rickenbacker.

FACILITIES & SERVICES:

Heifner deferred to Cipriano due to his absence at the committee meeting.

Cipriano reported the committee met on February 19, 2014.

Cipriano reported the committee reviewed the Major Capital Projects report for 2014 which include:

- Runway 10R/28L Replacement
- Convert Existing Runway to Taxiway
- Runway 10L/28R Rehabilitation
- Ticket Lobby Modernization
- Concourse B Renovations
- CCTV & AMAG Upgrade
- Fairfield Inn & Suites
- New Air Traffic Control Tower at Rickenbacker
- Rickenbacker Parkway 2B
- Loop Road Planning Study

Also reviewed were the project status report, cost variance report, and construction schedules and timelines.

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 January 31, 2014. Under the Operating Revenues – Actual vs. Budget, with \$7 million in actual revenues and a budget of \$6.8 million this leaves a positive budget variance of \$246,000. The Airline's negative variance of \$23,000 is a result of lower than anticipated enplanement activity, as well as adjustments to the 2013 Airline Carryforward. General Aviation's positive variance of \$69,000 is the result of the budget pacing of use fees. Auto Parking's positive variance of \$38,000 is due to increased activity in the parking garage. Concessions & Misc. Lessees' positive variance of \$112,000 is due to an increase in commissions of \$62,000, the true-up of rental car commissions of \$30,000, and the result of the budget pacing of ground rental fees of \$20,000.

Under the Operating Expenses – Actual vs. Budget, with \$5.6 million in actual expenses, and a budget of \$5.9 million, we have a positive variance of \$252,000. Salaries & Wages negative variance of \$93,000 is due to seasonal labor and overtime costs as a result of winter weather.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$82.6 million and expenditures to date of \$4.9 million, this represents a year-to-date (cash basis reporting) execution of 6% of the approved Capital Budget spend.

Bush reported that the debt per enplaned passenger is \$18.91, 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 567 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 \$1.4 million. This gives the Authority a positive Operating Income before Depreciation variance of \$497,946 as compared to budget, or 55.5%.

Under the Combined Statement of Net Assets vs. Prior Year End, total assets and deferred outflows were \$884 million with current assets being \$145 million. Net land, property and equipment in the amount of \$737 million is the largest asset on the statement of net position.

HUMAN RESOURCES:

No Report.

PRESIDENT & CEO REPORT

Roberts announced that the Board will be taking a tour of the newly renovated Concourse A, including the new Donatos and Vino Volo restaurants.

Roberts recognized the following guests in attendance:

- Jane Abell, Chairman, Donatos
- Tom Pendrey, Chief Operating Officer, Donatos
- Doug Kourie, Chief Financial Officer, Donatos
- Tim Young, Director of Franchise Service, Donatos
- Art Prendergast, Director of Construction, Donatos
- Robert E. Lee III, Principal, Touchstone Hospitality IV
- Dawn Tyler Lee, Touchstone Hospitality IV
- Curtis Jewell, Principal, Touchstone Hospitality IV

And joining the Board for the tour: Karen Kuntz, Franchise Coach, Donatos; and, Greg Sadler, Port Columbus Manager, Vino Volo.

Roberts reported on the following business items:

Monthly Activity Report

Referring to the monthly activity report for January 2014, Port Columbus (CMH) passenger numbers were down 1.6 percent compared to January 2013. This decrease is largely attributed to numerous winter storms that impacted much of the U.S. in January. Estimates for the total number of CMH cancellations for the month were 336 flights, which equates to nine percent of our total flights.

The industry is reporting this is the worst winter season relative to airline cancellations in over 25 years, with February shaping up very similarly to January. The Associated Press recently reported that U.S. airlines have cancelled more than 75,000 domestic flights since December 1, 2013, including approximately 14,000 flights the week of February 9. According to the Associated Press, that is 5.5 percent of the 1.35 million flights scheduled during that period.

Even with the challenging January, a few of CMH's carriers reported an increase in total passengers as compared to prior January 2013. The largest increase in total passengers was from US Airways, which was up 12.7%. Other airlines include:

- Air Canada +17%
- American +10.5%
- Delta +4.7%

Air cargo tonnage handled at Rickenbacker was down 11 percent over January 2013, a trend that carried over from the last months of 2013 with FedEx and UPS shifting away from using air in favor of trucking.

Cathay Pacific Service

Roberts reported very positive news for Rickenbacker International Airport. Cathay Pacific Cargo announced today that it will begin scheduled freighter service in late March to Rickenbacker from its Hong Kong hub. Roberts recognized David Whitaker for his efforts in obtaining this new service. Our relationship with Cathay Pacific goes back several years and this announcement is a testament to Whitaker's efforts to obtain additional service. We are very excited about Cathay Pacific's commitment to our market.

This activity will connect Ohio to Cathay Pacific's vast network that spans not only Hong Kong but across Asia, including important product sourcing regions that feed area retailers. This service initiative is supported by RCS Logistics, which recently moved in to a new 48,000 square foot airside warehouse at Rickenbacker. In addition to serving local retailers, RCS transports air cargo that arrives at Rickenbacker to points as far away as Texas, Georgia and Florida.

The Cathay service will compliment Asia service already provided by Cargolux and Kalitta airlines. Cathay's entry into the Rickenbacker market serves as a significant win and another endorsement of the strength of our air cargo market, the commitment of our logistics providers and power of our distribution infrastructure.

Whitaker reported that Cathay Pacific is a global, all cargo carrier based in Hong Kong. They will transport all Asian cargo into Rickenbacker. The fashion industry is driving this business.

United Downsizing in Cleveland

Recent news that United Airlines will downsize the Cleveland hub means that in June we will lose our 3 daily flights to Cleveland. The majority of passengers on these flights were making a connection in Cleveland to other destinations. These customers will still have plenty of options to connect from Columbus through United's other hubs of Houston, Chicago, Newark and Dulles.

Vacation Express Service

Beginning in May, Vacation Express, a 22-year-old U.S. based tour operator, will start operating seasonally from Port Columbus. As of now they will be offering package deals on two routes:

- Port Columbus to Cancun, and
- Port Columbus to Freeport, Grand Bahamas Island.

The seasonal program to Freeport runs May 5 through August 8. The approximate six departures per month will operate on various days of the week in order to maximize a 4-night hotel stay program. The total Freeport season equates to roughly 20 additional flights.

The Cancun seasonal program will operate on Saturdays from May 17 through August 2. This service pattern allows for a 6-night hotel stay program. The total Cancun season equates to 12 additional flights.

Allegiant Update

As previously reported, Allegiant's Punta Gorda twice-weekly seasonal service started from the Rickenbacker Charter Terminal on February 13. Allegiant is reporting strong performance in this market as well as the other Rickenbacker routes of Orlando-Sanford and Tampa-St. Petersburg.

Community Report

The 2013 Community Report was distributed to the Board members. The theme of this report is the Spirit of Columbus in honor of Jerrie Mock's historic flight around the world that started and ended right here at Port Columbus. This publication, which highlights our recent accomplishments and outlines future plans, will be distributed to community stakeholders, elected officials, industry partners and many more. We look forward to your feedback on this piece.

April 17 Event

Regarding Jerrie Mock, CRAA Board Members were sent a save-the-date e-mail from Angie Tabor. On the morning of April 17, CRAA along with the Columbus Foundation will celebrate the 50th anniversary of Jerrie Mock's historic flight. During this event we will unveil a bronze sculpture of Jerrie Mock that will become part of the Port Columbus Legacy of Leadership.

As part of the terminal modernization program, the Legacy of Leadership, which is currently located on the mezzanine level above the food court, will be redesigned and installed in ticket lobby. This new location will allow many more passengers to enjoy the display about the rich history of Port Columbus. We hope you can join us for this event. Invitations will be sent via mail.

2015 Airline Lease Negotiations

Today the Authority hosted the airline corporate real estate representatives for our first significant airline lease discussion, which was beneficial and productive. The current Port Columbus lease expires at the end of this year with a new lease effective 2015. We will keep you posted as discussions proceed. The next meeting is scheduled for March 20.

Mayor Coleman's State of the City Address

On February 19, Board Members Tomasky, Lhota, Miller, Casto and Ransier; as well as CRAA executive staff attended the State of the City Address.

We were pleased that the Mayor discussed his ideas for more collaboration between the City, CRAA and others in the community. The Mayor also appointed Daniel Rosenthal of Milestone Aviation Group as Chair of a new Task Force that will focus on three elements:

1. Air Service – like the entire region, Mayor Coleman seeks enhanced air service, particularly to the San Francisco Bay area, our largest market without non-stop service.
2. Transportation Planning – Mayor Coleman wants to explore the idea for a multi modal transportation center near the airport that accommodates bus, rail, and potentially other transportation options.
3. Land Use Planning – Mayor Coleman wants to work closely with us on development opportunities around the airport, attracting new and expanding businesses as well as jobs.

We expect this new Task Force will be appointed soon and will include several local leaders in the various areas of focus. We want you to be aware we are working closely with Mayor Coleman's office on these important items. The focus on transportation planning will be incorporated into our Loop Road Study, which is included in our 2014 Capital Budget, and will be led by the consultant Ricondo and Associates.

The board authorized their contract last month. A kick-off visioning meeting for both internal and external stakeholders has been scheduled for March 11. The full study is expected to take approximately nine months.

CEO Presentations

During the past month, Roberts was involved in three major presentations leading up to the Mayor's State of the City address. First, with assistance from Tory Richardson, Dave Whitaker and Robin Holderman, we participated in the Mayor's annual staff retreat on January 31 where we presented an overview of CRAA activities including air service efforts, terminal modernization program, new development on the north airfield, and other customer service initiatives.

Roberts also presented a similar overview of our efforts to the Columbus Partnership Board on February 4.

Roberts participated as a speaker at the Ohio State University annual Leadership Summit on February 1.

Roberts will also speak on March 17 to a large aviation management class at Kent State University.

Washington, D.C. Visit

Roberts and Tory Richardson will be in Washington, D.C. March 26-27 to make Capitol Hill visits and to attend the AAAE/ACI-NA Spring Legislative Conference.

Funding Request

The Authority has submitted a \$2 million funding request through the State's Capital Bill process for the Air Traffic Control Tower Project at Rickenbacker. Like many, we are waiting to see the release of the Capital Bill and to learn what projects are included in it.

Winter Operations

Snowfall this winter has totaled 50½" to date, which is approximately 23" above the annual average for Columbus. This is the fourth highest total on record for Columbus. An additional 3½" of snow will move this winter into second place. An additional 12" over that would be needed to overtake the top ranked winter of 1909-1910. The first half of February was extremely challenging, with our crews continuing to work very long hours. As an example, after the 10" snowfall on February 4-5, crews were still cleaning up the airfield and removing snow piles a full week after the storm. Roberts recognized D. Finch, R. Borden, C. Goodwin, W. Shelby and their staff for their hard work during these winter operations.

New Class 5 ARFF Vehicle Delivered

On February 3, the Authority took delivery of the new Class 5 ARFF Vehicle manufactured by Rosenbauer Minnesota. The Board approved the contract for the purchase of this \$800,000 vehicle in January 2013. It replaces a 14-year old vehicle that has reached the end of its serviceable life.

AirNet in Receivership

Pursuant to a petition by one of its lenders, the United States District Court in Atlanta placed AirNet and its affiliated companies into receivership. To date, we have had no official communication from either AirNet management or the court-appointed receiver regarding the intentions for the company or its Rickenbacker operation.

READING OF RESOLUTIONS

RESOLUTION #06-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$600,000 TO THE MASTER SERVICES AGREEMENT WITH MSA ARCHITECTS FOR GENERAL ARCHITECTURAL AND RELATED DESIGN SERVICES.

MOVED: D. Casto; **SECONDED:** J. Miller
YEA: 7 **NAY:** 0 **ABSTAIN:** _____

RESOLUTION #07-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$601,230 WITH PALMETTO CONSTRUCTION SERVICES, LLC. FOR PROJECT #13022 RENTAL CAR UPGRADES AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Smith; **SECONDED:** K. Ransier
YEA: 7 **NAY:** 0 **ABSTAIN:** _____

RESOLUTION #08-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$270,166 WITH ULTIMAX, INC. FOR PROJECT 13052, FOR THE CONSTRUCTION OF TELECOMMUNICATION ROOMS IN THE TERMINAL AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: J. Miller; **SECONDED:** D. Smith
YEA: 7 **NAY:** 0 **ABSTAIN:** _____

RESOLUTION #09-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN AGREEMENT IN THE AMOUNT OF \$99,131 WITH DYNAMIC IT SOLUTIONS FOR THE PURPOSE OF PROCURING CISCO ELECTRONIC NETWORK EQUIPMENT FOR PROJECT #13042, EMERGENCY CALLBOX REPLACEMENT – PHASE 2.

MOVED: D. Casto; **SECONDED:** K. Ransier
YEA: 6 **NAY:** 0 **ABSTAIN:** D. Smith

OTHER BUSINESS

With no further business being brought before the Board, Heifner moved to adjourn; Casto seconded. Chair Tomasky adjourned the meeting at 4:35 p.m. on February 25, 2014.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary