



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF APRIL 26, 2016

Present: William R. Heifner, Vice Chair
Don M. Casto, III
Frank J. Cipriano
Elizabeth P. Kessler
Jordan A. Miller, Jr
Dwight Smith
Terrance Williams

Absent: Kathleen Ransier
Susan Tomasky, Chair

CRAA Executive Staff: Elaine Roberts, A.A.E., President & CEO
Rod Borden, A.A.E., Chief Operating Officer
Randy Bush, Chief Financial Officer
Casey Denny, A.A.E., Vice President
Robin Holderman, Chief Development Officer
Tory Richardson, A.A.E., Vice President

CRAA Staff: S. Bell, D. Finch, P. Gehrish, C. Goodwin, J. Lizotte
P. Streitenberger, K. Whittington, A. Wickline

Others Present: John Montgomery, Central Ohio Severe Weather Network
Jim Thompson, POCAT
Tom Kromer, POCAT

CALL TO ORDER

Vice Chair Heifner called the Board Meeting of the Columbus Regional Airport Authority to order at 4:00 p.m. on Tuesday, April 26, 2016.

MINUTES

Vice Chair Heifner asked if there were any additions or corrections to the Minutes of March 22, 2016. Hearing none, Cipriano moved for approval; Casto seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Casto reported the committee met on April 13 via conference call. The committee discussed the current status of our air service, which is very strong. The committee spent time gaining an understanding of the quarterly Customer Satisfaction Survey administered by staff for many years. This is an excellent tool to benchmark numerous service quality elements, which is a focus of the committee. Casto was pleased to report that CRAA performs well in this survey and is looking for even better performance now that the terminal modernization is complete.

The next meeting is scheduled for July 25, 2016 at 8:30 a.m.

BUSINESS DEVELOPMENT:

No report.

FACILITIES & SERVICES:

Heifner reported that the committee met on April 15.

Heifner reported on the following business items:

- We continue to work on the punch list for the Terminal Modernization Project. This project will close soon.
- The Terminal Modernization celebration on March 23 was a huge success and there were many favorable comments about the terminal. Heifner commended Sarkis and his team for the outstanding work which was completed before the scheduled date and was under budget.
- The committee will present a GMP resolution to the Board for the curb front improvements in June. This is an \$8 million project and is scheduled to complete late 2016 or early 2017.
- On April 4, the north runway was closed. This is a \$17 million project. Borden reported that there has been little impact to air traffic, as we have plenty of capacity. Much time was spent on a contingency plan in the event of an incident.
- Roberts presented a presentation on the Midfield Development. More conversation will take place at the May 24 Board Strategy Session.
- We are currently in the bidding process for the surface parking lot near the Fairfield Inn & Suites hotel.
- The Air Traffic Control Tower at Rickenbacker was commissioned April 23. Demolition of the old tower will occur in July.

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

FINANCE:

Miller reported that the Finance Committee met prior to the Board Meeting and that the Authority has a strong Balance Sheet and Income Statement.

Miller requested R. Bush to report on the financial reports. Bush reviewed the preliminary financial statements for the year-to-date period ending March 31, 2016.

Bush reported that the audit firm of Plante & Moran attended the committee meeting and reported there were no findings during the audit. The CAFR report will be available at the next board meeting.

Operating Revenues – Actual vs. Budget, with \$25 million in actual revenues and a budget of \$25.4 million, leaving a negative variance of (\$363,000).

- Ground Transportation – The negative variance of (\$230,000) is attributed to the pacing of the budget for rental car commissions and the new RAC agreement.
- Concessions & Misc. Lesses – The negative variance of (\$190,000) is attributed to a decrease in food and beverage, advertising, and gift shop revenue of \$298,000 as a result of the TMP and a decrease in merchandise sales for The Big Ten. This is offset by an increase in space and ground rent of \$108,000 due to new and renewed leases which were expected to terminate.

Operating Expenses – Actual vs. Budget, with \$18.3 million in actual expenses, and a budget of \$19.1 million, leaving a positive variance of \$835,000.

- Salaries & Wages – The negative variance of (\$396,000) is a result of an increase in paid time off accruals due to annual merit increases of \$293,000, overtime of \$60,000, which is offset by a decrease in the allocation of project management hours of \$103,000 and the vacancy credit of \$63,000.
- Supplies & Materials – The positive variance of \$662,000 is due to the timing of spend for jet bridge parts and maintenance materials of \$88,000, technology related purchases of \$56,000 and miscellaneous supplies and equipment of \$135,000 as well as a decrease in snow supplies of \$101,000 due to a mild winter and a decrease in fuel purchases of \$282,000 as a result of lower than anticipated fuel purchases.

Composition of Operating Revenue – Parking represents 35.6% of our operating revenue. Airlines represent 31.5% of our operating revenue. This metric shows we are maintaining a competitive level of costs for the carriers to operate in our market and maximizing the potential for non-airline revenue generation.

CRAA Salaries & Wages (CMH & LCK) – Total filled headcount is 388 employees. We currently have 55 staffing vacancies of which 35 are full-time, 5 part-time, and 15 seasonal.

Hotel Operations – Year-to-date Net Operating Income is \$400,000 actual vs. a budget of \$449,000, leaving a negative variance of (\$49,000). This is due to a light winter which decreases the number of distressed passengers. The actual occupancy rate for last month was 66% compared to a budget of 73.3%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$355,000 in actual net operating income compared to a budget of \$228,000 providing a positive variance compared to budget of \$128,000.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$915.5 million in total assets and \$159.5 million in total liabilities. Included in total assets is \$129.6 million in Cash and Cash Equivalents.

Capital Expenditures – With an approved Capital Budget of \$54.8 million and total accrued expenditures to date of \$9.1 million, this represents a year-to-date execution rate of 17% of the approved Capital Budget. The year-to-date Capital Budget Baseline total was \$7.1 million. The accrued expenditures to date of \$9 million represents 126% of the planned pacing of the Capital Budget.

The Authority's debt per enplaned passenger is \$27.58, showing significantly lower than average debt loads when compared to the 2014 Moody's airport average of \$54.19.

The days of unrestricted cash on hand is 372 days, with the 2014 Moody's airport average being 557 days.

CRAA has \$106.8 million of outstanding debt which includes \$2 million outstanding under our Revolving Credit Facility.

HUMAN RESOURCES:

Smith reported there is no report at this time.

The next committee meeting is scheduled for June 17.

PRESIDENT & CEO REPORT

Vice Chair Heifner called upon Roberts to provide the President & CEO Report.

Roberts reported on the following business items:

Passenger Air Service

Port Columbus

Over 631,000 passengers traveled through Port Columbus in March, an 8.3% increase over the same time last year. This busy month ended an outstanding first quarter for 2016 in which traffic was up 8.5%.

Southwest continues to be the largest driver of passenger growth. The airline saw an increase of 18.5% in passenger traffic for March, with 1st quarter traffic up nearly 20%.

American saw the next largest growth with 3.6% more passengers traveling in March when compared to the year prior, while Delta saw a 2.6% growth in passengers.

Air Canada also saw an increase in passengers with 3.5% more traveling than the same time last year. Next month the airline will start the transition from a turboprop aircraft to a larger 50 seat regional jet on their route from Columbus to Toronto.

United was the only carrier to see a very slight dip in traffic with just 100 less passengers traveling than last March. Year-to-date the carrier is up over 5%.

A reminder that the Frontier service to 4 destinations (Orlando, Philadelphia, Denver and Las Vegas) begins June 1 adding to our strong growth trajectory. They will operate out of Concourse B.

Delivery of Airline Supplemental Credits

Next Monday, several CRAA staff members are hand delivering a \$1.9 million check to Southwest Airlines in Dallas. We are very pleased that Gary Kelly, the CEO of Southwest and several senior management representatives will be present. Our Airline Use Agreement, which covers the years 2015-2019, included for the first time a supplemental airline credit to induce the airlines to add more flights/seats to our market.

Clearly this incentive benefitted Southwest who added new flights to Dallas, Boston, Washington DC and Oakland last year. This payment reflects that growth of nearly 13% more passengers (over 266,000 additional passengers) and over 2.3 million total passengers. Later in May, we are delivering another check of over \$630,000 to Delta for their growth in 2015 and will be arranging a similar visit to United as well with another check for over \$600,000.

Rickenbacker Charter Terminal

At Rickenbacker, Allegiant saw a 28% growth in passenger traffic in March compared to last March. Year-to-date passenger traffic at the Rickenbacker facility is up 27%.

Cargo Air Service

Rickenbacker's cargo airlines handled nearly 16 million pounds of air cargo in March. This figure represents a 36% decrease over March of 2015 due to the surge of flight activity related to the west coast port strike last March. If we factor out the 55 additional fully loaded port disruption flights that we received a year ago, our cargo handled this past month would be up more than 21%. Through March, Rickenbacker has handled a total of 43.7 million pounds, down 23%, although when factoring out the 2015 port disruption activity, our cargo volume would be up 8.5% over this point last year.

International air freight on our three scheduled carriers was up 16% for the month of March while domestic traffic aboard FedEx and UPS was up a refreshing 10% after several months of decreased domestic freight volume. As noted last month, Emirates SkyCargo started exporting in mid-March so now all 3 international carriers are exporting.

Air Cargo staff members David Whitaker and Bryan Schreiber are currently in Japan on the last leg of a three country trip focused on cargo and passenger service. In Dubai they met with several freight forwarders focused on the Middle East, Africa and Southeast Asia cargo movements which is easily routed over Dubai to Columbus on our Emirates service. They also met with senior management from Emirates SkyCargo and we are pleased to report they are very happy with their Rickenbacker service and are strongly considering adding a third weekly frequency beginning next month. Whitaker and Schreiber also made an introductory passenger presentation to Emirates who is eager to learn everything they can about the markets they serve.

In Shanghai, Dave and Bryan met with key freight forwarders that serve a broad area of China. They were focused on charter flights which are different from scheduled service. Charters are a regular part of the air freight business with new product launches, recalls, hot sales items and supply chain disruptions, among other purposes. We are positioning ourselves to be the charter destination of choice for the eastern half of the United States and are making good inroads in that regard. Chicago is primarily the current charter destination of choice for the eastern half of the US.

In Japan they are meeting with freight forwarders who specialize in the automobile supply chain, particularly, although not exclusively, Honda. Additionally, they met today with All Nippon Airways (ANA) and Japan Airlines (JAL) to advance the passenger discussion with these carriers. Both of these airlines fly the right aircraft for our market and are closely tracking Columbus activity. Tokyo is now rivaling London as our number one international destination outside of North America and is also a hub for other Asian and Indian destinations. Cargo in the belly of these aircraft is a key component of the discussion and adds great value to the equation.

Communications

Board members should have received the 2016 Community Report in the mail, which we trust was well-received. This annual piece is mailed to over 1,000 top community and business leaders, government officials, airport industry peers and airline decision makers. The theme of "Strength in Numbers" highlights the value of our collaboration with so many of these partners, as well as some impressive statistics.

As you all know we hosted a very successful event for about 350 community leaders and business partners last month to celebrate the completion of the terminal modernization. I thank the Board for your unwavering support throughout the planning and execution of this \$80 million project, and hope you're as proud of the results as I am. During the event we showcased the exciting new visual elements, including the atrium mosaic, Legacy of Leadership and the Notable Ohio Aviators display. We have provided a brochure that promotes a self-guided walking tour of all of the Port Columbus exhibits.

On May 4 at 10:00 a.m. we are teaming up with COTA to celebrate the launch of their new AirConnect service, which is scheduled shuttle service between Port Columbus and downtown that will run about every 30 minutes during most of the day. Service actually starts on May 2 and the cost is \$2.75 each way.

Customer Service

The Customer Service team celebrated National Volunteer Week, which was April 10-16, with an appreciation luncheon and tour at the Ohio Statehouse for 35 Airport Ambassadors. The week of recognition, established in the US in 1974, is an opportunity to thank and recognize volunteers across the country for their service. The Airport Ambassador Volunteer group contributes over ten thousand hours each year to help customers at the airport, support special events, and conduct tours for school groups and community organizations. We're proud to have our team of more than 60 dedicated volunteers as part of the CAAA family.

Department of Justice Resumes Seizure Payments

The US Department of Justice has resumed payments of funds seized in drug interdiction and enforcement efforts to state and local partners under the Equitable Sharing Program. Under the program, monies seized in drug enforcement operations are shared among the participating agencies roughly in proportion to their involvement in the operation. Payments to local agencies under the program were suspended in December of last year for budget reasons. CAAA typically receives \$250K to \$350K annually from the program.

Unmanned Aircraft Systems (UAS) "Near Miss"

At approximately 11:00 pm on Tuesday, March 29, the pilot of a Southwest 737 on final approach 1 mile from the CMH runway reported a drone approximately 200' below his aircraft, which was 500 feet above ground level at the time. A Columbus Police helicopter was in the general vicinity and heard the pilot report the drone to the tower. The helicopter immediately responded to the area where the drone was reported, and was able to spot both the drone, which turned out to be a model airplane, and the individual operating it. A Columbus Police patrol unit responded to the scene and confronted the operator, but did not cite him for any violation of the law. The FAA is expected to complete an investigation of the incident next month, and is reportedly weighing whether to levy a civil penalty against the operator of the model airplane. Early last week, authorities reported that an airliner struck a drone near London's Heathrow Airport. This is the first known incident of an aircraft actually striking a drone.

Winter Operations

Roberts requested C. Denny to give the final report for the 2015-2016 winter snow operations.

Denny reported that the Authority's snow season is typically measured from October through March, with occasional events in April. The 2016-2016 season was considered lighter than normal, with a total snow fall of 17.1 inches compared to 33.4 inches last season, and 31.1 inches of average seasonal snow fall.

Although we had a light snow season, the threat of now drives costs as we pre-position staff ahead of potential snow events. The cost savings from a lighter snow season is not always linear to actual snow fall. For 2015-2016, staff staged 23 times, of which 13 developed into snow removal events.

From a cost perspective, snow removal operations affect three major line items: wages (including overtime), materials, and fuel/equipment repairs. For the 2015-2016 season, we spent approximately \$784,000 for snow removal operations, a savings of approximately \$937,000 over the 2014-2015 season. The majority of this relates to materials and chemicals.

These savings will not tie to budget reports since our season straddles budget years and due to the mixing of other expenses within account categories.

CRAA to Launch Portal for CRAA Board

We are pleased to announce that in approximately two months, we will launch an online board portal for our Board of Directors and CRAA staff involved in our board and committee meetings. After receiving the Board's feedback to move to a portal, and researching several options, CRAA will utilize the services of BoardEffect.

The portal will allow us to easily deliver board materials and run the board meetings, communicate more effectively, schedule meetings and special events, and have many resources available such as bylaws, orientation materials and more.

Once the portal is built and training is completed by the Executive Office Manager and other support staff, we will provide end-user training for CRAA staff and the Board of Directors. We expect to go live in July.

Rickenbacker Tower Commissioned

CRAA and Rickenbacker International Airport have reached a major milestone. The new air traffic control tower was commissioned last Saturday evening, April 23. The transfer of operations from the old tower to the new tower was complicated but went smoothly. During the transfer operation, controllers were stationed in both towers. Some minor work remains to be completed on the airfield lighting controls to transfer full functionality to the new tower; this should be completed within the next day or so. In the meantime, any lighting that is not yet controllable from the new tower is being controlled from the airfield electrical vault. The abatement and demolition of the old tower and operations building will begin now that the new tower is operational.

This complex project has taken more than eight years of planning and development, including a Siting Study to determine the optimal location for a new tower. Paul Ryan did a masterful job coordinating all of the cutover details with consultants, tower staff, military, and FAA, among other internal and external stakeholders.

We are planning a community leader event for July 26 to celebrate the completion of the Tower and Air Cargo Terminal 5 development. You will be receiving more information, however, please hold the date. We will have a

luncheon event followed by tour of Rickenbacker, in addition to our regularly scheduled Board meeting and Finance Committee meetings which will be held at Rickenbacker as well. More information to follow.

TIGER VIII Grant Application

U.S. Transportation Secretary Anthony Foxx previously announced that \$500 million will be made available for transportation projects across the country under an eighth round of the highly successful U.S. Department of Transportation (DOT) Transportation Investment Generating Economic Recovery (TIGER) competitive grant program. You may recall, CRAA was awarded a TIGER grant in 2012 for the East-West Connector near Rickenbacker. That was a \$35M project of which about \$16M was funded from TIGER.

Like previous rounds, TIGER 2016 discretionary grants will fund capital investments in surface transportation infrastructure and will be awarded on a competitive basis to projects that will have a significant impact on the nation, a region, or metropolitan area.

The TIGER 2016 grant program will continue to make transformative surface transportation investments by providing significant and measurable improvements over existing conditions. The grant program will focus on capital projects that generate economic development and improve access to reliable, safe and affordable transportation for disconnected both urban and rural, while emphasizing improved connection to employment, education, services and other opportunities, workforce development, or community revitalization.

Once again, CRAA is partnering with others in the region to compete for TIGER funds. The focus again this year will be to increase the capacity and efficiency of the Rickenbacker Intermodal Facility. The projected total investment would be about \$20M and funded on approximately 60/40 (public/private) basis between private funding and TIGER. Staff continues to work with key stakeholders to advance the project. The Final Application deadline is April 29, 2016.

Franklin County Commissioners' Briefing

On April 7, the Board Chair, Vice Chair, Tory Richardson and Roberts met with the Franklin County Commissioners and provided a full briefing on airport activities. We provided updates on passenger and cargo activity; key capital improvement projects; long range planning efforts; and our strategic priorities. We have agreed to provide semi-annual briefings of this nature.

City Council President Briefing

On April 13, Tory Richardson and Roberts provided a similar briefing to Zach Klein, Columbus City Council President. He has a strong interest in air service development and appreciated the briefing.

CONRAC Workshop

Last Friday, approximately 15 of our staff met with two representatives from the Salt Lake City Airport and our consultant Roy Block to discuss key lessons learned in developing a Consolidated Car Rental Facility (CONRAC). Salt Lake City completed a new CONRAC in February of this year and sharing their experience was very helpful to our team as we prepare to begin negotiations with the local car rental companies for future long term agreements.

May Board Strategic Planning Session

As a reminder, next month we are scheduled for a Board strategic planning session from 12:00 to 3:45 p.m. prior to our regular Board meeting on May 24 at 4:00 p.m. Lunch will be provided and we'll meet in the Emergency Operations Center. The Finance Committee meeting will be from 11:00 a.m. to Noon that day in Mezzanine 1 Conference Room. Tory Richardson will be facilitating this Board planning session and within the next week or so, he will be sending out an electronic survey with a few questions to get you started. Watch for more information to come shortly.

READING OF RESOLUTIONS

RESOLUTION #22-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN AMENDMENT TO THE SCHEDULE OF FEES, RATES AND CHARGES FOR CALENDAR/FISCAL YEAR 2016.

MOVED: J. Miller; SECONDED: T. Williams
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #23-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE SUBMITTAL OF TWO GRANT APPLICATIONS TO THE OHIO DEPARTMENT OF TRANSPORTATION AND TO EXECUTE ANY OR ALL AWARDED GRANTS RELATED TO THE REHABILITATION OF RUNWAY 04/22 AT BOLTON FIELD AIRPORT.

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

RESOLUTION #24-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY TO AUTHORIZE A PURCHASE IN THE AMOUNT OF \$124,051 UNDER COOPERATIVE INTERGOVERNMENTAL PURCHASING ALLIANCE (NATIONAL IPA) CONTRACT #130733 WITH CDW-G FOR NETAPP STORAGE HARDWARE, SOFTWARE AND SUPPORT.

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

RESOLUTION #25-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$181,947 WITH PETTIBONE CONCRETE CONSTRUCTION, INC. FOR THE CONCRETE JOINT REPAIRS PHASE 4 PROJECT AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: E. Kessler; SECONDED: D. Casto
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #26-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORIZING A CONTRACT IN THE AMOUNT OF \$710,854 WITH AMERICAN PAVEMENTS, INC. FOR THE MICROSURFACE INTERNATIONAL GATEWAY PROJECT AT PORT COLUMBUS INTERNATIONAL AIRPORT.

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

RESOLUTION #27-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONSTRUCTION CONTRACT IN THE AMOUNT OF \$592,313 WITH EQUITY, INC., DBA EQUITY CONSTRUCTION SOLUTIONS, FOR THE ELEVATOR 13 MODIFICATION & NEW ELEVATOR 38 INSTALLATION PROJECT AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: F. Cipriano; SECONDED: T. Williams
YEA: 7 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the board, Casto moved to adjourn; Williams seconded. Vice Chair Heifner adjourned the meeting at 4:52 p.m. on Tuesday, April 26, 2016.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw