



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF MARCH 22, 2016

Present: Susan Tomasky, Chair
William R. Heifner, Vice Chair
Don M. Casto, III
Elizabeth P. Kessler
Jordan A. Miller, Jr
Kathleen Ransier
Dwight Smith

Absent: Frank J. Cipriano
Terrance Williams

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

CRAA Staff: A. Beaver, H. Brown, E. Dresbach, D. Finch, P. Gehrisch, C. Goodwin, L. Jarvis, M. Journigan,
J. Lizotte, B. Sarkis, M. Sethna, P. Streitenberger, A. Wickline, K. Whittington

Others Present: Jeff Mulder, A.A.E., Tulsa Airports Improvement Trust
Alan Harding, Columbus Flight Watch
Don Peters, Columbus Flight Watch
John Montgomery, Central Ohio Severe Weather Network
Chris Rankin, Creative Spot
Jim Thompson, Port Columbus Historical Society
Dale Wilde

CALL TO ORDER

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:00 p.m. on Tuesday, March 22, 2016.

Chair Tomasky welcomed special guest Jeff Mulder, A.A.E., Director of Airports for Tulsa Airports, and National Chair of the American Association of Airport Executives (AAAE).

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of February 23, 2015. Hearing none, Smith moved for approval; Miller seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky reported the Committee has not met since the previous Board meeting. The next Committee meeting will be held April 13.

BUSINESS DEVELOPMENT:

No report.

FACILITIES & SERVICES:

Heifner reported that the committee met on March 16.

Heifner reported on the following business items:

- The completion of the Terminal Modernization Program will be celebrated the morning of March 23 with the community and community leaders. The work is down to a small punch list of items to complete.
- The completed project is impressive considering all three concourses, the ticket lobby, baggage claim and the food court were all renovated while we served millions of passengers.
- This summer we will work on curb front and the vestibule improvements.
- The North runway will close for 190 days for rehabilitation and repairs.
- Discussions continue on the Midfield Development Program and the Consolidated Rental Car Facility.
- The new Air Traffic Control Tower at Rickenbacker is scheduled for commissioning on May 1, 2016.

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 one proposed resolution.

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 P. Streitenberger to report on the financial reports. Streitenberger reviewed the preliminary financial statements for the year-to-date period ending February 29, 2016.

Operating Revenues – Actual vs. Budget, with \$16.3 million in actual revenues and a budget of \$16.2 million, leaving a positive variance of \$100,000.

- Parking – The variance of \$113,000 is a result of an increase in revenue due to an increase in enplanement activity as well as an extra day of revenue due to leap year being unbudgeted, offset by a decrease in short-term parking in the garage and blue lot.
- Airlines – The variance of \$232,000 is due to an increase in landing fees as a result of an increase in landed weight which is accredited to an increase in flight activity for Southwest Airlines' new routes.

Operating Expenses – Actual vs. Budget, with \$11.6 million in actual expenses, and a budget of \$12.9 million, leaving a positive variance of \$1.2 million.

- Services – The variance of \$735,000 is the result of the timing of spend of airport and equipment maintenance of \$164,000, IT maintenance and data storage equipment of \$211,000, staff development and training of \$193,000, dues and inspection fees of \$94,000, and professional services for business development

consulting, hotel management fees and marketing expenses of \$106,000. This is offset by an increase in utilities of \$35,000 as a result of an increase in electric costs for the winter season.

- **Supplies & Materials** – The variance of \$453,000 is due to the timing of spend for jet bridge parts and maintenance materials of \$65,000, technology related purchases of \$30,000 and miscellaneous supplies and equipment of \$147,000 as well as a decrease in snow supplies of \$30,000 due to a mild winter and a decrease in fuel purchases of \$181,000 as a result of lower than anticipated fuel purchases.

Composition of Operating Revenue – Parking represents 34.4% of our operating revenue. Airlines represent 31.8% 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.

Composition of Operating Expenses – A large component of the Authority's expenses is related to staffing costs. Salaries & Wages for full and part-time staff represent 36.3% of operating expenses; Benefits & Personnel costs are 14.6%; while Contract Labor represents another 12.2% of the Authority's operating expenses.

CRAA Salaries & Wages (CMH & LCK) – Total filled headcount is 384 employees. We currently have 60 staffing vacancies of which 39 are full-time, 6 part-time, and 15 seasonal.

Hotel Operations – Year-to-date Net Operating Income is \$235,000 actual vs. a budget of \$273,000 million, leaving a negative variance of (\$38,000). This is due to good winter weather which decreases the number of distressed passengers. The actual occupancy rate for last month was 57.7% compared to a budget of 70.9%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$364,000 in actual net operating income compared to a budget of \$198,000 providing a positive variance compared to budget of \$166,000.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$916.4 million in total assets and \$161 million in total liabilities. Included in total assets is \$132.2 million in Cash and Cash Equivalents.

Capital Expenditures – With an approved Capital Budget of \$54.8 million and total accrued expenditures to date of \$2.9 million, this represents a year-to-date execution rate of 5% of the approved Capital Budget. The year-to-date Capital Budget Baseline total was \$4.3 million. The accrued expenditures to date of \$2.6 million represents 60% of the planned pacing of the Capital Budget.

The Authority's debt per enplaned passenger is \$27.89, 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 389 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 that the committee met on March 14 to review and approve several items.

The committee received an update from staff on the 2016-2017 health and wellness benefits redesign and renewal process.

Staff has analyzed the benefits and consequences of switching from a fully-insured program to a self-funded one and have opted to move to self-funding for this next plan year. Some of the benefits of moving to a self-insured program include flexibility in benefit plan design and cost savings on plan administration and fees. Staff has also negotiated the various elements of the plans and the premiums associated with those plans. The committee was pleased to hear that the Authority can offer the same insurance plans for this next year and for the same rates. This should be good news to employees since the last two years the Authority had to pass along rate increases. The open enrollment process begins next week and runs into the first half of April. The benefit plan year runs from May 1 to April 30.

The final items for consideration were the review of the Authority's 2015 and 2016 pay-for-performance programs. The Committee reviewed and approved the 2015 performance results, the 2016 performance targets, and the plan documents for both pay-for-performance plans. Finally, the committee authorized associated payouts under the plan.

The next committee meeting is scheduled for June 17.

PRESIDENT & CEO REPORT

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

Roberts reported on the following business items:

Terminal Modernization Program

The Authority had an exciting day as we celebrated the successful completion of our Terminal Modernization Program with our employees. Early this morning we thanked our third shift employees, who worked extremely hard over the past three years to clean and maintain safe and secure conditions while most of the construction occurred after midnight. We then celebrated earlier this afternoon with our first and second shift employees and we're looking forward to tomorrow's VIP celebration with the Board and community leaders.

The event runs from 8:00 – 10:00 a.m. and remarks begin at 9:15 by the following speakers:

- Susan Tomasky and Bill Heifner, CRAA Board Chair and Vice Chair
- Mayor Andrew Ginther, City of Columbus
- Marilyn Brown, Franklin County Commissioner
- Alex Fischer, President and CEO, Columbus Partnership

We have been very pleased with the level of press coverage for this milestone in Port Columbus' history. We understand the Dispatch will have an article in tomorrow's (March 23) paper and last week, we saw extensive coverage in Business First.

Passenger Air Service

Port Columbus

Port Columbus saw yet another month of large passenger growth in February with 11.5% more passengers traveling versus the same time last year. Year-to-date passengers are up 8.7%. This past February was a leap-year which provided an extra day of passengers. We estimate this extra day accounted for about 4% of our year over year increase.

Every airline saw an increase of passengers in February, with Southwest Airlines seeing the largest. The carrier saw 21% more passengers traveling in February when compared to last year, with year-to-date trending up over 19%.

Delta saw the next largest increase in traffic with over 7% more passengers traveling in February when compared to the year prior.

United saw a 7% increase in passengers, while American saw an increase of 3.8%.

Air Canada's Toronto service was up 11.6%.

As a reminder, Frontier returns to Columbus beginning June 1 with service to four markets—Las Vegas, Denver, Philadelphia, and Orlando.

Rickenbacker Charter Terminal

At Rickenbacker, Allegiant saw a 42.6% growth of passenger traffic in February. Overall passenger traffic at Rickenbacker was up 39.6%.

Cargo Air Service

Rickenbacker cargo tonnage was down 24.6% year over year; however, if we subtract out the 23 fully loaded, wide body charter flights that we received last February due to the west coast port strike disruption, our cargo handled this February would have been up 4% over last year. The west coast disruption started in February and was in full effect in March of last year, so we expect to March tonnage to be effected as well.

The airport still saw nearly 13 million lbs. of air cargo pass through in February. International air freight on our three scheduled carriers was up 18% for the month with domestic traffic aboard FedEx and UPS down 7%. Our newest international freighter operator, Emirates SkyCargo announced last week that they are now taking exports from Rickenbacker. Emirates has been flying to Rickenbacker since May of 2015, however, until this month they were largely import-only. That changed last week and now all three of our international carriers are importing and exporting freight.

All three have also noted being pleased with their performance at Rickenbacker and Emirates continues to give positive indications regarding their future here. Our Business Development team – Dave Whitaker and Bryan Schreiber – will be traveling to Emirates' Dubai HQ in April in order to meet with their management and their air freight forwarding partners there. They will also be traveling to Shanghai and Tokyo in pursuit of business for Rickenbacker while the Tokyo stop will also include discussions with the Japanese passenger airlines, JAL and ANA.

Foreign Trade Zone (FTZ)

The Authority submitted the 2015 year-end Foreign Trade Zone report to the FTZ Board last week and we are pleased to report a record value of goods moved through our zone last year. Nearly \$8B in merchandise passed through our FTZ last year with over 80% of those goods fashion related, supporting our very impressive fashion companies in the region.

Our FTZ has been the #1 zone in the country for apparel and footwear and we expect that to remain the case when the FTZ Board issues its annual report for all zones late this year.

Imports last year were received from Bangladesh, China, Dominican Republic, India, Indonesia, Sri Lanka, Tunisia, Vietnam, Thailand, Japan, South Korea, and Germany.

Communications

The 2016 Community Report, titled *Strength in Numbers*, will arrive soon in the mail. In this year's report we highlight some impressive statistics as well as our achievements made possible by collaboration with community partners. We also highlight the terminal modernization efforts. Please let us know your thoughts when you receive it and if you would like a supply of your own for business contacts. We would also be happy to mail directly to your contacts if you provide the mailing information.

Electrical Outage

Early this month we suffered the loss of a significant power transformer at one of our main substations. The load was quickly transferred to its parallel substation, which kept critical systems at the ticket counter and baggage claim area operating, as well as our lights, elevators, and escalators in these areas. Customers were not aware of any issue.

The repair cost was approximately \$95,000 and it took about two weeks to complete. During this time, we brought in a large backup generator in case the parallel substation failed as well. This was due to a concern from our maintenance team since both substations are about 35 years old. Given that one already failed, we weren't confident that remaining system could sustain the full load for very long. It did, and we are now back up and running.

This issue highlights a key focus of our Asset Management Division: inventorying, completing condition assessments, and developing maintenance and renewal plans for all our major infrastructure assets, especially those critical to normal business operations. Casey Denny and his team have developed a preliminary action plan to complete this

work, and major elements will be inventoried this year. Later this summer, we expect to provide you with an overview of our Asset Management efforts, including where we stand today in regard to implementing an “asset management” philosophy to protect against outages like this.

Noise Report

In 2015, there were a total of 70 noise complaints submitted for all CRAA airports; which includes 64 noise complaints for Port Columbus International, one (1) noise complaint for Rickenbacker International, and five (5) noise complaints for Bolton Field Airport.

- 70 total noise complaints submitted
- 69 complaints is the 10 year average

CMH

- 64 noise complaints submitted
- 36 unique callers submitted 64 noise complaints. Two (2) of the 36 unique callers submitted 20 of the 64 complaints
- 48% increase from 2014
- The leading noise event was from a pair of military fighter jet departures at night which generated 14 noise complaints.
- Second leading complaint was due to aircraft noise being generated along established flight paths from routine departure and arrival operations

LCK

- One (1) noise complaint submitted
- Noise complaint was from an unknown location related to military helicopter operations

TZR

- Five (5) noise complaints submitted, from three (3) unique callers
- Leading noise complaint was to pilot training operations

Winter Operations

It appears that we will finish the winter season with snowfall totaling just over half the annual average. Total snowfall for the 2015-2016 winter stands at 16.8”. With warmer temperatures and no snow in the long term forecast, the probability of additional snow is rapidly diminishing. Average annual snowfall is 27.5”. A more detailed report will be provided at next month’s Board meeting.

FAA Research Project to be Tested at CRAA Airports

Representatives from the FAA Technical Center in Atlanta will be visiting Columbus this summer along with a team of researchers from Iowa State and Texas A&M Universities. They will be field testing a newly-developed tool to measure the color, consistency and reflectivity of pavement markings with a mobile device such as a smart phone. The testing will be done at all three CRAA airports. The research project was funded by FAA through its General Aviation Center of Excellence, which consists of a consortium of universities including The Ohio State University.

Lyft to Begin Operations

Discussions are progressing well with Lyft, a transportation network provider like Uber, and we expect an announcement in the near future followed by commencement of service soon thereafter. This could occur even this week.

Enhanced Security

Following the tragedy that occurred this morning in Brussels, our public safety team along with the TSA are being extra vigilant, especially with respect to curbside enforcement regarding unattended vehicles, etc. We have heightened visibility and increased presence in all public areas as well.

READING OF RESOLUTIONS

RESOLUTION #21-16 TO AUTHORIZE PURCHASES IN THE AMOUNT OF \$232,600 UNDER MASTER AGREEMENT #HR-2015-004-004 WITH JUDGE TECHNICAL SERVICES, INC. FOR TEMPORARY PROJECT MANAGEMENT AND APPLICATION INTEGRATION ENGINEER STAFFING SERVICES AT PORT COLUMBUS INTERNATIONAL AIRPORT

MOVED: E. Kessler; SECONDED: W. Heifner

LEGISLATIVE AFFAIRS UPDATE

Roberts requested Tory Richardson, VP of Human Resources and Strategy to provide an overview of key legislative issues facing our industry.

Richardson provided a presentation and reviewed the following legislative issues:

- Working with trade groups and lobbyists
- State and local level legislative issues including compatible land uses, drones, contract towers, transportation network companies, and grant program revisions
- Government efficiencies such as P-card program legislation and HB-56 criminal records
- Federal level legislative issues including Passenger Facility Charge, exit lane staffing, employee security screening, pilot shortage and FAA policy
- FAA Reauthorization
- House and Senate Bills
- FAA Authorization Extension (H.R. 4721)

OTHER BUSINESS

Richardson introduced Jeff Mulder, National Chair of AAAE and Director of Tulsa Airports.

Mulder announced that CRAA President & CEO, Elaine Roberts is the recipient of the 2016 AAAE Distinguished Service Award. This award, one of AAAE's highest levels of recognition, is presented to airport executives in honor of an exemplary career and contributions to the airport industry.

Mulder stated that Roberts years of hard work as a successful airport director and her numerous volunteer positions have resulted in invaluable improvements to our industry.

Mulder presented Roberts with the Distinguished Service Award and thanked her for her many contributions to the industry.

Roberts thanked Mulder and acknowledged the CRAA team, stating she is very proud to represent the CRAA and the industry.

With no further business being brought before the board, Casto moved to adjourn; Ransier seconded. Chair Tomasky adjourned the meeting at 5:09 p.m. on Tuesday, March 22, 2016.

Respectfully submitted,



Elaine Roberts, A.A.E.

Secretary

ER | ksw