



BOARD OF DIRECTORS | MEETING MINUTES OF MAY 24, 2016

Present: Susan Tomasky, Chair
William R. Heifner, Vice Chair
Frank J. Cipriano
Elizabeth P. Kessler
Jordan A. Miller, Jr
Kathleen Ransier
Dwight Smith
Terrance Williams

Absent: Don M. Casto, III

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
David Whitaker, Vice President

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

Others Present: Marla Rose, The Columbus Dispatch
Jim Thompson, Port Columbus Historical Society
Thea Sheppard, HMSHost
Cynthia Tatum, CRAA
Mark Rinehart, Towne Park
Rudy Touvell, Towne Park
Roy Block, R.W. Block Consulting

CALL TO ORDER

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:00 p.m. on Tuesday, May 24, 2016.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of April 26, 2016. Hearing none, Cipriano moved for approval; Miller seconded. Minutes approved unanimously.

SPECIAL BUSINESS

Chair Tomasky announced the recent request, led by the Ohio Speaker of the House, Cliff Rosenberger, to rename Port Columbus International Airport to John Glenn Columbus International Airport. The Board discussed this request and Chair Tomasky asked for a motion to approve sending a letter of support, signed by Chair Tomasky and Elaine Roberts, to Speaker Rosenberger. Kessler motioned; Williams seconded. Motion passed. Chair Tomasky appointed Williams to lead a task force to inventory all items affected by a renaming of the airport.

OUTSTANDING CUSTOMER SERVICE AWARD RECOGNITION

Chair Tomasky announced that CRAA has three employees being recognized for "Outstanding Customer Service" and requested D. Whitaker to present the recognitions. Special guests recognized:

Mark Rinehart, Parking Solutions: Once in the terminal and preparing to take-off on vacation with his kids, a passenger found that he had left his keys in his vehicle which was now parked in the Green long term parking lot. Obviously concerned about leaving his keys behind, the man and his family quickly returned to the shuttle pick up area on the commercial drive. There he found a staged shuttle bus occupied by driver, Mark Rinehart. The man explained his predicament and the small window of opportunity he had before his flight started boarding. Wanting to attend to his customer, Mark radioed his supervisor who gave him permission to drive the family back to the green lot rather than wait for other passengers to show up. The round trip took about 20 minutes to accomplish before the family was back at the terminal and on their way.

Thea Sheppard, HMSHost: Airports are known to be stressful environments and sometimes when the morning isn't going right frustration sets in; this was how the day started for one particular passenger. Once in the lobby, the female passenger was unable to find her airline's ticket counter, then in her haste she dropped her luggage and it was all over – she simply stood still and burst into tears. Enter Thea to the rescue! Thea helped the woman pick up her spilled luggage and spoke with her to calm her down. She then escorted her to the airline ticket counter and stood by while the passenger obtained her boarding pass and checked her luggage. From there, Thea walked the passenger over to the food court and promised to come back by to ensure she had made her flight.

Robert Dillard, Cynthia Tatum, Seretha Mitchell, Elvenia Sanders, CRAA: A young woman's day started out well; she was off to New York for a weekend wedding where she was a bridesmaid. Now she was at the airport in Columbus, her bags were checked and then the worst happened! She missed the flight from Columbus to New York, the last departing flight that night. Now, she was stuck at the airport with no money to buy another airline ticket, rent a car or stay at a hotel.

Midway through the night, the passenger decided to approach several 3rd shift custodian and ask for help. She explained her situation and that her father was going to wire her money for a Greyhound bus ticket to New York. Problem was, she needed to get to the Western Union facility downtown.

Aware that the young woman was low of funds and could not afford to pay for transportation downtown, the team collected \$60 which was enough to pay for cab fare to the Western Union station, and perhaps a meal or coffee on the side. The woman checked in with the team later that weekend to confirm she had made it safely to New York for the wedding!

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky stated there is no report. The next meeting is scheduled for July 25, 2016 at 8:30 a.m.

BUSINESS DEVELOPMENT:

Cipriano reported that the committee met on May 19 and discussed several business development matters. There is nothing to report at this time.

FACILITIES & SERVICES:

Heifner reported that the committee met on May 18.

Heifner reported on the following business items:

- On April 4, the north runway was closed. This is a \$17 million project. There was a recent incident which closed Port Columbus for two hours.
- 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. The committee heard a review of hotel operations and the business plan by Rockbridge.

Miller requested R. Bush to report on the financial reports. Bush reviewed the preliminary financial statements for the year-to-date period ending April 30, 2016.

Bush reported that the 2015 Comprehensive Annual Financial Report (CAFR) is ready and copies were distributed.

Bush reported that Rockbridge attended the committee meeting to discuss the hotel operations and business plan.

Operating Revenues – Actual vs. Budget, with \$34.1 million in actual revenues and a budget of \$34.2 million, leaving a negative variance of (\$85,000).

- Airlines – The positive variance of \$345,000 is due to an increase in landing fees as a result of the increase in landed weight, which is accredited to an increase in flight activity for Southwest Airlines' new routes. Additionally, there is an increase in the utilization of unleased gates.
- Concessions & Misc. Lesses – The negative variance of (\$121,000) is attributed to a decrease in food and beverage, advertising, and gift shop revenue of \$242,000 as a result of the TMP and an increase in security checkpoint wait time. This is offset by an increase in space and ground rent of \$121,000 due to new and renewed leases which were expected to terminate.

Operating Expenses – Actual vs. Budget, with \$24.4 million in actual expenses, and a budget of \$25.2 million, leaving a positive variance of \$810,000. The majority of this variance is due to timing of spend for supplies, materials and services.

Operating Income Before Depreciation – Actual vs. Budget, with \$9.7 million in actual expenses, and a budget of \$9 million, leaving a positive variance of \$725,000.

Composition of Operating Revenue – Parking represents 35.3% of our operating revenue. Airlines represent 31.1% 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 377 employees. We currently have 46 staffing vacancies of which 35 are full-time, 6 part-time, and 5 seasonal.

Hotel Operations – Year-to-date Net Operating Income is \$565,000 actual vs. a budget of \$634,000, leaving a negative variance of (\$68,000). This is due to a light winter which decreases the number of distressed passengers. The actual occupancy rate for last month was 68.2% compared to a budget of 74.7%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$497,000 in actual net operating income compared to a budget of \$188,000 providing a positive variance compared to budget of \$309,000.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$915.1 million in total assets and \$158.1 million in total liabilities. Included in total assets is \$127.8 million in Cash and Cash Equivalents.

Capital Expenditures – With an approved Capital Budget of \$54.8 million and total accrued expenditures to date of \$13.7 million, this represents a year-to-date execution rate of 25% of the approved Capital Budget. The year-to-date Capital Budget Baseline total was \$9.8 million. The accrued expenditures to date represent 139% of the planned pacing of the Capital Budget.

The Authority's debt per enplaned passenger is \$27.38, which is 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 357 days, with the 2014 Moody's airport average being 557 days.

CRAA has \$106 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

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

Roberts reported on the following business items:

Roberts reported that Port Columbus International Airport is on the cover of *Airport Improvements* magazine. The article provides great coverage on the recent terminal modernization and the magazine was distributed to 2,000 airport executives at the recent A.A.A.E. Annual Conference in Houston, TX.

Passenger Air Service

Port Columbus

Port Columbus started off the second quarter with a 3.6% increase in passenger traffic for the month of April when compared to the year prior. This is the strongest April since 2007 and the 27th consecutive month of growth. Year-to-date passengers are up 7.1%.

Southwest saw the largest increase in passengers with 11.7% more passengers traveling in April when compared to the year prior. Year-to-date the airline's traffic is up 17%.

Delta saw a 2.7% increase in passengers compared to the year prior, while United saw a similar increase of 2.2%. Air Canada's traffic was up 7%.

American was the only carrier to see a decrease in passengers in April, with -5.5% less passengers traveling last month when compared to the year prior.

Next week Port Columbus will welcome Frontier Airlines to Columbus. Beginning June 1 the airline will provide daily service to Denver and Las Vegas, and three times weekly service to Orlando and Philadelphia.

On May 23, staff met with Delta Airlines in their Atlanta headquarters to deliver the supplemental revenue credit check in the amount of \$632,510 for their contribution to increased passenger traffic in 2015. We also had an excellent discussion regarding the need for additional nonstop service to Delta's Seattle and Salt Lake City hubs.

Rickenbacker Charter Terminal

At Rickenbacker, Allegiant saw a 31% growth in passenger traffic in April when compared to the year prior. Starting tomorrow Allegiant will launch their new service to Jacksonville, Florida. The seasonal service operates twice-weekly from the Rickenbacker Charter Terminal, running from May 25 to August 13.

Cargo Air Service

International air cargo activity at Rickenbacker (LCK) took another step forward this past month as Emirates SkyCargo initiated a third weekly frequency from Dubai on May 5. Our Business Development team was recently in Dubai hosted by Emirates and conducted joint business development visits with the airline.

At the same time that Emirates was upping their frequency, a potential new entrant was testing the market. Last Thursday evening Ethiopian Airlines flew the first of two test flights for their very first freighter service to the United States. Ethiopian chose Rickenbacker in a partnership with a key freight forwarder, RCS Logistics, which runs a fashion and retail goods transportation hub out of our Air Cargo 4 facility at Rickenbacker. Ethiopian is flying the same state-of-the-art Boeing 777 freighters that Emirates SkyCargo operates with a current fleet of six and more on order. We will keep you posted on progress as they refine their schedule and routing.

To help capitalize on our international growth, we are excited at the anticipated opening of the new Air Cargo Terminal #5 next Tuesday, May 31st. The partnership between CRAA, the State, City and Mast Global Logistics have executed on this brand new on-ramp terminal which will drive further increases in international freighter traffic. Activity will be phased into the building and an official grand opening ceremony, tour and board meeting is being organized for July 26th. You will be receiving more detail on those events shortly.

Rickenbacker handled a total of 15,320,110 lbs. in April, up 3.7% on the growing international activity.

The amount of scheduled international cargo moving through Rickenbacker was up 39% in April, led by Cathay Pacific which was up almost 15%. Cargolux was up slightly as well and Emirates contributed nearly 1.2 million lbs. through their service that was not present last April.

Domestic cargo was down 3.8% for the month of April but this number will be subject to revision as FedEx has not reported due to internal system issues. We have therefore held FedEx at flat, substituting 2015 numbers and will revise when we receive data from FedEx.

Year to date, Rickenbacker has handled 59 million lbs., down 17.4% from 2015, but when normalized after subtracting out the effect of the west coast port strike, we would be up 8.6%. As mentioned in prior reports, we show a net decrease so far this year due to the effect of the west coast port strike in 2015 which we were able to capitalize on, causing a large and non-repeating surge in volume at Rickenbacker through chartered aircraft activity bringing in what would normally be ocean freight.

Quarterly Concessions Report

Revenues have been impacted by TMP construction that completed in late March. Advertising, Retail, and Food & Beverage are expected to rebound in a post-TMP environment. As you can see gross revenues in the first quarter are up 2.6% while net revenue is down 5.2%

Quarterly Rental Car Report

Gross Revenues, down 2.1%, are lower than expected primarily due to a lower average rental rate. The rental car industry reported an oversized fleet that resulted in an oversupply of available cars. The industry reported resizing the fleet by the end of the first quarter. Net rental car revenues increased 3.6% during this same time period primarily due to new lease terms effective 1/1/2016. CFC growth remains strong, up 38% on increased fees.

Communications

On May 4 Communications partnered with COTA to celebrate the launch of the new AirConnect service, which runs every 30 minutes between Port Columbus and downtown hotels. Nearly 100 community and hospitality leaders were on-hand at Port Columbus to celebrate the new service, which runs seven days a week from 6:00 a.m. to 9:00 p.m. The cost is \$2.75 each trip. COTA is pleased to share that about 360 trips were taken in the first week.

Aircraft Incident – Sunday, May 22

Port Columbus was closed for two hours Sunday morning May 22 as a result of an aircraft rolling off the end of the runway after an aborted takeoff. At 10:00 am an Eclipse 500 (small private jet) blew a tire during hard braking. There were no injuries and no damage to the aircraft or the runway. The aircraft was removed and the runway reopened at

12:00 noon. Twelve inbound flights diverted to other airports. No cancellations of outbound flights were reported, but there were numerous delays.

Inbound Flights: 12 diversions, 4 delays totaling 16 inbound flights affected.

Outbound flights: No cancellations, 17 delays. The longest delay was Delta Airlines CMH to ATL, departed three hours late.

TSA Passenger Screening Challenges

As the summer travel season gets underway, TSA is seeing lines growing longer at passenger screening checkpoints as a result of staffing shortages and the implementation of more thorough screening processes. Long lines and wait times are anticipated across the system over the summer, and wait times in excess of an hour or more have been reported at several airports. At Port Columbus, the longest wait thus far was 53 minutes in the morning May 9 at the concourse C checkpoint. On several other occasions, wait times have been in the 35-45 minute range. TSA is taking several actions to manage wait times, including re-deploying personnel to maximize screener availability at peak times. One unpopular action has been the partial closure of PreCheck lanes when they are not busy, in order to use those screeners to alleviate long lines in the regular screening lanes. Several proposals are pending to expedite the addition of trained staff; and a very tight restriction on the use of overtime has already been relaxed.

Rickenbacker Full Scale Emergency Exercise

A full scale emergency exercise has been scheduled at Rickenbacker Airport for Tuesday, June 14. Every commercial airport is required to conduct such an exercise once every three years. The exercise will focus on coordination and communication among the various participating agencies, which include the Air National Guard, local police and fire departments and several local hospitals. More than 80 volunteers will participate in various roles.

Certification Inspections Scheduled

The FAA has said it will conduct the annual certification inspections of Port Columbus and Rickenbacker Airports during the week of August 15.

READING OF RESOLUTIONS

RESOLUTION #28-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY APPROVING THE TERMS AND CONDITIONS AND AUTHORIZING ENTERING INTO A NON-SIGNATORY OPERATING AND LEASE AGREEMENT WITH FRONTIER AIRLINES AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: **D. Smith**; SECONDED: **K. Ransier**
YEA: **8** NAY: **0** ABSTAIN: _____

RESOLUTION #29-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE SUBMITTAL OF A GRANT APPLICATION TO THE OHIO DEPARTMENT OF TRANSPORTATION AND EXECUTION OF AN AWARDED GRANT RELATED TO THE REPLACEMENT OF THE MALSR APPROACH LIGHTING SYSTEM AT BOLTON FIELD AIRPORT.

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

RESOLUTION #30-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$150,000 TO THE MASTER SERVICE AGREEMENT WITH HILL INTERNATIONAL, INC., FOR AS-NEEDED CONSTRUCTION MANAGEMENT AND TESTING SERVICES AT PORT COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL, AND BOLTON FIELD AIRPORTS.

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

RESOLUTION #31-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$290,000 TO THE MASTER SERVICES AGREEMENT WITH MSA ARCHITECTS FOR GENERAL ARCHITECTURAL AND RELATED SERVICES FOR MISCELLANEOUS PROJECTS AT PORT COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL, AND BOLTON FIELD AIRPORTS.

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

RESOLUTION #32-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$162,900 WITH PETTIBONE CONCRETE CONSTRUCTION, INC., FOR THE APRON TRENCH DRAIN FIRE BREAK REPLACEMENT AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: T. Williams; SECONDED: K. Ransier
YEA: 7 NAY: 0 ABSTAIN: W. Heifner

RESOLUTION #33-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PURCHASE, IN THE AMOUNT OF \$166,933, FROM ADB AIRFIELD SOLUTIONS, LLC., OF AIRFIELD LIGHTING FIXTURES ASSOCIATED WITH THE REHABILITATION OF THE ALSF-2 APPROACH LIGHTING SYSTEM AT RICKENBACKER INTERNATIONAL AIRPORT.

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

RESOLUTION #34-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A MASTER SERVICES AGREEMENT WITH R.W. BLOCK CONSULTING, INC. IN THE AMOUNT OF \$986,145 TO PROVIDE PROGRAM MANAGEMENT OVERSIGHT SERVICES IN CONNECTION WITH PHASE I OF THE MIDFIELD DEVELOPMENT PROGRAM AT PORT COLUMBUS INTERNATIONAL AIRPORT.

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

RESOLUTION #35-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A DESIGN-BUILD CONTRACT WITH SETTERLIN BUILDING CONSTRUCTION WITH A GUARANTEED MAXIMUM PRICE (GMP) AUTHORIZATION NOT TO EXCEED \$1,600,000 FOR PRE-CONSTRUCTION AND CONSTRUCTION PHASE SERVICES ASSOCIATED WITH THE AIRFIELD MAINTENANCE FLEET FUELING STATION AT PORT COLUMBUS INTERNATIONAL AIRPORT WITH GMP AMENDMENTS SUBJECT TO REVIEW AND APPROVAL BY THE BOARD CHAIR AND FACILITIES & SERVICES COMMITTEE CHAIR.

MOVED: E. Kessler; SECONDED: T. Williams
YEA: 8 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the board, Ransier moved to adjourn; Williams seconded. Chair Tomasky adjourned the meeting at 4:55 p.m. on Tuesday, May 24, 2016.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw