



BOARD OF DIRECTORS | MEETING MINUTES OF JUNE 23, 2015

Present: Susan Tomasky, Chair
William R. Heifner, Vice Chair
Don M. Casto, III
Frank J. Cipriano
Elizabeth P. Kessler
Jordan A. Miller, Jr.

Absent: William J. Lhota
Kathleen Ransier
Dwight Smith

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, Asset Development
Robin Holderman, Chief Development Officer
Tory Richardson, A.A.E., Vice President, Human Resources & Strategy
David Whitaker, Vice President, Business Development & Communications

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

Others Present: John Montgomery, Central Ohio Severe Weather Network

CALL TO ORDER

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m. on Tuesday, June 23, 2015.

ANNOUNCEMENT

Chair Tomasky announced that Elaine Roberts was recently honored by A.A.A.E. with the prestigious 2016 Distinguished Service Award, one of A.A.A.E.'s highest levels of recognition. Recipients must have served at least 25 years in the aviation industry in an executive capacity, and be an Accredited Airport Executive. This award is a reflection of Roberts' outstanding accomplishments in her professional and personal life. The award is tentatively scheduled to be presented at Port Columbus at the March 2016 Board meeting.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of May 26, 2014. Hearing none, Cipriano moved for approval; Miller seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

No report.

BUSINESS DEVELOPMENT:

Casto requested Holderman to provide an update on recent business development. Holderman reported on the following:

- The American Showa building on the Intermodal North Campus in the Rickenbacker Global Logistics Park was sold on May 28, 2015. The sale price was \$17,200,000 and the Authority's net share was \$1.13 million.
- Construction of a 482,000 SF building will commence on the Intermodal North Campus in the Rickenbacker Global Logistics Park on or about July 1, 2015. A lease agreement has been signed with Inno-Pak, LLC for 253,800 SF. The balance of the building, 228,200 SF, will be speculative space. Several prospects have been identified for the spec space.
- Construction of a 421,000 SF build-to-suit facility on the Intermodal South Campus in the Rickenbacker Global Logistics Park will be announced on or about July 1, 2015.
- POCAT (Preserving the Original Columbus Terminal) will host an event on Wednesday, June 24, 2015 at hangar #1 on the south airfield at Port Columbus.

FACILITIES & SERVICES:

Heifner reported that the committee met on June 17. Sarkis reviewed the Major Capital Projects report for 2015. Also reviewed were the project status report, cost variance report, and construction schedules and timelines. A. Beaver reviewed the 2015/2016 Capital Budget Update report. Although the actual spend is 24% of the capital budget for 2015, this spend represents 96.1% of our projections.

Heifner reported the Terminal Modernization Project continues. The south end of the ticket lobby is scheduled to be complete mid to late July. Additional skylights for the ticketing level will be delivered July 13. The airlines' ticket counters have been moved and the new counters are a significant improvement as well as user friendly. The lobby is scheduled for completion in February 2016. Work in Concourse B continues and is scheduled for completion in July. Bob Evans opened in May and Eddie George's Grill opens in July.

Work in the baggage claim area continues. On the south end the walls have been opened and the new windows provide a view to the pick-up area.

Sarkis shared the progress of the Rickenbacker Air Control Traffic Tower and construction is on schedule.

Also reviewed was one Resolution being presented to the board, all of which are recommended for approval.

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 reports. Bush reviewed the preliminary financial statements for the year-to-date period ending May 31, 2015.

Operating Revenues – Actual vs. Budget, with \$41.3 million in actual revenues and a budget of \$39.2 million, leaving a positive variance of \$2.1 million.

- Airlines' positive variance of \$741,000 is due to \$688,000 in Airline Carryforward adjustments related to decreased prior year actual expenses over estimate, an increase in landing and aircraft fees of \$97,000, offset by a decrease in rent of \$44,000.

- Air Freight's positive variance of \$535,000 is due to a \$374,000 increase in landing fees related to increased 2015 cargo activity and unreported 2014 cargo landings, and a \$161,000 net increase in Rickenbacker fuel revenue.
- Hotel's positive variance of \$192,000 is the result of higher than anticipated occupancy levels.
- Ground Handling's positive variance of \$437,000 is the result of increased activity at Rickenbacker which is partially related to the West Coast Port Strike.

Operating Expenses – Actual vs. Budget, with \$28.6 million in actual expenses, and a budget of \$29.8 million, leaving a positive variance of \$1.2 million.

- Salaries & Wages' positive variance of \$166,000 is the result of a vacancy credit of \$804,000, offset by lower than anticipated project management hours of \$162,000, overtime due to vacancies and inclement weather of \$194,000, incentives of \$104,000 and paid time off accruals of \$178,000.
- Supplies & Materials' positive variance of \$433,000 is due to \$460,000 in timing of spend for paving and painting projects and equipment purchases, and \$263,000 decrease in FBO ground fuel purchases offset by \$290,000 increase in snow supplies due to inclement weather.
- Services' positive variance of \$631,000 is primarily the result of increased utilities related to inclement weather of \$530,000 and professional and miscellaneous services of \$36,000, offset by the timing of spend for airport maintenance \$893,000 related to airport maintenance, \$132,000 for advertising and \$172,000 for glycol remediation fees.
- Contract Labor's net negative variance of \$209,000 is the result of increased flight activity at Rickenbacker of \$232,000 offset by a reduction in ARFF and other contract labor of \$23,000.

Statement of Net Position Analysis – With an approved Capital Budget of \$62.3 million and total cash expenditures to date of \$14.9 million, this represents a year-to-date execution of 24% of the approved Capital Budget spend. The total accrued expenditures to date of \$14.4 million represents 23% of the approved Capital Budget. Bush reported that the debt per enplaned passenger is \$28.27, compared to the Moody's Average of \$66.92 from 2013. The days of unrestricted cash on hand is 596 days, with the Moody's 2013 average being 526 days. Days of unrestricted cash excluding rental car facility charges is 392 days, which is ahead of the 365 days the Authority desires to maintain. CRAA has \$112.2 million of outstanding debt which includes \$2 million outstanding under our Revolving Credit Facility.

Statement of Revenues, Expenses, and Changes in Net Position vs. Budget – Actual Operating Income before Depreciation is \$12.8 million vs. a budget of 9.4 million. This gives the Authority a positive Operating Income before Depreciation variance of \$3.4 million as compared to budget, or 35.9%.

Combined Statement of Net Position vs. Prior Year End – Total assets and deferred outflows were \$905.4 million with current cash and cash equivalents of \$121.4 million. Net land, property and equipment in the amount of \$747 million is the largest asset on the Combined Statement of Net Position.

HUMAN RESOURCES:

The next meeting will be held June 25.

PRESIDENT & CEO REPORT

Roberts reported on the following business items:

Introduction of New Vice President of Asset Management

Roberts introduced Casey Denny, A.A.E., and Vice President of Asset Management. He will manage the assets of all three airports, oversee and provide strategic direction for the use and maintenance of buildings, grounds, pavement and equipment for Airport Authority owned and operated assets.

Denny has a distinguished aviation career spanning more than 20 years. His background includes asset management, capital improvement programming, planning and construction, airport-run fixed based operation, emergency operations, airport operations, strategic planning, safety and security inspections, and organizational leadership.

Denny stated he is looking forward to working under Roberts' leadership. He enjoys aviation and the diversity of the Authority's lines of business within the three airports. He and his wife are Ohio natives and look forward to enjoying Ohio with their three sons.

CRAA Board Orientation Manual and Website

The CRAA Board Orientation materials were updated and provided to the Board. A Board of Directors website has also been created. It contains the orientation materials, board meeting calendar, and other helpful documents and links. Board members may contact Kathryn Whittington with any questions.

Passenger Air Service

Port Columbus

May was another great month of traffic growth with nearly 600,000 passengers flying through Port Columbus – a 4.1% increase when compared to last May. So far in 2015 we have seen growth of 4.9%, making it the busiest year for CMH passengers since 2008.

Southwest was again the largest driver of our growth, with an 8% increase in passengers compared to the prior year. The airline's growth is expected to continue in 2015 as we will see the launch of service to Oakland and Boston, as well as increased frequencies to both Atlanta and Washington Reagan yet this year. This is on top of their growth to Dallas Love Field and Washington Reagan earlier this year in April.

United also saw an 8% increase in passengers for the month, and is trending up 5.5% for the year. The airline continues to bring larger aircraft to Port Columbus, and as a result May saw a large jump in capacity when compared to the prior year. The Denver route alone saw a 38% increase in seats as United now finds itself in a position to be competitive in the market and fight for market share.

Delta saw a growth of 3.1% for the month, while Air Canada was up 25% on the heels of an additional frequency to Toronto.

American, combined with US Airways, saw a -2.4% decrease in passengers in May. Although they were the only Port Columbus carrier that did not see growth, they saw an increase of nearly 8% last May which is difficult to sustain.

More broadly, the climate for additional air service growth is outstanding. Staff has recently returned from an industry conference connecting airlines and airports. Conversations at that conference validate the strong economic strength of the Columbus Region and that this economic strength translates into a very robust air service market. Both incumbent and potential new entrant carriers are very bullish on Columbus and are seeking opportunities to capitalize in this great market.

Rickenbacker Charter Terminal Activity and New Service

The Rickenbacker Charter Terminal saw its monthly passengers double when compared to the prior year, with over 12,000 passengers flying on Allegiant. Earlier this month the airline launched its seasonal service to Savannah which operates twice-weekly.

Cargo Air Service

May was a very successful month for air cargo at Rickenbacker. The airport marked another milestone in its journey toward becoming an international air freight gateway with the initiation of weekly Emirates SkyCargo service from Dubai to Columbus on May 27th. You will recall we hosted three Emirates company officials here for that inaugural as guests at the Board meeting last month. Their service start-up was received with overwhelming enthusiasm and support from the air cargo community in Central Ohio and abroad.

With the initiation of the Emirates service, Central Ohio is now connected to three premier cargo hubs - in Asia, Europe and the Middle East by three of the elite freighter operators in the industry. With this network, Rickenbacker is truly connecting Ohio with the world and opening up a world of possibilities for both imports and exports. All three carriers are reporting very positive traction in the market and anticipating additional frequencies.

Emirates was effusive in their praise for airport staff indicating they have never had this type of support for any other service initiation effort. They presented a gift to the Authority representing earlier navigation vessels in the Middle East. (Gift was on display in the Board Room.)

For the month of May Rickenbacker handled 15,294,592 lbs. of cargo, 19% ahead of May 2014. Cargo flown aboard international carriers was up 190% for the month continuing the strong growth that has produced a net positive effect on total cargo which is up 45% for the year so far. Year to date domestic cargo volumes are down 1%, while the international volumes are up 387%.

Bond Rating Agency Visits

Next week, several staff members will be meeting with all four bond rating agencies in New York City for our annual updates. We are hopeful that they will come to Columbus next year to see the results of the Terminal Modernization Program and other major capital improvements since their last visit to Port Columbus.

D.O.T. TIGER VII Grant

Last month Roberts reported that CRAA partnered with Norfolk Southern to increase the capacity and efficiency of the Rickenbacker Intermodal Facility. The projected total investment would be about \$34M and funded on a 50/50 basis between private funding and TIGER. Staff continues to work with key stakeholders to advance the project. We completed the Pre-Application on May 4, 2015 and the Final Application was submitted June 4, 2015.

To date, we have received 15 letters of support from such individuals and organizations as: Senators Brown and Portman, Columbus Partnership, Columbus Chamber, Columbus2020, MORPC, Franklin County Commissioners, Mayor Coleman, Columbus City Council, and Pickaway County Commissioners.

Roberts also had an opportunity to speak personally with D.O.T. Secretary Anthony Foxx a couple of weeks ago while in Philadelphia for the AAAE Annual Conference. We hope to learn of DOT's decision later this year.

AAAE Annual Conference in Philadelphia

Roberts and several CRAA staff members attended the AAAE Annual Conference in Philadelphia a couple weeks ago. The conference was packed full of business sessions covering everything from FAA, TSA, and just about everything else that is aviation-related. The conference was attended by approximately 1,700 aviation professionals and is a great way to stay on top of industry specific issues as well as networking with colleagues. These industry conferences can present great opportunities to meet with key decision-makers such as airline CEOs, heads of TSA and FAA, and most recently the D.O.T. Secretary.

Strategic Planning Session

Last week, the senior team met offsite for a day to review the current Strategic Business Plan and to discuss future strategic goals and priorities. The Strategic Business Plan was developed in 2009 and is reviewed regularly. A number of key long term initiatives, such as the midfield terminal development program, long term sustainability of Rickenbacker and continued development of it as a Global Gateway, and expansion of international passenger and cargo flights were some of the key areas of focus. We anticipate sharing the results of our work with recommendations to the Board this fall.

Rickenbacker Tower Topped Off

A construction crane lifted the cab of the new LCK control tower into place atop the structure on June 9, marking a significant milestone in the construction. Finishing the structure and equipping it will take approximately nine months, with commissioning in the spring of 2016.

Drinking Water Nitrate Alert

On June 8, the Columbus Division of Water issued an alert for high levels of nitrates in the water supply in areas served by the Dublin Road treatment plant. Port Columbus and Rickenbacker were outside the area affected by the alert, but Bolton Field was within the affected area. Appropriate notices were posted in the Bolton Field terminal building. The alert was cancelled June 22.

Port Columbus and Rickenbacker Certification Inspections

The FAA has scheduled the annual certification inspections for Port Columbus and Rickenbacker for the week of August 17.

Bolton Field Full Scale Exercise

CRAA staff and mutual aid partners will conduct a full scale emergency exercise at Bolton Field on October 15. Because of the nature of operations at Bolton Field, the exercise will be somewhat smaller in scale than those at Port Columbus and Rickenbacker.

Grand Jury Decision

The Grand Jury met on May 29 and exonerated the Airport Authority policy officers involved in the January 7 fatal shooting at Port Columbus. With the conclusion of the criminal investigation, our records related to this incident were made public including a video of the incident which we also shared with the Board. The video shows that our officers handled themselves in a professional manner in a dangerous situation. This clearly showed that our officers acted with as much restraint as possible in the use of lethal force. Roberts stated this is a strong reflection of all the training they receive as part of our CALEA certification efforts, and we are proud of the manner in which they conducted themselves. They were understandably pleased with the grand jury decision and that it brought the issue to closure.

READING OF RESOLUTIONS

RESOLUTION #36-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$275,000 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: W. Heifner;

SECONDED: J. Miller

YEA: 6 NAY: 0

ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the board, Casto moved to adjourn; Miller seconded. Chair Tomasky adjourned the meeting at 4:40 p.m. on June 23, 2015.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

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