



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF JULY 28, 2015

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

Absent: William J. Lhota

CRAA Executive Staff: Elaine Roberts, A.A.E., President & CEO
Rod Borden, A.A.E., Chief Operating Officer
Randy Bush, Chief Financial Officer
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, B. Schreiber, P. Streitenberger, K. Whittington

Others Present: Steve Campbell, City of Columbus
John Montgomery, Central Ohio Severe Weather Network
Don Peters, Columbus Flight Watch
Alan Harding, Columbus Flight Watch

CALL TO ORDER

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m. on Tuesday, July 28, 2015.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of June 23, 2014. Hearing none, Miller moved for approval; Heifner seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky reported that the committee met on July 27. The committee discussed the current state of our air service which is quite healthy. Additional information will be provided in the President's Report. The committee continues to work closely with staff to capitalize on the current momentum to further expand as the market will allow.

BUSINESS DEVELOPMENT:

Casto reported that the committee met on July 21 to review three resolutions (Resolutions #42, #43 and #44) being presented to the board. The committee recommends approval of the resolutions. Casto requested Holderman to provide an update on recent business development. Holderman reported on the following:

- Resolution #42-15 authorizes the purchase of approximately 201 acres of land which was formerly the Landings at Rickenbacker golf course. It is strategically located at the southeast corner of the Intermodal South Campus in the Rickenbacker Global Logistics Park. This land purchase will provide valuable development land for the future and can accommodate an additional 2.3m square feet of buildings.
- Resolution #43-15 authorizes a ground lease agreement with Distribution Land Corporation to facilitate the development of Air Cargo Terminal #5 (ACT #5). The development of ACT#5 is needed to accommodate the rapidly growing international import / export business at Rickenbacker.
- Resolution #44-15 authorizes a ground lease agreement with Heartland Bank for the restoration and repurposing of the original Terminal Building and Hanger #1 at Port Columbus. Heartland intends to make a significant investment in both facilities and the vacant land between same to create a corporate campus for its organization.
- BASF, one of the world's largest chemical companies, is committed to a new 421,200 SF build-to-suit on the Intermodal South Campus at Rickenbacker. The official ground breaking will be held August 5 at 1:30 p.m.
- Construction commenced in July on a 482,220 SF facility for Inno-Pak in the Intermodal North Campus. Inno-Pak will occupy 253,800 SF of the building with the remaining square footage being spec space.

FACILITIES & SERVICES:

Heifner reported that the committee met on July 22. 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 31-32% of the capital budget for 2015, this spend represents 105% of our projections.

Heifner reported that progress on the Terminal Modernization Project is significant and the airport is looking great. Work continues in the south lobby and is scheduled for completion in the near future. Construction is also ongoing in the north lobby. These projects have proven to be complex due to the age of the terminal. When walls are opened up, issues are discovered. Concourse B is nearing completion with the exception of the terrazzo floor. Bob Evans and Eddie George Grill are both open. Work in the baggage claim area continues.

Heifner reported that the committee reviewed a presentation and concept studies for the curb front improvements. This is an important project, as the curb front provides an opportunity to make a good first impression.

Heifner reported that work continues on the new Air Traffic Control Tower at Rickenbacker. Completion is expected spring 2016.

Heifner recognized Borden and Whitaker for their report on optimization of the parking garage.

The committee also reviewed the Resolutions 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 has a strong Balance Sheet and Income Statement. The committee reviewed Resolution #45 as related to the Rental Car Customer Facility Charge. The committee recommends approval of this resolution.

Miller requested Bush to report on the financial reports. Bush reviewed the preliminary financial statements for the year-to-date period ending June 30, 2015.

Operating Revenues – Actual vs. Budget, with \$49.7 million in actual revenues and a budget of \$47.2 million, leaving a positive variance of \$2.4 million.

- Airlines' positive variance of \$835,000 is due to \$827,000 in Airline Carryforward adjustments related to decreased prior year actual expenses over estimate, an increase in landing and aircraft fees of \$292,000, offset by a decrease in rent of \$51,000 and the prior year's General Airline Credit true-up of \$233,000.
- Air Freight's positive variance of \$542,000 is due to a \$431,000 increase in landing fees related to increased 2015 cargo activity and unreported 2014 cargo landings, and a \$111,000 net increase in Rickenbacker fuel and snow removal revenue.
- Hotel's positive variance of \$202,000 is the result of higher than anticipated occupancy levels of over 75%.
- Ground Handling's positive variance of \$498,000 is the result of increased activity at Rickenbacker which is partially related to the West Coast Port Strike.

Operating Expenses – Actual vs. Budget, with \$34.5 million in actual expenses, and a budget of \$35.2 million, leaving a positive variance of \$738,000.

- Salaries & Wages' positive variance of \$37,000 is the result of a vacancy credit of \$761,000, offset by lower than anticipated project management hours of \$192,000 overtime due to vacancies and inclement weather of \$225,000 incentives of \$104,000 and paid time off accruals of \$203,000.
- Benefits & Personnel's positive variance of \$367,000 is due to a reduction in OPERS and health insurance costs of \$454,000 relating to open positions, offset by lower than anticipated project management hours of \$87,000.
- Supplies & Materials' positive variance of \$428,000 is due to \$413,000 in timing of spend for paving and painting projects and equipment purchases and \$305,000 decrease in FBO ground fuel purchases offset by \$290,000 increase in snow supplies due to inclement weather.
- Services' positive variance of \$269,000 is primarily the result of the timing of spend for airport maintenance and taxes and licenses of \$807,000, advertising of \$92,000 and professional and miscellaneous services of \$125,000, offset by an increase in utilities related to inclement weather of \$588,000 and real estate taxes of \$167,000.
- Contract Labor's net negative variance of \$282,000 is the result of a need for outsourced staffing due to increased flight activity at Rickenbacker

Statement of Net Position Analysis – With an approved Capital Budget of \$62.3 million and total cash expenditures to date of \$19.8 million, this represents a year-to-date execution of 32% of the approved Capital Budget spend. The total accrued expenditures to date of \$19.6 million represents 31% of the approved Capital Budget.

Bush reported that the debt per enplaned passenger is \$28.05, compared to the Moody's Average of \$66.92 from 2013. The days of unrestricted cash on hand is 582 days, with the Moody's 2013 average being 526 days. Days of unrestricted cash excluding rental car facility charges is 374 days, which is ahead of the 365 days the Authority desires to maintain. CRAA has \$110 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 \$15.2 million vs. a budget of \$12 million. This gives the Authority a positive Operating Income before Depreciation variance of \$3.2 million as compared to budget, or 26.4%.

Combined Statement of Net Position vs. Prior Year End – Total assets and deferred outflows were \$905.6 million with current cash and cash equivalents of \$119.3 million. Net land, property and equipment in the amount of \$749.5 million is the largest asset on the Combined Statement of Net Position.

HUMAN RESOURCES:

Smith reported that the Human Resources Committee met on June 25 for the purpose of reviewing the 2015-2016 Talent Allocation Process. This process is an enterprise-wide comprehensive planning initiative used by each business unit to request a change in staffing models. The process includes identifying the need for changes in job positions, reporting structure, overall headcount, and associated budget impacts. Human Resources leads the organization on workforce planning and helps tie the appropriate staffing model to our strategic business plan to ensure the proper allocation of resources. It is one of the first steps to develop the personnel budget for next year.

Thorough analysis by the review panel and the approval from the Human Resources Committee resulted in the following changes: 23 new positions, 5 upgraded and repurposed positions, 21 positions eliminated, and one position downgraded. This represents a 5% increase in headcount with a financial impact of a \$1.4 million increase to our personnel costs.

The request for new headcount this year is substantially higher than usual. In part, this is because the Authority has been relatively flat over the past few years while recovering from the recession. Like most organizations, the Authority is doing more with less. Work-life balance for existing employees, additional quantity of work, new lines of business, increased focus on the delivery of services, and regulatory compliance are all additional reasons for the significant changes this year.

The full Personnel Budget will be reviewed at the next quarterly committee meeting on Friday, September 18.

PRESIDENT & CEO REPORT

Roberts reported on the following business items:

Roberts congratulated Chair Tomasky who was recently selected as a member of the National Association of Corporate Directors (NACD) Directorship 100. Each year, NACD Directorship magazine identifies the most influential people in the boardroom community, and the Authority is most fortunate to have someone of Chair Tomasky's skills and leadership abilities serving on and chairing the CRAA Board.

Roberts reported...

Passenger Air Service

Port Columbus

Port Columbus experienced another solid month of passenger growth in June. We had an impressive 4.6% increase in passengers traveling through our facility for the month and for the first half of 2015 we are up nearly 5% compared to the first half of '14. This continues our trend of being the busiest we've been in seven years and represents our 16th month of consecutive growth.

Southwest's expansion Port Columbus is contributing significantly to our growth. Their new service offerings to both Dallas Love and Washington Reagan National airports in the first half of 2015 put the carrier up 7.2% year-to-date through June. This growth will continue for the remainder of the year as the airline launches new service to Oakland, Boston, as well as increases to their frequencies to Atlanta next month. Additionally, they will be adding a second DCA flight in November. With these known additional flights, our team has revised the projected growth forecasts for 2015 and estimates a year end growth of 6.7% over last year. This is exciting news, and a press release is being issued today acknowledging the strong growth for the first half of 2015.

In addition to Southwest's growth, 2015 has brought much needed larger United aircraft to Columbus, and as a result the airline has seen an increase of over 6.6% year-to-date. Delta saw a growth of 5.8% through the first half while Air Canada's Toronto route is up 24%.

American, combined with US Airways, ended the first half of 2015 nearly flat. At this time last year the two combined airlines were trending up over 9% year-to-date.

Rickenbacker Charter Terminal Activity and New Service

The Rickenbacker Charter Terminal's passenger traffic is up 78% year-to-date. This growth was led by Allegiant, who added three new routes in the first half of the year. The airline flies to seven destinations from Rickenbacker.

Cargo Air Service

Total air cargo handled at Rickenbacker for the month of June was up 18%, with just under 15 Million pounds of cargo moving to and from the airport. Continued strong growth in international activity is driving the increased volumes. For example, Cargolux freight volume was up 27% and Cathay Pacific Cargo was up 124% for the month of June. Adding to the international traffic, our newest carrier Emirates SkyCargo contributed nearly half a million pounds in their first full month of operation at Rickenbacker, resulting in total international cargo for the month up 116% over the prior June.

For the first half of the year Rickenbacker handled over 100 million pounds of air freight, up 40% from the same time period last year with domestic tonnage down 1.1% and international tonnage up 324% compared to the first half of 2014.

General Aviation

Construction of the new U.S. Customs (CBP) General Aviation Facility (GAF) is now complete. This nearly \$1M investment by Lane Aviation to develop a facility that meets national specifications will allow for an efficient and more convenient facility for General Aviation (GA) aircraft arriving to Columbus from international locations to clear Customs. The Authority's role in the project as airport owner & operator was to be the primary liaison between CBP and Lane Aviation.

There will be a General Aviation Business Partner Networking Event on Wednesday, August 5 at 11:00 a.m. This event provides an opportunity for all of our GA business partners to meet and network and the event will be held at Lane Aviation and feature a preview of the new GAF. Additionally, on August 11, Customs leadership from Cleveland and Chicago will join local Customs officials, representatives from local companies with their own fleet of aircraft and local congressional representatives to further dedicate the facility.

Roberts recognized Mark Mulchaey on Dave Whitaker's team, as well as Customs and Lane Aviation, for their hard work to bring this important facility to fruition. With this smoother processing, the Authority expects to see more international GA aircraft arrivals here at Port Columbus.

International clearance for commercial aircraft will continue to take place right here in the terminal building – below gate C46 – in facilities that were renovated a few years ago.

Concessions

Eddie George's Grille 27 opened July 18 with limited hours and, as of today, is now fully operational from 5:00 a.m. to 8:00 p.m. Reviews on this Concourse B location for both food and service are excellent. The new restaurant will be formally dedicated with Eddie George on August 19 at 11:00 a.m. Board member invitations are forthcoming.

This opening follows the successful opening of Bob Evans Express, also in Concourse B, on June 10. Bob Evans Express has proven to be very popular with our customers and the restaurant is off to an excellent start. Recall Bob Evans is also supporting our Rickenbacker flights, essentially catering food for each Allegiant departure at Rickenbacker.

Columbus Partnership Fly-Out

On July 20, instead of community leaders participating in an Annual DC Fly-In, CRAA participated in the DC Fly-Out event coordinated by The Columbus Partnership. The intent of the event was to get the Chiefs of Staff and Legislative Directors from our elected officials' offices in D.C. to come to Columbus to visit some of the important sites and issues for our region. About a dozen staffers flew to Columbus from D.C. to tour the region by bus. We are proud that Rickenbacker was one of the four focused areas the group visited. Specifically, we toured the Norfolk Southern (NS) Intermodal Facility and provided more details about the TIGER Grant Application we submitted to the Department of Transportation (DOT) last month. The application seeks funds to help expand the intermodal facility size and operational capacity. In addition, the group was provided an airfield tour that also highlighted the military operations, our commercial passenger flight operations with Allegiant, the new Air Traffic Control Tower, and the site and need for the Air Cargo Terminal 5 facility construction. The group had lunch at one of the logistics provider's facilities (RCS) and heard more about the cargo industry and what it means to businesses in the Region.

Other points of interest for the group included the Beauty Park in New Albany, the Downtown Development and Riverfront area, and The Ohio State University. Feedback from all participants was very positive.

J.E.T. Task Force Update

On July 27, Columbus City Council passed an Ordinance to authorize the Director of the Department of Finance and Management to enter into an agreement with Columbus 2020 for economic development activities associated with community direct air service performance incentive program. The Ordinance further authorized City Auditor to transfer \$1,200,000.00 within the general fund for this purpose. This action follows Mayor Coleman's 2014 JET Task Force initiatives which led to the announcement of Southwest service to the San Francisco Bay Area that will begin a week from Sunday. These funds are initially intended to provide a performance based guarantee for the Oakland route and can be used to support other routes as funds remain available. The JET Task Force called upon the community to approach air service development like it does for other job centers and economic development targets.

Ardent supporter Kenny McDonald testified briefly before City Council last evening expressing the importance of enhanced air service and community collaboration to the Region's economic development efforts.

We thank the Mayor and the business sector who staffed the JET task force for their vision and support.

Community Collaboration for Rickenbacker Development

The Business Development Committee reported on the successful negotiations with Distribution Land Corp. (DLC) to lease property at Rickenbacker for the purpose of constructing a 100,000 square foot air cargo terminal and their support of the corresponding Board resolution in your packet. There was considerable community collaboration over the past year that will culminate in a strong public-private partnership to support efforts to grow Rickenbacker as the industry's new global gateway. The State, City and County have committed \$4.27 million for infrastructure related to the air cargo terminal and replacement of the outdated air traffic control tower. The CRAA is contributing over \$9 million to those projects as well. As you heard earlier, international cargo tonnage is up over 300% in the first half of 2015, and these new investments are critical to our continuing success.

FedEx Sublease Renewal

Another positive sign of activity at Rickenbacker was the recent decision by FedEx to renew its sublease for its air cargo facility at Rickenbacker. FedEx's landlord, AeroTerm, owns the 275,000 square foot building, which is located on land leased from CRAA. The facility is the former Flying Tiger Airlines cargo hub. The renewal is for a five-year term and calls for an investment of over \$1 million in the facility. FedEx carries nearly 50% of all cargo by weight at Rickenbacker.

AirNet II

AirNet has sold its aviation business operations to Kalitta Air Charters, which will continue to operate the business at Rickenbacker under the name "AirNet II." The FAA issued an operating certificate for the business last week. The company intends to operate the business, which includes both flight operations and aircraft repairs and servicing, in Hangar 1001. A resolution to lease Hangar 1001 is being presented to the Board today. Kalitta Air Charters is a sister company of Kalitta Airlines, an all-cargo airline which frequents Rickenbacker with 747's and other large aircraft.

New Severe Weather Procedure

As a result of a change in how the National Weather Service issues tornado warnings, we have changed our protocol for responding to them. National Weather Service warnings previously covered entire counties; they are now more precise and apply to smaller, more specific geographic areas. The warnings are now more accurate, but they provide those in the warned area with less time to react. As a result, our new protocols provide for issuing a shelter-in-place order to employees and the public immediately when a tornado warning is issued that includes the airport. Previously we took time to assess the situation and gather more information before issuing a shelter order.

Rebadging

Rebadging of the entire badged population (over 4100 individuals) at Port Columbus will occur from August 1 through October 31. Effective with this re-badging cycle, all applicants for a badge will have a new background check completed each time they apply for a new or renewal badge. In addition, badges will no longer have a common expiration date; rather, they will expire two years from the date the employee's fingerprints are processed. Any badge not renewed will automatically stop working on November 1.

READING OF RESOLUTIONS

RESOLUTION #37-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT WITH AIRNET II, LLC. FOR HANGAR 1001 LOCATED AT 3041 GEORGE PAGE JR. ROAD AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: E. Kessler; SECONDED: D. Casto
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #38-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$464,291 TO THE CONTRACT WITH SHELLY AND SANDS, INC. FOR PROJECT #15037, AIR CARGO TERMINAL #5 RAMP RECONSTRUCTION AT RICKENBACKER INTERNATIONAL AIRPORT.

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

RESOLUTION #39-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$13,943,404 WITH SHELLY AND SANDS, INC. FOR THE RUNWAY 10L-28R REHABILITATION & SHOULDER IMPROVEMENTS PROJECT AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Smith; SECONDED: E. Kessler
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #40-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AN INCREASE OF \$150,000 TO THE CONTRACT WITH C&S ENGINEERS, INC. FOR AS-NEEDED VOLUNTARY AIRPORT LOW EMISSION (VALE) GRANT ADMINISTRATION PROFESSIONAL SERVICES AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: E. Kessler; SECONDED: J. Miller
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #41-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY ACCEPTANCE AND EXECUTION OF FORTHCOMING GRANTS FROM THE OHIO DEPARTMENT OF TRANSPORTATION (ODOT) AND THE OHIO DEVELOPMENT SERVICES AGENCY (DSA) FOR AIR CARGO TERMINAL #5 ROAD IMPROVEMENTS AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: W. Heifner; SECONDED: D. Smith
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #42-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PURCHASE OF APPROXIMATELY 201.7757 ACRES OF LAND COMMONLY KNOWN AS 5600 AIRBASE ROAD, MADISON TOWNSHIP, PICKAWAY COUNTY, OHIO.

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

RESOLUTION #43-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A GROUND LEASE AGREEMENT WITH DISTRIBUTION LAND CORP. TO FACILITATE THE DEVELOPMENT OF AIR CARGO TERMINAL #5 TO BE LOCATED ON APPROXIMATELY 5.59 ACRES OF LAND ON THE NORTH AIRFIELD AT RICKENBACKER INTERNATIONAL AIRPORT.

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

RESOLUTION #44-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A GROUND LEASE AGREEMENT WITH HEARTLAND BANK FOR THE RESTORATION AND REPURPOSING OF THE ORIGINAL TERMINAL BUILDING AND HANGAR #1 LOCATED ON APPROXIMATELY 5.8264 ACRES OF LAND AT THE SOUTHEAST CORNER OF THE AIRFIELD AT PORT COLUMBUS INTERNATIONAL AIRPORT.

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

RESOLUTION #45-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE TO THE RENTAL CAR CUSTOMER FACILITY CHARGE AT PORT COLUMBUS INTERNATIONAL AIRPORT TO FIVE DOLLARS AND FIFTY CENTS FOR PURPOSES OF FUNDING PLANNING, DESIGN, CONSTRUCTION, EQUIPMENT ACQUISITION, GARAGE IMPROVEMENTS AND OTHER ASSOCIATED COSTS RELATED TO FUTURE RENTAL CAR FACILITIES.

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

OTHER BUSINESS

Tomasky introduced Steve Campbell, Director of Regional Growth Initiatives for the City of Columbus. Campbell discussed Mayor Coleman's 2014 State of the City Speech in which he asked Daniel Rosenthal, President of Milestone Aviation Group, to lead the Jobs Expansion and Transportation (JET) Task Force. The task force involved 14 community leaders who held meetings to engage community, business and air service leaders, investigate these important matters, and develop recommendations for our community.

The final report of the JET Task Force provided recommendations to enhance air service, connect Port Columbus to Downtown and key job centers, and promote economic development in the airport area.

Campbell recognized the following CRAA staff for their leadership and involvement in the JET Task Force, and issued each a Citation of Recognition from Mayor, Michael B. Coleman:

- Elaine Roberts, President & CEO
- Tory Richardson, Vice President, Human Resources & Strategy
- David Whitaker, Vice President, Business Communications & Development
- David Wall, Senior Manager, Airport Planning & Noise
- Kathy Whittington, Manager, Executive Office

With no further business being brought before the board, Casto moved to adjourn; Kessler seconded. Chair Tomasky adjourned the meeting at 4:56 p.m. on July 28, 2015.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw