



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF NOVEMBER 25, 2014

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

Absent: N/A

CRAA Executive Staff: Elaine Roberts, President and Chief Executive Officer
Rod Borden, Chief Operating Officer
Randy Bush, Chief Financial Officer
Robin Holderman, Chief Asset & Development Officer
Tory Richardson, Vice President, Human Resources & Strategy
David Whitaker, Vice President, Business Development & Communications

CRAA Staff: H. Brown, D. Finch, P. Gehrisch, C. Goodwin,
J. Lizotte, P. Streitenberger, K. Whittington

Others Present: N/A

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of October 28, 2014. Hearing none, Lhota moved for approval; Cipriano seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Nothing to report.

BUSINESS DEVELOPMENT:

Casto requested Holderman to report on recent business development activity.

Holderman reported on the following activity:

- Airside Business Park: Daimler is developing Air Side Business Park on the north airfield. Homage has already expanded from 30,000 sq. ft. to 40,000 sq. ft. Another 40,000 sq. ft. lease has been signed with Keifner who makes and distributes supplies for the oil and gas fracking industry. Building #1 in the Airside Business Park is now 80% pre-leased. We will begin discussions in 1Q of 2015 about starting the second building.
- Flight Safety: The new training facility is located on the north airfield. The facility will be turned over to Flight Safety by the end of December. One of the new flight simulators is already visible in the front of the building. CRAA is going to sponsor \$70 million in bond financing for the building and simulators.
- Fairfield Inn & Suites: The hotel has had a strong start. YTD through October, net operating income is \$550,000. We believe November will be another strong month.
- Original Terminal Building: CRAA extended the Memorandum of Understanding to March 31, 2015 with the preservation group. Discussions are ongoing looking at a variety of ways to re-use the building.
- Rickenbacker: American Showa, the 304,000 sq. ft. build-to-suit in the Intermodal Campus, will be completed by year end and marketed for sale. The current vacancy rate, including the new spec buildings, is at 8% indicating a continuing strong market. There are approximately 2.5 million square feet of build-to-suit prospects in the market currently.
- Our partners, Duke and Capitol Square, have indicated they will be in discussions to start a spec building on the Rail Campus in 2015. The building will be 700,000 to 800,000 sq. ft. and could start as early as next spring.
- Air Cargo Terminal 5: The building is a component of our export initiative. We will issue an RFP around January 1, 2015 for a 100,000 SF building. L-Brands has been a strong partner in this effort.

FACILITIES & SERVICES:

Heifner reported that the committee met on November 19, 2014.

The committee reviewed the Major Capital Projects report for 2014. Also reviewed were the project status report, cost variance report, and construction schedules and timelines; and, the 2014 Capital Budget Recap, proposed 2015 Capital Budget Recap. Also reviewed were the Resolutions being presented to the Board. B. Sarkis presented the Capital Project Report.

FINANCE:

Miller reported that the Finance Committee met prior to the Board Meeting and that the Authority's finances are in great shape. The committee reviewed internal audit activities for 2014 and the resolution asking to approve the 2015 Operating and Capital Budgets. Miller requested Bush to report on the financial statements.

Bush reviewed the financial statements for the year-to-date period ended October 31, 2014. Under the Operating Revenues – Actual vs. Budget, with \$74.5 million in actual revenues and a budget of \$72.3 million, this leaves a positive variance of \$2.2 million. Airline's positive variance of \$347,000 is due to adjustments to the 2013 and 2014 Airline Carryforward. General Aviation's positive variance of \$354,000 is the result of higher than anticipated use and fuel flow fees of \$189,000 and \$165,000 related to new lease tenants. Auto Parking's positive variance of \$288,000 is the result of increased activity in the green lot and Rickenbacker. Hotel's positive variance of \$341,000 is a result of the pacing of the budget for the new operations. Concessionaire's & Misc. Lessees' positive variance of \$364,000 is

primarily related to increased commissions of \$221,000 for the rental cars and \$267,000 in miscellaneous lessees offset by a \$125,000 reduction in advertisement fees related to the Terminal Modernization Project. Other Income's positive variance of \$326,000 is due to increased ground handling services at Rickenbacker.

Under the Operating Expenses – Actual vs. Budget, with \$53.2 million in actual expenses, and a budget of \$54.4 million, we have a positive variance of \$1.2 million. Salaries & Wages' positive variance of \$873,000 is related to \$1,407,000 in 35 vacant positions, offset by less than anticipated project management hours of \$534,000. Services' positive variance of \$771,000 is the result of a \$1,542,000 decrease related to the timing of spend for maintenance, miscellaneous and professional services and travel/registration as well as \$117,000 decrease in pollution related insurance expense. This is offset by an increase in costs related to tenant improvements of \$578,000, software maintenance of \$194,000 and budget pacing of \$116,000 for hotel related expenses.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$82.6 million and total cash expenditures to date of \$45.1 million, this represents a year-to-date execution of 55% of the approved Capital Budget spend. The total accrued expenditures to date of \$44.1 million represent 53% of the approved Capital Budget.

Bush reported that the debt per enplaned passenger is \$17.64, compared to the Moody's Average of \$66.92 from 2013, which is very strong and reflects low debt levels at the airport. The days of unrestricted cash on hand is 581 days, with the Moody's 2013 average being 526 days. Days of unrestricted cash excluding any rental car facility charges is 387 days, which is well ahead of the 365 days the Authority wants to maintain. We have \$104.6 million of outstanding debt which includes \$30 million outstanding under our Revolving Credit Facility.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Income before Depreciation is \$21.3 million. This gives the Authority a positive Operating Income before Depreciation variance of \$3.4 million as compared to budget, or 19.2%.

Under the Combined Statement of Net Position vs. Prior Year End, total assets and deferred outflows were \$897 million with current assets of restricted and unrestricted funds being \$151.3 million. Net land, property and equipment in the amount of \$744.3 million is the largest asset on the Combined Statement of Net Position.

HUMAN RESOURCES:

Nothing to report.

PRESIDENT & CEO REPORT

Roberts reported on the following business items:

Passenger Air Service

Overview of Monthly Activity Report

October 2014 marked the eighth consecutive month of growth at CMH with traffic up 0.9% compared to the year prior. Passenger traffic for the year is trending up 2.2%.

Meaningful Examination of Statistics

Southwest Airlines had the largest gain in passengers at Port Columbus in October, with over 7,000 more passengers traveling on the airline compared to the year prior. This 4% increase in traffic can be attributed to double digit increases in capacity to Atlanta and Fort Myers, as well as nearly double digit capacity growth to both Chicago-Midway and Orlando.

Delta and Air Canada saw 1% and 7% year-over-year growth respectively.

The combined airlines of American & US Airways saw a slight decrease in passenger traffic, down 1% year-over-year. It should be noted that the combined airlines saw a 16% growth in October of 2013. Year-to-date the combined carrier is up 7.2%.

Rickenbacker Charter Terminal Activity

Over 6,000 Allegiant passengers traveled through the Rickenbacker Charter Terminal in October. The airline saw a growth of 163% compared to the year prior.

New Air Service

Within the past two weeks, Allegiant has announced two new destinations from Rickenbacker for 2015. The first, Fort Lauderdale, will be offered twice-weekly beginning March 13.

The second destination is New Orleans, which runs twice-weekly February 5 through April 5. This is the only nonstop flight to New Orleans from Central Ohio.

Allegiant began Rickenbacker operations in 2012, and has since grown to fly to six destinations including Fort Lauderdale, Myrtle Beach, New Orleans, Orlando-Sanford, Punta Gorda, and St. Petersburg/Clearwater.

New service at Port Columbus was also announced within the past two weeks. Southwest Airlines will begin serving Ronald Reagan Washington National Airport daily beginning April 8. This is a new market from Columbus by Southwest, and marks the thirteenth destination the airline serves nonstop. Southwest carries the most passengers at Port Columbus.

Rickenbacker Cargo Air Service

Cargo was up an impressive 20% in the month of October as compared to 2013, due primarily to the growth of international goods flowing through Rickenbacker.

Led by a strong holiday peak season for Asia-sourced goods coming to American retailers, along with the new Cathay export activity, international cargo tonnage was up an incredible 173% in October.

Year-to-date cargo remains down 2.2% due to the previously mentioned trend of domestic cargo carriers switching from plane to truck transport. Cargolux has announced they will start exporting to Europe on December 15. The international cargo growth trend should continue and further offset the reduction in domestic cargo.

Airline Operating Agreement and Lease

We had a very successful annual rates and charges meeting with the Port Columbus passenger carriers on November 5. We reviewed the proposed 2015 Budget and annual rates and charges which are being presented at this meeting for the Board's consideration. Additionally, we have reached a tentative agreement on the terms and conditions for a new five year operating agreement and lease for the signatory airlines, also being presented for the Board's consideration. The past Agreement has worked well for both the Authority and the airlines, and we believe that the proposed new Agreement will maintain a healthy revenue stream to the Authority, while maintaining a favorable cost environment for the airlines.

Customer Service

Our Customer Service team recently hosted their fourth and final 2014 Certified Tourism Ambassador (CTA) class at Port Columbus.

The Airport Authority is a key contributor and supporter of this program, which is led by Experience Columbus. An element of Experience Columbus' strategic plan is to develop and implement a visitor-focused program, which includes

Certified Tourism Ambassadors. This national certification program trains front-line employees and volunteers to deliver great customer experiences across a community.

Our Customer Service team is certified to teach the CTA program and trained 66 tourism ambassadors in 2014: 34 were CRAA employees or volunteers, and 32 were from restaurants, hotels, transportation companies and other businesses.

Terminal Modernization Program

Progress is building as it relates to the Terminal Modernization Program at Port Columbus. Last week, we provided an hour long media briefing by walking through the terminal and discussing the key components of the Program and the major milestones. Recent improvements have been completed in the retail throat to Concourse B security checkpoint with new ceilings, lighting, and terrazzo flooring. New signage and banners have been added along the south ticket lobby corridor toward the Southwest ticket counter and Concourse A security checkpoint. Once work is completed on the south side of the ticket lobby by early summer 2015, the airlines on the north side will relocate into the newly renovated south lobby and work will commence on the north side for the remainder of 2015. Our Planning & Engineering, Customer Service, and Operations teams are all working closely to ensure minimal disruption to our customers as this \$80 million, three year program continues.

Winter Weather Events

Winter is off to a strong start with three significant weather events in the last eight days. Last week, 3.9 inches of snow fell from Sunday evening through Monday morning. Port Columbus and Rickenbacker snow removal crews did an outstanding job of keeping the airports safe and operational, and there were no delays as a result of airfield conditions. The precipitation and cold temperatures did create significant challenges for airline de-icing crews, and 71 outbound flights were delayed and another 11 cancelled.

In addition to the numerous traffic accidents and highway closures, Saturday morning's freezing rain event forced the early-morning closure of all runways at all three airports. Crews were able to re-open one runway at Port Columbus after an hour. Rickenbacker's and Bolton's runways were closed somewhat longer. Port Columbus experienced 23 delays and no cancellations. At Rickenbacker, one flight was delayed and one diverted.

High winds from a strong storm system impacted the area November 24. Winds were generally blowing across the CMH runways at 30-40 MPH with gusts over 55 MPH. Several aircraft were forced to abort landing attempts and at least two private flights diverted to Rickenbacker, where the runways were more closely aligned with the wind.

Central Airlines Accident

Early last Tuesday morning, a small twin engine cargo plane operated by Kansas-City-based Central Airlines crashed into residential neighborhood near Chicago's Midway Airport after experiencing engine problems. The aircraft crashed into a home, killing the pilot. No one on the ground was injured. The aircraft was based at Rickenbacker, and the pilot was a resident of Groveport. Central Airlines is a niche cargo and small package carrier. The flight that crashed was carrying medical specimens from Chicago to OSU. Central Airlines bases a total of three aircraft at Rickenbacker.

Rickenbacker FBO Business Continues to Grow

2014 has been a very good year for the Rickenbacker Fixed-Base Operator (FBO) and it is positioned for a strong finish in all lines of business (retail services including fuel sales, cargo airline ground handling, passenger airline ground handling). Through October, retail transactions are up 66%, with fuel sales volume more than double that of 2013. Cargo aircraft handled are up 76% and passenger aircraft handled have nearly tripled. Net income is on track to exceed \$600,000, compared to budgeted net income of \$280,000.

January Board Meeting

There is no Board meeting in December. The next CRAA Board meeting will be January 27, 2015. Roberts will report on CRAA's key accomplishments for 2014, as well as, present the top strategic priorities for 2015. The senior leadership team is currently involved in succession planning efforts and preparing for an all-day retreat on December 11 that will focus on next year's priorities. Much of our work will focus on responding to the employee feedback we received in the recent Engagement Survey.

READING OF RESOLUTIONS

RESOLUTION #53-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY ADOPTING THE OPERATING AND CAPITAL BUDGETS, AND THE SCHEDULE OF FEES, RATES AND CHARGES FOR CALENDAR/FISCAL YEAR 2015.

MOVED: J. Miller;
YEA: 9 NAY: 0

SECONDED: D. Casto
ABSTAIN: _____

RESOLUTION #54-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY APPROVING THE TERMS AND CONDITIONS OF A SIGNATORY AIRLINE OPERATING AGREEMENT AND LEASE AT PORT COLUMBUS INTERNATIONAL AIRPORT AND AUTHORIZING IMPLEMENTATION AND EXECUTION THEREOF.

MOVED: W. Lhota;
YEA: 9 NAY: 0

SECONDED: J. Miller
ABSTAIN: _____

RESOLUTION #55-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE TO THE CONTRACT WITH PETTIBONE CONCRETE IN THE AMOUNT OF \$216,990 FOR THE TERMINAL APRON TRENCH DRAIN REPAIR PHASE 4 PROJECT #14014 AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Smith;
YEA: 9 NAY: 0

SECONDED: W. Lhota
ABSTAIN: _____

RESOLUTION #56-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH DELL FOR THE PURCHASE OF IT BACKUP APPLIANCE HARDWARE TO SUPPORT AN OFFSITE LOCATION FOR CRAA DATA BACKUP

MOVED: J. Miller;
YEA: 8 NAY: 0

SECONDED: W. Heifner
ABSTAIN: D. Smith

RESOLUTION #57-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE TO THE CONTRACT WITH RURAL/METRO FIRE DEPARTMENT, INC., IN THE AMOUNT OF \$400,000 FOR SECURITY AND FIRE WATCH SERVICES FOR THE TERMINAL MODERNIZATION PROGRAM AT PORT COLUMBUS.

MOVED: W. Heifner;
YEA: 9 NAY: 0

SECONDED: J. Miller
ABSTAIN: _____

RESOLUTION #58-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY RECOGNIZING WILLIAM J. LHOTA FOR HIS MANY YEARS OF DEDICATION AND EXEMPLARY SERVICE TO THE AUTHORITY.

MOVED: W. Heifner;
YEA: 9 NAY: 0

SECONDED: D. Smith
ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the Board, Lhota moved to adjourn; Casto seconded. Chair Tomasky adjourned the meeting at 4:55 p.m. on November 25, 2014.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw