



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF JULY 27, 2016

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

Absent: Don M. Casto, III
Frank J. Cipriano

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
David Whitaker, Vice President

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

Others Present: Paul Strack, Michael Baker International
Anne Seemueller, Ologie
Marla Rose, The Columbus Dispatch

CALL TO ORDER

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:00 p.m. on Tuesday, July 27, 2016.

Chair Tomasky congratulated W. Heifner for being on the cover of *Smart Business* magazine. The story depicts Heifner's work style and success.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of June 28, 2016. Hearing none, Smith moved for approval; Ransier seconded. Minutes approved unanimously.

AIRPORT RENAMING RECOMMENDATIONS | PRESENTATION

Chair Tomasky reported that T. Williams has been appointed to the task force regarding the renaming of the Columbus airport. Williams reported that the task force has landed on the airport name, what words will be used to describe the brand, and the marketing options to be used. Williams introduced Anne Seemueller with Ologie to provide a presentation on the renaming of the airport.

Seemueller discussed the nomenclature strategy used and recommendations for the name change:

- Stakeholder interviews
- Review of analogous examples
- Determined that Columbus is critical; represent John Glenn; avoid ambiguity, and; be clear about what we do
- Legal/primary name; formal name; secondary name, and; tertiary names
 - John Glenn Columbus International Airport; John Glenn Columbus International Airport (CMH); John Glenn International, and; John Glenn Intl / John Glenn Intl Airport / CMH
- Marketing suggestions on using the name categories and new logo

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky reported that the committee met on July 27 and received an update on TSA line management, which has improved from earlier this summer. The committee reviewed updated quarterly Department of Transportation data regarding travel demand to our top 50 markets and efforts to secure service to unserved and underserved markets from Columbus. Also reviewed were the airline incentive program. The committee discussed some potential changes such that we remain competitive in the incentive arena. The next committee meeting is scheduled for October 3 at 3:00 p.m.

BUSINESS DEVELOPMENT:

No report.

FACILITIES & SERVICES:

Heifner reported that the committee met on July 20.

Heifner reported on the following business items:

- Following the Terminal Modernization Program, a punch list of items continues to be worked on.
- The addition of up to three TSA lanes in Concourse C is being worked on. The effort is led by R. Borden and each lane has to be approved.
- Rehabilitation work on the North runway continues and is on schedule.
- Engineering and planning work continues on the Midfield Development Program.
- CONRAC planning continues through our work with R.W. Block Consulting. The committee reviewed a resolution to increase the master service agreement for further studies on passenger growth and terminal needs.
- The Air Traffic Control Tower at Rickenbacker was commissioned April 23 and a punch list of items continues to be worked on.
- Each CRAA division presented a variance report on their spends year-to-date.

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.

Miller requested R. Bush to report on the financial reports.

Bush reported that the Authority has met with the rating agencies of Fitch, S&P and Moody's. We will meet with Kroll in September. The board discussed what the rating agencies are looking for when providing ratings and upgrades.

Bush reviewed the preliminary financial statements for the year-to-date period ending June 30, 2016.

Operating Revenues – Actual vs. Budget, with \$52.5 million in actual revenues and a budget of \$52 million, leaving a positive variance of \$542,000.

- Parking – The \$236,000 positive variance is a result of an increase in enplanement activity for spring break travel which was budgeted in March and April, as well as an extra day of revenue due to leap year being unbudgeted. This is offset by a decrease in short-term parking in the garage and blue and green lots.
- Airlines – The \$714,000 positive variance is a result of an increase in landing fees as a result of an increase in landed weight, due to increased flight activity for Southwest Airlines' new routes. Also, there is an increase in the utilization of unleased gates and increased space rental with the addition of Frontier Airlines.
- Ground Transportation – The (\$248,000) negative variance is due to an oversupply of rental cars, which is driving the average rental car rate down.

Operating Expenses – Actual vs. Budget, with \$35.7 million in actual expenses, and a budget of \$37.8 million, leaving a positive variance of \$2.1 million. The majority of this variance is due to timing of spend for supplies, materials and services.

Operating Income Before Depreciation – Actual vs. Budget, with \$16.8 million in actual Operating Income, and a budget of \$14.1 million, leaving a positive variance of \$2.7 million.

Composition of Operating Revenue – Parking represents 34.5% of our operating revenue. Airlines represent 31.3% 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 387 employees. We currently have 36 staffing vacancies of which 31 are full-time, 4 part-time, and 1 seasonal.

Hotel Operations – Year-to-date Net Operating Income is \$1.009 million actual vs. a budget of \$1.007 million, leaving a negative variance of (\$2,000). This is on track with our forecast for the year. The actual occupancy rate for last month was 74.8% compared to a budget of 77%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$857,000 in actual net operating income compared to a budget of \$309,000 providing a positive variance compared to budget of \$548,000.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$935.3 million in total assets and \$168.1 million in total liabilities. Included in total assets is \$140.5 million in Cash and Cash Equivalents.

Capital Expenditures – With an approved 2016 Capital Budget of \$54.8 million and total accrued expenditures to date of \$24.7 million, this represents a year-to-date execution rate of 45% of the approved Capital Budget. The year-to-date Capital Budget Baseline pacing was \$16.3 million. Compared to the accrued expenditures to date, this represent 152% of the planned pacing of the Capital Budget Baseline.

The Authority's debt per enplaned passenger is \$26.87, 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 400 days, with the 2014 Moody's airport average being 557 days.

CRAA has \$112.6 million of outstanding debt which includes \$9.5 million outstanding under our Revolving Credit Facility. The Series 2007 Bonds will be refunded later this year, which will generate a significant interest cost savings over the remaining life of the bonds.

HUMAN RESOURCES:

Smith reported there is no report at this time. The next committee meeting is scheduled for September 7.

PRESIDENT & CEO REPORT

Passenger Air Service

John Glenn Columbus International Airport

Summer is off to a terrific start! June was another stellar month for John Glenn International with over 680,000 passengers traveling through the airport, an 11% increase over the year prior – marking 28 consecutive months of year over year increases for CMH. We close the first half of 2016 with passenger traffic up 8.3% year-to-date.

Southwest carried over 1.3 million passengers in the first half of 2016 – this is a 16% increase over the year prior, in part due to new flights to Boston, Dallas, Oakland and Washington D.C. which all launched in 2015.

Delta saw a 4.7% increase in year-to-date traffic while United Airlines similarly saw a 5% increase, the result of both airlines flying larger aircraft with more seats into the Columbus market.

American is starting to see their passenger numbers rise, with this month's traffic being up 5.7% compared to the year prior. Year-to-date the airline is trending up just shy of 1%.

Air Canada saw a 15% growth in the first half of 2016, the result of the airline flying larger 50-seat regional jets to Toronto instead of smaller 37-seat turboprops, a transition that began in May of this year.

Frontier Airlines began their new service in June and flew nearly 22,000 passengers during the month. The airline provides daily service to Denver and Las Vegas as well as three times weekly service to Philadelphia and Orlando.

Rickenbacker Charter Terminal

At Rickenbacker, Allegiant has seen a 33% increase in passengers year-to-date when compared to the year prior. This growth is driven by the airline's new service to Jacksonville, Florida which launched in May.

Overall traffic at the Rickenbacker Charter Terminal has increased 29% in 2016.

Cargo Air Service

Air cargo at Rickenbacker continues to grow. The airport handled 16,609,035 pounds of air freight in June, up 10.3% for the month, on the strength of our scheduled international air cargo service. International market share at Rickenbacker is now nearly 40% of total cargo. Not more than a few years ago, international cargo was only 10% of our traffic. Obviously we are delighted with the better balance of international and domestic activity and our growing importance as an international gateway for regional shippers. For the month of June, Dubai-based Emirates SkyCargo was our top international carrier with their flights providing 2.4 million pounds of freight through the airport, followed by Luxembourg-based Cargolux at 2.1 million pounds and Hong Kong-based Cathay Pacific Cargo at 1.63 million pounds.

The rise of Emirates has been impressive. Emirates recently completed their first full year of operation at LCK. This service, began as once weekly, has quickly grown to three times a week, scheduled, as well as additional unscheduled

frequencies to Rickenbacker on most weeks. Emirates has also hired three full time staff to support the Columbus operation, the largest local staff investment of any of our international carriers.

Adding to this international growth, Abu Dhabi-based Etihad Airways has continued flying weekly charters into Rickenbacker and we've also received word that Ethiopian Airlines will resume scheduled operations in August, flying twice weekly from Ho Chi Minh City, Vietnam.

Domestically, we continue to work with FedEx regarding their national cargo tonnage reporting issues. We have learned that they expect to report actual activity for the last several months within the next 30 days. In the meantime, we have again recorded their 2015 activity for 2016 and expect they will remain the overall market leader moving an estimated 7.5 million pounds of freight.

For the first half of 2016, total air cargo moving through Rickenbacker amounted to 92,027,088 lbs. On paper this is a 9.6% decrease, but when the effect of the 2015 west coast port strike and other supply chain disruption flights are factored out, Rickenbacker cargo would be up 11.5% so far this year.

Lastly regarding Rickenbacker, a resolution is presented regarding an update to the Master Plan. We are recommending Michael Baker International to be our consultant for this effort. Roberts recognized Paul Strack, the Great Lakes Region Aviation Leader for Michael Baker who has joined the Board meeting.

Concessions

Negotiations with our rental car partners regarding the new consolidated rental car facility have commenced. We expect to have terms of our business deal for the new facility wrapped up by the end of this year simultaneous with ramping up our design effort for the new facility. We fully expect a win-win conclusion with our rental car partners given the outstanding market dynamics we all enjoy in this Region.

Related to the new rental car facility, we have a resolution before you this month to increase the Consolidated Facility Charge (CFC) to \$6.00 from the current \$5.50. This CFC collection is the user fee we have applied for many years now to collect and escrow funds specifically for this new facility. This increase aligns with the end of a similar fee the rental car companies collected and retained related to recovering costs associated with the current facility. Therefore there is no net financial impact to the rental car customer with this requested CFC increase.

We are also requesting the flexibility to increase the CFC further, to \$6.50, if we deem that necessary to adequately fund the initiative. We will further refine the cost estimates for the entire project prior to determining whether another increase is needed. As expected, the rental car companies wish to have the necessary busing and other operational costs funded by the CFC which could drive the need for a further increase. We do not anticipate a need to go higher than \$6.50.

Midfield Development Program

Resolution 48-16 proposes an authorization to increase to the Master Service Agreement with R.W. Block Consulting, Inc. This firm was selected and the Board approved their contract in May to provide program management oversight services in connection with Phase I of the Midfield Development Program. Those services include CONRAC implementation support, including assistance with developing the business deal with the rental car companies. The original Agreement also provides for the evaluation of internal staffing, processes and system-wide impacts that may result from implementing the full Midfield Development Program. This resolution covers a proposed increase in work to engage a planning consultant to perform a capacity analysis of the current terminal and to prepare a concept refinement document for the key components of the future midfield terminal complex. This work will be critical to determine the length of time we can continue to remain in the current terminal and to perform financial feasibility work for the future development.

Heart Attack Patient Saved

On July 5, an arriving passenger suffered a heart attack immediately after deplaning. When airport police arrived, the patient had no pulse and was not breathing. Airport police began CPR and employed an AED. ARFF medics arrived soon thereafter and the team successfully re-started the patient's heart and breathing. An update received the next day from the hospital indicated that the patient was doing fine and was ready to be discharged.

Two CRAA K-9 teams at Republican National Convention

Two Airport Police Department explosive detection K-9 teams were among the thousands of outside resources that converged on Cleveland to maintain security during the RNC last week. Our K-9 teams were assigned to Cleveland Hopkins International Airport where their duties were to patrol the airport terminal and to verify that checked and unattended items did not contain a threat--very similar to their daily routines at CMH.

FAA Certification Inspections of CMH and LCK Rescheduled

The FAA has rescheduled the annual certification inspections of John Glenn International and Rickenbacker from the week of August 15 to the week of August 8. Asset Management and Operations management teams have met to review preparations and are confident that both airports are ready for the inspections.

CMH Radar Outage

On July 14, CMH experienced a radar outage that lasted approximately 30 minutes. CMH tower continued to operate throughout the outage; however, arrivals to CMH were slowed considerably and departures were halted due to controllers' reliance on aircraft reporting their position rather than locating them by radar. Operations were back to normal with 20 minutes after radar service was restored. LCK was similarly impacted because it receives its radar data from the CMH radar.

Rickenbacker Investments

When we first created the business case for developing Air Cargo Terminal 5 (ACT5) at Rickenbacker, we all felt it was important to leverage public and private investment. These ongoing investments help to sustain the growth at Rickenbacker by ensuring the appropriate infrastructure is in place to support international cargo operations. Last night, staff attended the City Council meeting to present our request for financial investment at Rickenbacker for the ACT5 project. We're pleased to report the City Council approved an ordinance (#1975-2016) to provide \$750,000 in funding to CRAA this year. These funds will be leveraged with other public and private funds to pay the construction costs associated with ACT5. We will all be able to see ACT5 in action when we have our celebratory event on October 12 at Rickenbacker. Look for more details about that soon.

BoardEffect Portal

We launched the board portal in May and are in our third month of utilization. During that time, our compliance has ranged from 11% to 44% usage (1 to 4 users). Our goal by our August meeting is 77% (7 users) and 100% by November. The approximate cost to produce hard copy materials is approximately \$225 each meeting or \$2,500 annually.

Please note that the portal is where we are posting important industry information, articles, and reports. We are also using the portal for board materials, attendance tracking, and all board/committee meeting notifications which you can synchronize to your electronic calendar.

If you have questions on setting up or utilizing the portal, please contact Kathy Whittington.

READING OF RESOLUTIONS

RESOLUTION #44-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY TO AUTHORIZE AN INCREASE IN THE AMOUNT OF \$164,731 UNDER THE COOPERATIVE STATE OF OHIO STATE TERM SCHEDULE (STS) CONTRACT #534317 WITH PROTEAM SOLUTIONS, INC., FOR TEMPORARY PROFESSIONAL SERVICES STAFFING.

MOVED: J. Miller; SECONDED: W. Heifner
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #45-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY TO AUTHORIZE AN INCREASE IN THE AMOUNT OF \$119,080 UNDER PROFESSIONAL SERVICES MASTER AGREEMENT PEO-2013-009, WITH STAFFORD RESOURCES dba STAFFORD TECHNOLOGY, FOR TEMPORARY STAFFING SERVICES.

MOVED: E. Kessler; SECONDED: J. Miller
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #46-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A 10-YEAR AGREEMENT WITH VERIZON WIRELESS FOR THE INSTALLATION AND MANAGEMENT OF A MULTI-CARRIER, IN-BUILDING, RADIO DISTRIBUTION SYSTEM AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Smith; SECONDED: T. Williams
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #47-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY TO ADOPT A POLICY FOR AIRCRAFT SELF-FUELING BY COMMERCIAL AVIATION OPERATORS AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: W. Heifner; SECONDED: E. Kessler
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #48-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$1,232,720 TO THE MASTER SERVICE AGREEMENT WITH R.W. BLOCK CONSULTING, INC., TO PROVIDE PROGRAM DEFINITION AND VALIDATION SERVICES AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Smith; SECONDED: J. Miller
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #49-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A REIMBURSEMENT TO DRCS, LLC, IN THE AMOUNT OF \$778,015 FOR THE INTERMODAL CAMPUS SOUTH WETLAND FILL AND STORM WATER IMPROVEMENTS (PROJECT #07050A) WITHIN THE RICKENBACKER GLOBAL LOGISTICS PARK INTERMODAL CAMPUS LOCATED AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: E. Kessler; SECONDED: J. Miller
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #50-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A PROFESSIONAL SERVICES MASTER AGREEMENT WITH MICHAEL BAKER INTERNATIONAL, INC. IN THE AMOUNT OF \$1,627,651 TO PROVIDE PROFESSIONAL SERVICES FOR THE MASTER PLAN AND AIRPORT LAYOUT PLAN UPDATE AT RICKENBACKER INTERNATIONAL AIRPORT.

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

RESOLUTION #51-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PRESIDENT & CEO TO IMPLEMENT AS NEEDED INCREASES TO THE RENTAL CAR CUSTOMER FACILITY CHARGE AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT TO UP TO SIX 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: W. Heifner; SECONDED: T. Williams
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #52-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH SIGNATURE CONTROL SYSTEMS IN AN AMOUNT NOT TO EXCEED \$3,572,857 FOR THE REPLACEMENT OF THE CURRENT PARKING ACCESS AND REVENUE CONTROL SYSTEM FOR ALL AUTHORITY-OWNED PARKING FACILITIES.

MOVED: J. Miller; SECONDED: E. Kessler
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #53-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING (i) A SIXTH SUPPLEMENTAL TRUST INDENTURE AMENDING AND SUPPLEMENTING A TRUST INDENTURE DATED AS OF MARCH 1, 2004, BETWEEN THE COLUMBUS REGIONAL AIRPORT AUTHORITY AND U.S. BANK, NATIONAL ASSOCIATION, AS TRUSTEE AND (ii) A FIRST AMENDMENT TO AMENDED AND RESTATED REIMBURSEMENT AGREEMENT AMENDING AND SUPPLEMENTING AN AMENDED AND RESTATED REIMBURSEMENT AGREEMENT DATED AS OF DECEMBER 1, 2006, BETWEEN THE COLUMBUS REGIONAL AIRPORT AUTHORITY AND U.S. BANK, NATIONAL ASSOCIATION, IN CONNECTION WITH OHIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS (OASBO) EXPANDED ASSET POOLED FINANCING PROGRAM.

MOVED: J. Miller; SECONDED: K. Ransier
YEA: 7 NAY: 0 ABSTAIN: _____

RESOLUTION #54-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A FIRST AMENDMENT TO LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT AMENDING AND SUPPLEMENTING THE REIMBURSEMENT AGREEMENT DATED AS OF JANUARY 1, 2004, BETWEEN THE COLUMBUS REGIONAL AIRPORT AUTHORITY AND U.S. BANK, NATIONAL ASSOCIATION, IN CONNECTION WITH THE OHIO MUNICIPAL BOND POOLED FINANCING PROGRAM.

MOVED: K. Ransier; SECONDED: J. Miller
YEA: 7 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the board, Smith moved to adjourn; Kessler seconded. Chair Tomasky adjourned the meeting at 5:03 p.m. on Tuesday, July 26, 2016.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw