



BOARD OF DIRECTORS | MEETING MINUTES OF AUGUST 26, 2014

Present: Susan Tomasky, Chair
William R. Heifner, Vice Chair
Don M. Casto, III
William J. Lhota
Jordan A. Miller, Jr.
Kathleen Ransier

Absent: Frank J. Cipriano
Elizabeth P. Kessler
Dwight Smith

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 & Communication

CRAA Staff: A. Beaver, S. Bell, H. Brown, D. Finch, P. Gehrisch, W. Johnson, J. Lizotte, M. Mulchaey,
B. Sarkis, W. Shelby, P. Streitenberger, A. Turner, B. Varga, K. Whittington

Others Present: Steve Wartenberg, The Columbus Dispatch
Alan Harding, Columbus Flight Watch
Don Peters, Columbus Flight Watch
John Montgomery, Central Ohio Severe Weather Network

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:00 p.m.

OUTSTANDING CUSTOMER SERVICE

Chair Tomasky announced that CRAA has two employees being recognized for “Outstanding Customer Service” and requested D. Whitaker to present the recognition. Special guests recognized:

Walter Johnson, 3rd Shift Custodian: After experiencing a very busy morning and a 20-minute wait for wheelchair assistance, an elderly passenger and her companion became worried they were going to miss their flight. After overhearing their distress, Walter decided to help. After checking with his supervisor, Walter set aside his cart, located a wheelchair and proceeded to assist the woman into the chair, through security and on to the airline gate. Needless to say, the passengers appreciated Walter’s “call to action”.

Aaron Turner, 3rd Shift Custodian: Aaron and three other Authority staff responded to a call for assistance by Airport Operations after a charter flight took a weather delay in Mississippi, arriving Port Columbus at 1:30 a.m. Because this is a charter handled by Lane Aviation and the two airline-contracted skycap companies had closed for the night, help was needed for four special assistance passengers.

After the four employees located wheelchairs, they met the aircraft, secured the passengers and then proceeded to push them down to baggage claim where they collected their luggage and then delivered them to the curb front for pick-up.

This action was truly above and beyond normal duties and helped to cap the passenger's experience while in Port Columbus.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of July 22, 2014. Hearing none, Lhota moved for approval; Heifner seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky reported that the Air Service Development committee meets quarterly and has not met since the last Board meeting, therefore nothing to report. However, there has been much activity and the committee participated in an aviation industry presentation with William Swelbar to discuss the challenges and opportunities within air service.

BUSINESS DEVELOPMENT:

Casto requested Holderman to provide an update on the Fairfield Inn & Suites. Holderman reported the hotel held a soft opening on July 23 for the CRAA team responsible for the work on this project, as well as hotel staff. In July, the hotel had a 90 percent occupancy rate. August business is slower but on budget. The airport submarket has a 77 percent occupancy rate which includes off-airport hotels. The Board of Directors will receive an invitation to a grand opening which will immediately follow the September Board meeting.

FACILITIES & SERVICES:

Heifner reported that the committee met on August 20, 2014.

Heifner reported 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 2013 Capital Budget Recap, proposed 2014 Capital Budget Recap. A. Beaver reviewed the 2014 Capital Budget Recap. The Capital Budget has been reduced by \$5.6 million due to phasing in Concourse B.

Heifner reported on the following capital projects:

- Work on the South Runway continues and is scheduled to be completed by the end of October.
- The Terminal Modernization Project continues with ongoing work in Concourse B. All gates in the concourse are not being utilized. The area will undergo mechanical renovations and then closed off until needed.

Heifner reported the committee reviewed the curbside essence study, followed by a review of the proposed Resolutions being presented to the Board.

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 statements.

Bush reviewed the financial statements for the year-to-date period ended July 31, 2014. Under the Operating Revenues – Actual vs. Budget, with \$50.3 million in actual revenues and a budget of \$50.1 million, this leaves a positive variance of \$236,000. Airline's negative variance of \$488,000 is the result of a reduction in landing fees and adjustments to the 2013 Airline Carryforward. General Aviation's positive variance of \$296,000 is the result of the pacing of the budget of use fees of \$196,000 and \$100,000 related to new lease tenants. Air Freight's positive variance of \$121,000 is due to increased cargo airline activity and related fuel revenue at Rickenbacker. Auto Parking's positive variance of \$184,000 is due to increased activity in the Green Lot, which is up 13% for the month, and Rickenbacker. Concessions & Misc. Lessees' negative variance of \$102,000 is the result of the budget pacing of ground rental fees of \$38,000 and a decrease in commissions of \$103,000 related to lower than anticipated enplanement activity and the Terminal Modernization Project which is offset by an increase in lodging rent of \$39,000.

Under the Operating Expenses – Actual vs. Budget, with \$37.3 million in actual expenses, and a budget of \$38.3 million, we have a positive variance of \$966,000. Salaries & Wages' positive variance of \$485,000 is related to \$874,000 in vacant positions, offset by less than anticipated project management hours of \$389,000. Benefits & Personnel's negative variance of \$192,000 is due to increased health insurance costs of \$103,000, less than anticipated project management hours of \$130,000, and increased worker's compensation of \$75,000, offset by a \$116,000 decrease related to Public Employees Retirement System (PERS), Medicare, and unemployment claims. Supplies & Materials' positive variance of \$155,000 is due to the delay of paving and painting related projects of \$469,000 which is offset by increased winter weather costs related to fuel of \$40,000 and snow removal supplies of \$274,000. Services positive variance of \$625,000 is the result of an increase in utilities of \$83,000, professional services of \$182,000 and software maintenance of \$94,000, which is offset by a \$984,000 decrease related to the timing of spend for maintenance services, travel and registration, and miscellaneous services.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$82.6 million and expenditures to date of \$30.2 million, this represents a year-to-date (cash basis reporting) execution of 37% of the approved Capital Budget spend.

Bush reported that the debt per enplaned passenger is \$17.85, compared to the Moody's Average of \$59.37 from 2012, which is very strong and reflects low debt levels at the airport. The days of unrestricted cash on hand is 533 days, with the Moody's 2012 average being 439 days. Days of unrestricted cash excluding any rental car facility charges is 348 days. We have \$105.5 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 \$13 million. This gives the Authority a positive Operating Income before Depreciation variance of \$1.2 million as compared to budget, or 10.1%.

Under the Combined Statement of Net Position vs. Prior Year End, total assets and deferred outflows were \$890 million with current assets of restricted and unrestricted funds being \$108.4 million. Net land, property and equipment in the amount of \$740.7 million is the largest asset on the Combined Statement of Net Position.

Bush reported that Standard and Poor's completed their review of the Authority's bond ratings and have affirmed our A+ stable outlook rating.

Bush reported that Moody's is maintaining the Authority's strong A1 credit rating with a stable outlook. We await a decision from Fitch Ratings agency.

Next week, we will host representatives from the Kroll Bond Rating Agency, which is a new agency with a focus on transportation. We will give a full presentation on the Airport Authority and provide a tour of Port Columbus and Rickenbacker Airports.

HUMAN RESOURCES:

Lhota reported that the committee did not meet this past month and the next meeting is September 4 at 9:00 a.m.

PRESIDENT & CEO REPORT

Roberts reported on the following business items:

Passenger Air Service

Overview of Monthly Activity Report

Passenger numbers for the month of July were the highest they have been since 2008, with just under 600,000 passengers traveling through our doors. This traffic was nearly 7% higher than July of last year and brings our year-to-date demand up to 2.3%.

Meaningful Examination of Statistics

The Authority's two largest carriers had double digit growth in July. The 'new' American, which combines merged carriers US Airways and American Airlines, grew 12% year-over-year, while Southwest, combined with AirTran, grew 10%.

Air Canada and Delta had growth as well, up 9% and 3.5%, respectively.

As reported last month, AirTran's last Columbus flight to Atlanta was flown on Saturday, August 9. The last flight was sent off with a ceremonial water cannon salute that was well received by the airline and social media. The Atlanta route is now flown by Southwest.

Business Development

Our business development team, in conjunction with Columbus2020 and The Columbus Partnership, recently traveled to Atlanta and met with Delta Air Lines to highlight the success of our region and to discuss future domestic route opportunities. Delta warmly received us and they are pleased with their performance at Port Columbus.

The team also returned from London this past weekend following a Friday meeting with British Airways at their London headquarters. The team was well-received and efforts to secure service to London will continue until we are successful.

The primary domestic target continues to be the Bay Area, our largest un-served region by far. The Authority has three prospects for this service: United, Southwest and Virgin America. Advanced conversations are occurring with all three carriers.

Rickenbacker Charter Terminal Activity and New Service

Over 9,000 Allegiant Air passengers traveled through Rickenbacker Charter Terminal in July, which is a 259% increase over to last July.

Cargo Air Service & Business Development Activity

Cargo handled at Rickenbacker in July was down 1.5% year-over-year due to weak mid-summer international volumes. Domestic volume was flat in July despite the fact that Amerijet flew 65 metric tons in their start-up month.

Total cargo handled thus far in 2014 equates to 37,529 metric tons, down 5% from this time last year. We expect the international side of things to pick up starting in September as we head into peak season for the holiday period.

In September, Cathay Pacific will begin flowing exports through Consolidated Aviation Services (CAS), a company that is new to Rickenbacker and specializes in air cargo processing for many large customers around the world. Heretofore, Cathay and Cargolux both were only importing goods to Columbus.

CAS has leased warehouse space in Air Cargo Terminal 3, right on the ramp at LCK in order to serve Cathay and to facilitate increasing international business. We are working diligently behind the scenes with Columbus2020 and other stakeholders to ensure a successful export program. One key element of plans to accommodate future export activity includes looking at new cargo facility construction. We are planning a Board briefing on this strategy in the near future.

On September 18 and 19, The Ohio Conference on Freight will be held here in Columbus for the first time in its 8-year history. CRAA has taken part in past years and Rickenbacker has been featured prominently as an example of success in multi-modal logistics and freight movement in Ohio. This year Rickenbacker will sponsor the conference and David Whitaker will take part in a panel discussion on supply-chain capacity solutions. The annual Foreign-Trade Zone educational seminar that is put on by CRAA will also be incorporated into this year's conference.

Democratic National Convention Visit to Columbus

Earlier this month, the Airport Authority was very happy to be part of the broader Columbus 2016 team effort to welcome representatives from the Democratic National Convention (DNC) Technical Advisory Group who visited Columbus as part of the ongoing site selection process to determine the host city for the 2016 Democratic National Convention.

We had the opportunity to meet the DNC members upon their arrival and be among the first to welcome them to Columbus. We were also able to help reinforce the "Bring It!" message on many of our digital signs, on our center ticket lobby video wall, and other static sign locations which added to the warm welcome.

David Whitaker and Charlie Goodwin presented to several of the DNC committee members about airport facilities, air service, ground transportation and our capabilities to provide a great DNC delegate experience at Port Columbus. We're excited to be a key partner in the Columbus 2016 efforts and look forward to being selected as the host city for the 2016 Democratic National Convention.

Lane Customs Facility

Regarding general aviation, we are pleased to share that Lane Aviation has broken ground on a new U.S. Customs facility located on the east portion of their hangar complex. Lane's investment in this facility offers another option for general aviation (GA) aircraft arriving to Columbus from international destinations to efficiently complete the required Customs arrival and entry procedures.

The 2,667 square-foot facility will accommodate a wide variety of GA aircraft types and sizes and is designed to process up to 25 customers per arrival. Estimated construction cost is \$900,000 and the project is expected to be completed in late 2014. This past June via Resolution #30-14 the Board approved a \$150,000 contribution to this project.

Lane Aviation handles almost 400 international GA arrivals each year and is looking forward to offering this new, efficient facility to their customers.

Budget Summit

Last week, the leadership team conducted a 2-day Budget Summit designed to review proposed new initiatives and identify key priorities for the 2015 Operating Budget. The Talent Allocation portion of the budget which reviewed staffing resources will be presented to the Board Human Resources Committee at their upcoming meeting on September 4th. The remainder of the operating budget will be reviewed with the Board Finance Committee in October

and the Capital Budget will be reviewed with the Facilities and Services Committee prior to the full Budget being presented to the Board in November.

Port Columbus and Rickenbacker Annual Certification Inspections

The FAA conducted its annual certification inspections of Port Columbus and Rickenbacker Airports last week. The FAA assigned a new inspector this year, and for the first time in several years, both airports were inspected by the same inspector in the same week. Again this year, the inspector reported no discrepancies for either airport. He was very complimentary of the appearance of the airports and the thoroughness and organization of the required maintenance and training records. Congratulations to our Operations and Asset Management teams in particular, as well as, the Public Safety ARFF division managed by Rural Metro for this accomplishment.

Port Columbus Full Scale Exercise

On September 9, two weeks from today, we will conduct the required triennial full-scale emergency exercise at Port Columbus. To provide CRAA and our mutual aid partners' second shift personnel an opportunity to participate, the exercise will be held in the evening, beginning at approximately 7:30 pm. To maximize the training value of the event, the exercise will involve a two-part scenario – with one part intended to challenge law enforcement personnel and the other intended to challenge fire/rescue and medical personnel. In addition to CRAA and mutual aid professionals, the exercise will also employ more than 160 volunteers in various roles such as victims, observers, evaluators and exercise coordinators.

New City Peer-to-Peer Transportation Network Regulations

New City of Columbus regulations governing so-called "transportation apps", also known as peer-to-peer transportation network companies, went into effect last week. The regulations govern licensing, operating standards, and insurance requirements for companies such as Uber, UberX, Lyft, and Sidecar that wish to operate within the City. CRAA Parking and Ground Transportation staff will enforce the City regulations for those operators that choose to operate at our airports. Now that the City regulations are final, CRAA staff is studying whether changes to our regulations are needed to make the City and Authority regulations consistent, and to treat the transportation app companies as commercial operators, including requiring them to pay the ground transportation operator fees. Staff is also closely watching pending litigation between the City and two of the "app" companies: UberX and Lyft.

READING OF RESOLUTIONS

RESOLUTION #40-14 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN AN AMOUNT NOT TO EXCEED \$450,000 TO THE MASTER SERVICES AGREEMENT WITH RS&H OHIO, INC. FOR GENERAL, ON-CALL AIRFIELD ENGINEERING SERVICES FOR MISCELLANEOUS AIRPORT PROJECTS AT PORT COLUMBUS, RICKENBACKER AND BOLTON FIELD.

MOVED: J. Miller;
YEA: 6 NAY: 0

SECONDED: K. Ransier
ABSTAIN: _____

RESOLUTION #41-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY TO INCREASE THE SCOPE OF THE CONTRACT WITH THE GEORGE J. IGEL COMPANY, INC., FOR THE CONVERT RUNWAY 10R-28L TO A TAXIWAY PROJECT BY THE AMOUNT OF \$1,074,910 TO ALLOW FOR THE RECONSTRUCTION OF THE TAXILANE WEST OF CONCOURSE A APRON AND SOUTHEAST OF CONCOURSE B.

MOVED: W. Heifner;
YEA: 6 NAY: 0

SECONDED: W. Lhota
ABSTAIN: _____

RESOLUTION #42-14 A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE TO THE CONSTRUCTION MANAGER AT RISK GUARANTEED MAXIMUM PRICE (GMP) CONTRACT WITH TURNER CONSTRUCTION COMPANY IN AN AMOUNT UP TO \$1,800,000 FOR THE TAKEAWAY BAG BELTS AND INBOUND BAGGAGE DIAGNOSTICS PHASES OF THE TICKET LOBBY MODERNIZATION PROJECT AT PORT COLUMBUS INTERNATIONAL AIRPORT, WITH GMP AMENDMENTS SUBJECT TO REVIEW AND APPROVAL BY THE BOARD CHAIR AND FACILITIES AND SERVICES COMMITTEE CHAIR.

MOVED: W. Lhota;

YEA: 6 NAY: 0

SECONDED: W. Heifner

ABSTAIN: _____

OTHER BUSINESS

Heifner reported on a recent article in *Columbus CEO* magazine regarding people experiencing flight in the KC-135 plane. Heifner was a recent participant and shared his experience.

With no further business being brought before the Board, Casto moved to adjourn; Ransier seconded. Chair Tomasky adjourned the meeting at 4:50 p.m. on August 26, 2014.

Respectfully submitted,



Elaine Roberts, A.A.E.

Secretary

ER | ksw