



BOARD OF DIRECTORS | MEETING MINUTES OF OCTOBER 26, 2015

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

Absent: Kathleen Ransier

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
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. Atwood, A. Beaver, S. Bell, T. Carter, H. Brown, D. Finch, P. Gehrisch, C. Goodwin,
J. Lizotte, D. Saleme, B. Sarkis, B. Schreiber, P. Streitenberger, A. Tabor,
K. Whittington, A. Wickline

Others Present: Jessica Owens, Columbus State University / HMS Host

CALL TO ORDER

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 2:01 p.m. on Monday, October 26, 2015.

Chair Tomasky welcomed Terrance Williams to the CRAA Board of Directors. Williams was recently appointed by the City of Columbus and the Franklin County Board of Commissioners as CRAA's joint appointment, replacing Wm. Lhota. Williams will also replace Lhota and serve on both the Facilities & Services and Air Service Development Committees.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of September 22, 2015. Hearing none, Casto moved for approval; Smith seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky welcomed Terrance Williams to the Air Service Development committee. He replaces Wm. J. Lhota.

Tomasky reported that the committee met on October 6. The committee discussed a number of air service and customer service items. The study by Bill Swellbar will be finalized next week.

The next committee meeting will be the first quarter of 2016. Those meetings are currently being scheduled.

BUSINESS DEVELOPMENT:

No report.

FACILITIES & SERVICES:

Heifner reported that the committee met on October 21 with members Cipriano and Williams.

B. 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.

Heifner welcomed T. Williams to the CRAA Board and to the Facilities & Services Committee.

Heifner reported on the following business items:

- B. Sarkis reviewed the Terminal Modernization Project report.
- Work in the North Ticket Lobby continues. Skylights have been installed and make a big difference in the lobby.
- Airline ticket counters are scheduled to be moved in December.
- Work in Concourse B is almost complete and work in the Baggage Claim area is on track.
- M. Devereaux gave a report on the curb front improvements. These improvements will complement the great appeal already present on International Gateway. There will be a focus on lighting, colors and graphics. The budget for this project was reviewed and will be presented to the full board at the November meeting.
- Work on the Air Traffic Control Tower at Rickenbacker is ongoing and ahead of schedule.
- Daimler broke ground on ACT 5 for L-brands and infrastructure work continues.
- The committee reviewed the 2016 Capital Improvement Budget.
- The committee reviewed the Resolutions being presented to the full Board.

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 Bush to report on the financial reports.

Bush reviewed the preliminary financial statements for the year-to-date period ending September 30, 2015.

Operating Revenues – Actual vs. Budget, with \$74.8 million in actual revenues and a budget of \$71.5 million, leaving a positive variance of \$3.3 million.

- Parking – The unfavorable variance of \$782,000 is due to decreases in garage short-term parking, the blue and red lots, as well as valet parking of \$1.2 million, offset by increases in garage long-term parking, the green lot, and Rickenbacker of \$455,000.
- Airlines – The favorable variance of \$1.489 million is due to \$1.2 million in airline carryforward adjustments related to decreased prior year actual expenses over estimate, an increase in landing and aircraft fees of \$1.3 million, offset by a decrease in rent of \$130,000 and an increase in the prior year's General Airline Credit of \$932,000.
- Concessions and Misc. Lessees – The favorable variance of \$599,000 is due to an increase in concessions of \$432,000 as a result of increased enplanements and the introduction of new concepts in the terminal, as well as space and ground rent of \$329,000, offset by a decrease in advertising of \$162,000 as a result of the Terminal Modernization Program.
- Air Freight – The favorable variance of \$497,000 is due to a \$549,000 increase in landing fees related to increased 2015 cargo activity and unreported 2014 cargo landings, and a \$52,000 net decrease in Rickenbacker fuel and snow removal revenue.

Operating Expenses – Actual vs. Budget, with \$50.7 million in actual expenses, and a budget of \$50.5 million, leaving a negative variance of (\$160,000).

- **Supplies & Materials** – The favorable variance of \$398,000 is due to the timing of spend for paving and painting projects of \$259,000 and a decrease in FBO ground fuel purchases of \$620,000, offset by an increase in supply and equipment purchases of \$189,000 and snow supply usage of \$292,000.
- **Contract Labor FBO/GSE** – The unfavorable variance of (\$400,000) is the result of increased flight activity at Rickenbacker.

Composition of Operating Revenue – Parking represents 33.2% of our operating revenue. Airlines represent 30.9% 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. This is an important metric that is tracked by the rating agencies when evaluating the financial performance of Authority.

Composition of Operating Expenses – A large component of the Authority's expenses is related to staffing costs. Salaries & Wages for full and part-time staff represent 35.1% of operating expenses; Benefits & Personnel costs are 14.4%; while Contract Labor represents another 12.4% of the Authority's operating expenses. Combined, this represents approximately 63% of the Authority's operating expenses.

CRAA Salaries & Wages (CMH & LCK) – Total filled headcount is 375 employees, and 40 vacancies of which 27 are full-time and 6 are part-time. Approximately one-third of vacancies are in Custodial Services which has increased overtime for existing staff.

Hotel Operations – Year-to-date Net Operating Income is \$1.4 million vs. a budget of \$1.2 million, leaving a positive variance of \$191,000. The actual occupancy rate is 78.1% compared to a budget of 70.3%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$1.13 million in actual net operating income compared to a negative budget of (\$493,000) providing a positive variance compared to budget of \$1.6 million. Most of this positive variance is due to the expanded ground handling and cargo freight activities this year.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$910.9 million in total assets and \$144 million in total liabilities. Included in total assets is \$134.6 million in Cash and Cash Equivalents.

Capital Expenditures – With an approved Capital Budget of \$62.3 million and total cash expenditures to date of \$31.5 million, this represents a year-to-date execution of 51% of the approved Capital Budget spend. The total accrued expenditures to date of \$33.1 million represents 53% of the approved Capital Budget.

Bush reported that our debt per enplaned passenger is \$31.15, showing significantly lower than average debt loads when compared to the 2013 Moody's airport average of \$66.92. The days of unrestricted cash on hand is 661 days, with the 2013 Moody's airport average being 526 days. Days of unrestricted cash excluding rental car facility charges is 442 days, which is ahead of the 365 days the Authority desires to maintain. CRAA has \$111.3 million of outstanding debt which includes \$2 million outstanding under our Revolving Credit Facility.

HUMAN RESOURCES:

Smith thanked T. Richardson for his leadership on the Human Resources Committee.

Smith reported that Human Resources Committee met on October 15 for the purpose of reviewing the proposed 2016 Personnel Budget. Staff has done a good job preparing the salary and benefit expenses. The 2016 Budget will reflect a 4.3% increase in Salaries & Wages and a 7.9% increase in Benefits over the 2015 Budget.

The biggest adjustment in these costs are attributed to the need for additional staff that was approved in the 2016 Talent Allocation Process that occurred earlier this year. Budgeted headcount will be increased by 20 in 2016, resulting in 403 full time employees and 16 part time employees.

Additional changes include our progression on better cost sharing by adjusting another 1% of health plan costs from the Authority to the employee and shifting an additional 1% of the employees' share of pension contributions to the employee. Also, we have made significant progress reducing our cost of benefits as a percent of salary. We're at 44% compared to closer to 50% in previous years.

The Committee also discussed the performance of our current health and wellness benefits program. So far, our year over year performance is trending much better. Our rolling 12-month loss ratio is about 72% and we've implemented numerous wellness activities that intend to help our employees and control our costs.

Finally, staff shared progress we are making under the People Pillars of our Strategic Priorities Dashboard and Balanced Scorecard. On our Dashboard, this year's efforts are centered on Employee Engagement and on our Scorecard the key performance indicators are Timely Delivery of Employee Performance Feedback and Training & Development. Overall, we are making good progress on each of those.

The next Human Resources committee meeting is scheduled for December 18.

PRESIDENT & CEO REPORT

Chair Tomasky called upon Roberts to provide the President & CEO Report.

Chair Tomasky congratulated Roberts who was just recognized at The White House as one of eleven individuals as White House Transportation Champions of Change for their exemplary leadership and innovation in transportation. Roberts was nominated by Norfolk-Southern for her development work at Rickenbacker International Airport, particularly the train/truck intermodal terminal.

Roberts reported on the following business items:

New CRAA Board Member

Roberts welcomed Terrance Williams to the CRAA Board. He was appointed by the City of Columbus and the Franklin County Board of Commissioners to fill the jointly appointed seat vacated by Wm. J. Lhota. Williams has completed his board orientation, toured Port Columbus with R. Borden, and will tour Rickenbacker with D. Whitaker in the coming weeks. We look forward to working with him on the board.

Passenger Air Service

Port Columbus

September marked the 19th consecutive month of passenger growth with 7.7% more passengers traveling when compared to last September. With the close of the third quarter our year-to-date passengers are up 5.5%.

Southwest Airlines again saw the largest growth in September with 19% more passengers traveling when compared to the year prior. Year-to-date the airline has seen a 9.5% growth driven by their new service to Oakland, Boston, Dallas, and Washington D.C. The airline's second daily flight to Washington Reagan National Airport begins this Sunday, November 1.

United also saw a large growth in traffic with 13% more passengers traveling in September when compared to the year prior. The airline is up nearly 8% year-to-date, in large part due to larger aircraft being flown on routes including Denver and Houston.

Delta saw a growth of nearly 4% for September, while Air Canada saw a growth of 17%.

This month all US Airways flights fully transitioned to American Airlines as the two carriers effectively finalized their merger. Year-to-date the two combined airlines are down -1.3%; however, at this time last year the airline was up 8.2% so we are experiencing some leveling off from a strong 2014 with American. The new American's presence at Port Columbus is very strong – the largest in Ohio. The airline serves all ten focus cities from CMH (LGA, JFK, MIA, PHL, DFW, ORD, PHX, LAX, DCA, CLT) and we are well-positioned with them.

Rickenbacker Charter Terminal

At Rickenbacker, Allegiant saw an increase of 207% in September when compared to the year prior. With the close of the third quarter, total passenger traffic traveling through Rickenbacker is up 95% year-to-date.

Cargo Air Service

Air cargo handled at Rickenbacker was up 5% for the month of September as international air freight volumes – up 64% for the month - continued to offset domestic air cargo activity – down 8% for the month. Through three quarters of the year, total cargo handled at Rickenbacker is up 30% at nearly 150 million pounds with the international share up 248% and domestic down 5%. Air cargo processed through the airport has now seen 18 consecutive months of growth as we await the peak holiday season that will be ramping up shortly.

During September all three international airlines performed well led by Cathay Pacific, up 51% for the month, followed by Cargolux, up 24% for the month, and our most recent entrant Emirates moving 830,102 lbs. of cargo last month, or an average of over 165,000 pounds of cargo per flight. Cathay Pacific has moved from 3 to 4 weekly flights to/from Hong Kong while Emirates has increased from 1 to 2 weekly flights to/from Dubai in October – a reflection of the success they are finding at Rickenbacker.

To celebrate Cathay's fourth weekly frequency, a customer appreciation event was held on October 14 at the Cathay Pacific Cargo facility which drew over 100 attendees concentrated in the regional freight forwarding and shipping community. The event was heralded as a resounding success by Cathay as many future business leads attended in order to learn more about their service and meet the Cathay sales team that was here from Chicago and Los Angeles.

Bryan Schreiber, Business Development Manager for Air Cargo has been selected to serve as the ACI-NA Cargo Committee vice Chair beginning in 2016 for a 2-year term. He will then rotate into the Committee Chair position, also for two years, beginning in 2018.

IAAE Conference Presentation

Last week, Roberts attended an international aviation conference in Dubrovnik, Croatia where she gave a presentation on the successful development of the Rickenbacker Inland Port. There were approximately 100 attendees from Europe and the U.S. Roberts received a considerable amount of positive feedback on the presentation and interest in what we have achieved at Rickenbacker. Roberts serves on the Board for the International Association of Airport Executives.

FTZ

Turning to FTZ #138 news, last month Roberts mentioned that our Foreign-trade Zone is now ranked 10th out of 179 active zones in the U.S. based on value of goods entered. In September, Angela Atwood, CRAA's Foreign-trade Zone Administrator attended the National Association of Foreign-trade Zones annual conference where she was voted in for a two-year term to the Association's Board of Directors. Atwood is an expert on FTZ matters and a frequent program speaker. She has recently received her Accredited Zone Specialist certification in preparation for this board position.

House Bill 237 – Regulation of Transportation Network Companies (TNCs)

In June, State Legislators passed House Bill 237 that would create a regulatory system for transportation network companies (TNCs), such as Uber and Lyft, which use an online platform that allows users to prearrange rides.

House Bill 237 passed in the House and is now in the Senate. Tory Richardson, our VP who handles government affairs has met with several State Legislators to address concerns we have with the current language. As written, TNCs would be regulated by the State through the Public Utilities Commission. As such, airports would be prevented from regulating TNCs' operations or assessing fees for their commercial use of airport infrastructure.

Last week, Richardson provided interested party testimony on behalf of the Ohio Aviation Association to convey our concerns to the Senate State & Local Government Committee. In addition, he is working with the legislators and Uber to work out details of a potential amendment to House Bill 237.

DOT TIGER Grant

Earlier this year Roberts reported that CRAA has partnered with Norfolk Southern to increase the capacity and efficiency of the Rickenbacker Intermodal Facility. The projected total investment would be about \$34 million and we requested funding on a 50/50 basis between private funding and TIGER. We completed the Pre-Application on May 4, 2015 and the Final Application was submitted June 4, 2015.

To date, we have received about 60 letters of support from such individuals and organizations as: Senators Brown and Portman, several House Representatives, Ohio DOT, Columbus Partnership, Columbus Chamber, Columbus2020, MORPC, Franklin County Commissioners, Mayor Coleman, Columbus City Council, and the Pickaway County Commissioners.

We expect to learn of DOT's decision on our grant application within the next several days.

Port Columbus and Rickenbacker Annual Certification Inspections

FAA inspectors completed their annual certification inspections of Port Columbus and Rickenbacker two weeks ago, with very positive results. The Rickenbacker inspection yielded no discrepancies for the 8th consecutive year. The Port Columbus inspection report noted a single discrepancy related to a firefighter training deadline. The individual involved had been on an extended medical leave and upon his return was inadvertently assigned to a fire truck required to meet the regulatory index prior to updating his training on one subject. Port Columbus last had a discrepancy on its inspection in 2012. The inspectors were highly complimentary of the condition of both the facilities and the records at both airports, noting in particular the consistent manner in which our staff goes beyond the regulatory requirements to ensure a safe operating environment. Congratulations to our Operations, Public Safety and Asset Management teams for these outstanding results.

Rural Metro to Merge with American Medical Response

Rural Metro Corporation, the Authority's contractor that provides ARFF, Emergency Medical and Security Services at Port Columbus, has agreed to merge with American Medical Response Inc. (AMR), a subsidiary of Envision Healthcare. AMR is the largest provider of emergency and non-emergency medical transport services in the U.S., serving 2,100 communities nationwide. Medical transport is a core business of Rural Metro as well. We do not expect any adverse impact from the merger on the level of service that Rural Metro has consistently provided over the 20 years that they have served Port Columbus.

CMH Re-Badging

The bi-annual re-badging effort at Port Columbus is progressing smoothly. With one week to go, more than 3,000, or approximately 75% of the 4,100+ badge-holders have had their badges renewed. Any badge that is not renewed by October 31 will expire, and the badge holder will be required to complete the process as a first time applicant, including repeating training on security and safety procedures passing a computer-based test.

READING OF RESOLUTIONS

RESOLUTION #57-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE TO THE CONSTRUCTION MANAGER AT RISK GUARANTEED MAXIMUM PRICE (GMP) CONTRACT WITH CORNA-KOKOSING IN AN AMOUNT UP TO \$800,000 FOR FOOD COURT RENOVATIONS AT PORT COLUMBUS INTERNATIONAL AIRPORT WITH GMP AMENDMENTS SUBJECT TO REVIEW AND APPROVAL BY THE BOARD CHAIR AND FACILITIES AND SERVICES COMMITTEE CHAIR.

MOVED: D. Casto;
YEA: 8 NAY: 0

SECONDED: E. Kessler
ABSTAIN: _____

RESOLUTION #58-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$350,000 TO THE MASTER SERVICE AGREEMENT WITH HILL INTERNATIONAL, INC. FOR AS NEEDED CONSTRUCTION MANAGEMENT AND TESTING SERVICES AT PORT COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL, AND BOLTON FIELD AIRPORTS.

MOVED: W. Heifner;
YEA: 8 NAY: 0

SECONDED: D. Smith
ABSTAIN: _____

RESOLUTION #59-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN AN AMOUNT NOT TO EXCEED \$98,915 TO THE MASTER SERVICES AGREEMENT WITH RS&H OHIO, INC., FOR GENERAL, ON-CALL AIRFIELD ENGINEERING SERVICES FOR MISCELLANEOUS AIRPORT PROJECTS AT PORT COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL, AND BOLTON FIELD AIRPORTS.

MOVED: D. Casto;
YEA: 8 NAY: 0

SECONDED: T. Williams
ABSTAIN: _____

RESOLUTION #60-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE IN THE AMOUNT OF \$76,575 TO THE MASTER SERVICES AGREEMENT WITH WOOLPERT, INC. FOR ON-CALL CIVIL ENGINEERING SERVICES AT PORT COLUMBUS INTERNATIONAL, RICKENBACKER INTERNATIONAL, AND BOLTON FIELD AIRPORTS.

MOVED: D. Smith;
YEA: 8 NAY: 0

SECONDED: W. Heifner
ABSTAIN: _____

RESOLUTION #61-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH LOGICALIS FOR THE PURCHASE OF VIDEO STORAGE FOR PROJECT #13021, CCTV AND AMAG UPGRADE AND DIGITAL MIGRATION.

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

SECONDED: W. Heifner
ABSTAIN: _____

RESOLUTION #62-15 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY ADOPTING AMENDED AND RESTATED BYLAWS OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY, CITY OF COLUMBUS, FRANKLIN COUNTY, OHIO, AND RESCINDING PRIOR RESOLUTIONS 83-04, 25-10, 14-11, AND 59-12.

MOVED: W. Heifner;
YEA: 8 NAY: 0

SECONDED: D. Smith
ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the board, Chair Tomasky asked for a motion to adjourn. Casto moved; Heifner seconded. Chair Tomasky adjourned the meeting at 3:02 p.m. on Monday, October 26, 2015.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw