



COLUMBUS
REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS | MEETING MINUTES OF JUNE 28, 2016

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

Absent: Jordan A. Miller, Jr

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
David Whitaker, Vice President

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

Others Present: Kent E. Vanden Oever, HMSHost
John Montgomery, Central Ohio Severe Weather Network
Don Peters, Columbus Flight Watch
Alan Harding, Columbus Flight Watch
Don Barker, Transportation Security Administration

CALL TO ORDER

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m. on Tuesday, June 28, 2016.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of May 24, 2016. Hearing none, Ransier moved for approval; Casto seconded. Minutes approved unanimously.

TSA UPDATE

Chair Tomasky announced special guest, Don Barker, Federal Security Director of the Transportation Security Administration. Barker's responsibilities cover all airports in the state of Ohio.

Barker discussed security issues including:

- Upcoming conventions in Cleveland Ohio
- June 28 attacks at the airport in Istanbul, Turkey
- The recent attack in Orlando, FL
- Models of operation for Al-Qaeda and ISIS
- March-April 2016 TSA budget issues and staff shortages
- CMH check points for Concourses A and C
- TSA shares its best practices via daily blogs as well as by visiting other airports
- Pre-Check: TSA would like to see an increase in enrollment. Discussed a desire to have an interview center in Columbus at CMH

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky stated there is no report. The next meeting is scheduled for July 25, 2016 at 8:30 a.m.

BUSINESS DEVELOPMENT:

Casto requested Holderman to provide an update on recent business development issues.

Holderman reported that Resolution #38-16 is being presented to the Board. This authorizes CRAA to purchase two acres of land which is located near the southwest corner of the Rail Campus in the Rickenbacker Global Logistics Park. This allows for a future building at the south end of the Rail Campus to be expanded by approximately 234,000 square feet.

Holderman reported that the Amazon building will be operational on July 20, 2016 and the closing will be September 15.

FACILITIES & SERVICES:

Heifner reported that the committee met on June 22 and all members were present.

Heifner reported on the following business items:

- Following the Terminal Modernization Program, a punch list of items continues to be worked on.
- A Resolution will be presented to the Board in July to authorize a GMP for the Curb Front project.
- Rehabilitation work on the North runway continues and is on schedule.
- Engineering and planning work continues on the Midfield Development Program. A Resolution is being presented to the Board to build a new surface parking lot which will provide 1255 new parking spaces.
- CONRAC planning continues through our work with R.W. Block Consulting.
- The Air Traffic Control Tower at Rickenbacker was commissioned April 23. Demolition of the old tower has been completed.

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:

Ransier reported that the Finance Committee met prior to the Board Meeting and that the Authority has a strong Balance Sheet and Income Statement.

Ransier requested R. Bush to report on the financial reports. Bush reviewed the preliminary financial statements for the year-to-date period ending May 31, 2016.

Operating Revenues – Actual vs. Budget, with \$43.2 million in actual revenues and a budget of \$43 million, leaving a positive variance of \$205,000.

- Parking – The \$170,000 positive variance is a result of an increase in the red lot due to 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 lot.
- Ground Transportation – The (\$152,000) negative variance is due to an oversupply of rental cars which is driving the average rental car rate down.
- Air Freight – The (\$327,000) negative variance is the result of a decrease in both the quantity and retail selling price of diesel ground fuel to FedEx at Rickenbacker.

Operating Expenses – Actual vs. Budget, with \$30 million in actual expenses, and a budget of \$31.1 million, leaving a positive variance of \$1.1 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 \$13.2 million in actual expenses, and a budget of \$11.8 million, leaving a positive variance of \$1.4 million.

Composition of Operating Revenue – Parking represents 34.8% 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 378 employees. We currently have 45 staffing vacancies of which 35 are full-time, 5 part-time, and 5 seasonal.

Hotel Operations – Year-to-date Net Operating Income is \$770,000 actual vs. a budget of \$810,000, leaving a negative variance of (\$40,000). This is due to a light winter which decreases the number of distressed passengers. The actual occupancy rate for last month was 72% compared to a budget of 77%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$639,000 in actual net operating income compared to a budget of \$209,000 providing a positive variance compared to budget of \$430,000.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$925.8 million in total assets and \$165.9 million in total liabilities. Included in total assets is \$136 million in Cash and Cash Equivalents.

Capital Expenditures – With an approved Capital Budget of \$54.8 million and total accrued expenditures to date of \$20 million, this represents a year-to-date execution rate of 37% of the approved Capital Budget. The year-to-date Capital Budget Baseline total was \$13 million. The accrued expenditures to date represent 154% of the planned pacing of the Capital Budget.

The Authority's debt per enplaned passenger is \$27.12, 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 391 days, with the 2014 Moody's airport average being 557 days.

CRAA has \$113 million of outstanding debt which includes \$9.5 million outstanding under our Revolving Credit Facility. We borrowed \$7.5 million for capital expenditures associated with the terminal modernization program.

HUMAN RESOURCES:

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

PRESIDENT & CEO REPORT

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

Roberts reported on the following business items:

Roberts thanked many CRAA staff members for their work on the Ceremony and Luncheon for the renaming of the airport. The team had a short timeline to put together a terrific event.

Roberts introduced Kristen Easterday, our new Director of Government Affairs. Easterday most recently served as Vice President, Government Relations of the Columbus Chamber of Commerce.

Passenger Air Service

Port Columbus

May was a spectacular month at Port Columbus. Last month over 650,000 passengers traveled through our facility, a 9.6% increase over the year prior. This is the 27th consecutive month of passenger growth and the most passengers to ever travel through the airport in the month of May.

Year-to-date passengers are up 7.7%.

Southwest saw the largest increase in passengers with 16% more passengers traveling in May when compared to the year prior. Year-to-date the airline's traffic is up 16.8%.

Delta saw the next largest bump in traffic with 9.8% more passengers than the year prior, while United saw an increase of 7.7%. Both airlines are up over 5% year-to-date.

American saw an increase as well with 1.6% more passengers traveling than May of last year.

Air Canada saw a 27.5% increase in passengers over the year prior as the airline began operating larger 50-seat regional jets to Toronto instead of smaller 37-seat turboprops.

This month's report does not include Frontier Airlines as they started operations here on June 1. Frontier is providing daily service to Denver and Las Vegas and three times weekly to Philadelphia and Orlando and their loads are very strong.

Outstanding news to report regarding our inbound service from New York, LaGuardia. Effective June 2, the airline retimed the arrival of its first inbound LaGuardia flight to arrive at 8:24 a.m. Monday – Saturday. Previously this flight arrived around 10:20 a.m., making it difficult for NYC based business travelers to maximize a full business day in Columbus. We had received requests to look into this timing, which is far more challenging than you might imagine, and are very pleased with the result. Congratulations to Todd Carter on our team who worked diligently on the matter until the resolution was achieved.

Rickenbacker Charter Terminal

At Rickenbacker, Allegiant saw a 36% increase in passenger traffic in May when compared to the year prior. During May, Allegiant flew to all eight destinations that it serves from the charter terminal, including the latest seasonal service offering to Jacksonville, Florida.

Overall passenger traffic at Rickenbacker is up 29% year-to-date.

Cargo Air Service

International activity at Rickenbacker grew again in May with Cargolux up 18%, Cathay Pacific up 23% and Emirates contributing 1.8 million lbs. of their own freight last month. The success of Emirates has been particularly visible. Emirates began their Rickenbacker service in May of 2015, added a second frequency in October of last year and a third last month. They have also been adding additional frequencies on a regular basis due to strong demand. Since April of this year, Emirates has flown a total of 9 extra frequencies above and beyond their published schedule.

Last month we reported that a fourth carrier is testing the market at Rickenbacker, and this month we can report there is yet a fifth circling. Within the past two weeks, Abu Dhabi-based Etihad Airlines began weekly charter flights from Colombo, Sri Lanka to Columbus/Rickenbacker for fashion focused freight forwarder Trinity Logistics. While the duration of this program is yet undetermined, Etihad and Trinity have both signaled they intend to generate permanent activity at Rickenbacker. Trinity Logistics is a NY-based forwarder that specializes in fashion and retail, and just last month opened an office in the Rickenbacker area to support their regional customer base.

The Authority's ground handling crews turned in an exceptional effort on Sunday, June 19 (Father's Day and NBA final). The cargo crew handled six international wide body flights from 7:30 am Sunday to 4:30 am Monday. They offloaded 175 cargo containers, loaded 22 containers of export freight, and another 29 containers taken off and put back on. Total freight handled in that 21 hour period exceeded one million pounds.

The passenger ground handling crew serviced four flights from 6:30 am to 9:00 pm, including 1200 total passengers and 581 pieces of luggage.

The fueling crew delivered 40,000 gallons of fuel during that period.

The industry continues to recognize Rickenbacker's growth and development and it has recently been featured in Air Cargo World in a feature story titled 'The Rickenbacker Revival'.

In May, 16,419,046 lbs. of cargo moved through Rickenbacker, up 7.4% over May of 2015. Year to date Rickenbacker has seen 75,418,053 lbs. of cargo move through, down 13%, but when normalized for the effect of the 2015 west coast port strike cargo numbers would be up 10.1% for the year on the strength of growing international activity. For the month cargo aboard our scheduled international carriers was up 68% with domestic activity aboard FedEx and UPS down 3% (estimated based on holding FedEx numbers flat to 2015 while they address internal reporting issues).

Concessions

A resolution is being presented which extends our existing agreement by eight years with HMS Host, our master food and beverage provider. Roberts welcomed Kent Vanden Oever, Vice President, Business Development with HMS Host who attended the board meeting.

Our goal with the contract extension is to build on the recent successes of new concepts in Concourses A and B such as Donato's, Vino Volo, Bob Evan's and Eddie George's Grill 27. The extension will allow us to bring fresh new concepts to the entirety of Concourse C along with select improvements to the food court and Concourse B, as well as the ongoing enhancement of existing concepts throughout the terminal.

The first changes under this extension will replace the Tim Horton's and Cold Stone Creamery with a Starbucks in the food court and place a Land Grant Brewing in the former Columbus Brewing Company (CBC) location in Concourse B. Land Grant Brewing is an increasingly recognizable brand in Columbus and will provide quality food and drink in a casual setting to the many passengers in Concourse B.

It has been over six years since our last significant update to Concourse C, and each location will be upgraded next year to provide a full service sit-down restaurant, quick grab and go; a conveniently placed bar and quick serve options; and, of course, Starbucks. The extension also provides for on-going reinvestment and upgrades to existing facilities over the entire term, as well as an increase in rent in many locations.

Renaming of the Airport

In 2012 and 2013 CRAA partnered with Columbus based branding, marketing and digital agency Ologie during the rebranding of our organization. We have again partnered with them to assist us in determining the nomenclature strategy and updated creative related to the renaming of Port Columbus.

The project is already under way and we are working closely with Terrance Williams on the initiative. We will provide the Board an overview of our recommendations at the August Board meeting.

CRAA Websites

Before the Board today is a resolution related to building and launching five new websites for CRAA. The new websites will offer a variety of benefits including an optimal viewing and interaction experience across a wide range of devices (mobile, tablets, desktop), which is referred to as responsive web design and is critical to search-engine optimization on Google.

Other benefits include compliance with forthcoming ADA requirements, additional functionality and the ability for staff to more efficiently administer and update the websites. The websites would be launched on a rolling basis, starting in the fall with FlyColumbus.com, with all websites launched by 1Q 2017.

Customer Service

The Customer Experience Team welcomed the beginning of the traditional summer peak travel season with a fun-filled Passenger Appreciation Day on June 9th. Volunteer Airport Ambassadors served hundreds of samples of freshly-popped popcorn, distributed Young Traveler's Activity books, and had a great time engaging with our passengers as many of them embarked on their summer vacation travels. These "popcorn days" have become popular events that provide a great opportunity for CRAA to enhance the airport experience for our customers.

Smart City Challenge

In December 2015, U.S. Secretary of Transportation Anthony Foxx issued an unprecedented challenge to U.S. cities to come up with a plan to reshape their transportation systems. Through the Smart City Challenge, the Department committed up to \$40 million, and private partners committed over \$20 million.

The Smart City Challenge generated a significant amount of excitement and interest and the U.S. DOT received seventy-eight applications in total – one from nearly every mid-sized city in America.

The seven finalist cities were announced at South by Southwest (SXSW) in March – Austin, Columbus, Denver, Kansas City, Pittsburgh, Portland, and San Francisco.

On June 23, the U.S. Transportation Secretary Anthony Foxx announced Columbus as the winner of the Smart City Challenge. As the winner of the Challenge, Columbus will receive up to \$40 million from U.S. DOT and up to \$10 million from Paul G. Allen's Vulcan Inc. to supplement the \$90 million that the city has already raised from other private partners to carry out its plan. Using these resources, Columbus will work to reshape its transportation system to become part of a fully-integrated city that harnesses the power and potential of data, technology, and creativity to reimagine how people and goods move throughout the city.

Columbus was selected as the winner because it put forward an impressive, holistic vision for how technology can help all of the city's residents to move more easily and to access opportunity.

In its Smart City plan, Columbus will leverage a new central connected traffic signal and integrated transportation data system to address specific transportation challenges. To address these challenges, the city will:

- Use transportation data analytics and improved first-mile-last-mile connections to public transportation.
- Deploy fully electric self-driving shuttles on three fixed routes to connect a new bus rapid transit center to a retail district.
- Equip city fleet, transit vehicles, and many intersections with connected vehicle technology.
- Test connected vehicle technology in their freight district, including automated truck platooning and traffic signal management.
- Address climate change by expanding their investment in electric vehicle (EV) charging stations.
- Create an integrated payment system for residents to access transportation solutions throughout the city.

CRAA partnered with the City of Columbus on this effort by providing a letter of support, engaging in the social media campaign, and attending several Smart City Challenge meetings.

TIGER VIII Grant

Roberts previously shared that CRAA partnered with Norfolk Southern to submit an application to U.S. DOT under the TIGER Program. The focus again this year will be to increase the capacity and efficiency of the Rickenbacker Intermodal Facility. The projected total investment would be about \$20 million and funded on an approximately 70/30 basis between private funding and TIGER. We are still waiting to hear the results of that selection process.

Senior Staff Retreat

Each year, Senior Staff spends two days offsite (one day each spring and one day each fall). The team focuses on the business in the spring, and people and teamwork topics in the fall.

On June 23 our Senior Staff conducted its annual business retreat. At this retreat we focused on our strategic business plan as well as current and future strategies. The outcome of the meeting was some good dialogue about what we're doing now and what we need to be doing in the future. We also addressed some of the points the Board made at the May 24 Strategy Session. Throughout the remainder of this year we will revise the Strategic Business Plan document to set the course for the key strategies over the next five years.

Successful Rickenbacker Full Scale Emergency Exercise

A full scale emergency exercise was conducted at Rickenbacker Airport on Tuesday, June 14. The exercise simulated the crash of a passenger aircraft on the airport, and tested the response of Airport and mutual aid emergency resources. It also tested the operation of the Authority's Emergency Operations Center here at CMH. Preliminary de-briefings were held at both locations immediately upon conclusion of the exercise, with a more thorough de-briefing and formal After Action Report scheduled to take place in July. Staff believes, consistent with the evaluators' observations, that this was one of our most successful emergency exercises ever, thanks in large part to the broad participation of our many mutual aid partners.

Port Columbus Control Tower Evacuated

A fire alarm in the Port Columbus control tower caused controllers to evacuate the tower and discontinue air traffic control services for 14 minutes the morning of Saturday, June 25. During that period, the airport operated under the rules of an "uncontrolled airport." In such cases, the Indianapolis Center provides control to arriving and departing aircraft, and issues arriving aircraft a clearance to execute their approach. However, they can only issue one such clearance at a time and must wait until they confirm that the first aircraft has landed before they can issue an approach clearance to a second aircraft. This significantly reduces the capacity of the airport to handle landing and departing aircraft. There was no fire and the alarm was determined to be an issue with the alarm system. In Saturday morning's incident, no flights were diverted or delayed.

Summary of South Runway Closures

We are approaching the half-way point of construction on the north runway. Through Wednesday, June 22, there have been 45 closures of the south runway, effectively closing the airport.

- 14 closures have been routine closures for maintenance in accordance with the plan prepared prior to commencement of construction. These closures resulted in no delays or diversions.
- 26 closures, ranging from 2-56 minutes, resulted from wildlife hazards. The 56-minute closure resulted from an aircraft striking a bird, which shattered a landing light. Airfield crews had to be called to sweep the broken glass off the runway. This closure resulted in 10 delays and 4 diversions.
- 4 aircraft emergencies resulted in closures ranging from 3 minutes to 2 hours. The 2-hour closure resulted from an aircraft that overran the runway on an aborted takeoff. 22 delays and 12 diversions resulted from that incident.
- One 3-minute closure resulted from a report by a pilot of debris on the runway.

Next Month's Board Meeting at Rickenbacker

As a reminder, the July Board meeting will take place at Rickenbacker in conjunction with a luncheon event to celebrate several years of successful partnerships fueling the steady growth there. We will hold the event in the newly-constructed Air Cargo Terminal 5 on July 26. Our Finance and Audit Committee will meet at 10:30 a.m. in their Board Room, followed by the celebration luncheon and program with community leaders beginning at 11:30 a.m. We will have an airport tour available prior to the regular monthly Board meeting at 2:00 p.m.

READING OF RESOLUTIONS

RESOLUTION #36-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PRESIDENT & CEO TO PROVIDE NOTIFICATION TO THE FEDERAL AVIATION ADMINISTRATION AND TO EXECUTE ALL APPROPRIATE DOCUMENTS TO AFFECT RENAMING PORT COLUMBUS INTERNATIONAL AIRPORT TO JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT IN RECOGNITION OF THE PROFOUND IMPORTANCE OF JOHN HERSCHEL GLENN, JR.'S ACHIEVEMENTS AS AN AVIATOR, PUBLIC SERVANT, AND CATALYST FOR SPACE EXPLORATION AND SCIENTIFIC ADVANCEMENT IN THE UNITED STATES.

MOVED: E. Kessler; SECONDED: K. Ransier
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #37-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN EIGHT YEAR EXTENSION TO THE EXISTING CONCESSION AGREEMENT WITH HOST INTERNATIONAL, INC., TO PROVIDE FOR THE RELOCATION, RE-CONCEPTION AND REFURBISHMENT OF EXISTING FOOD & BEVERAGE LOCATIONS AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: W. Heifner; SECONDED: T. Williams
YEA: _____ NAY: _____ ABSTAIN: _____

RESOLUTION #38-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PURCHASE OF APPROXIMATELY 2.34 ACRES OF LAND COMMONLY KNOWN AS 1200 VAUSE ROAD, LOCKBOURNE, FRANKLIN COUNTY, OHIO.

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

RESOLUTION #39-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY TO ISSUE A TASK ORDER UNDER AN EXISTING PROFESSIONAL SERVICES MASTER AGREEMENT # BDC-2015-005 WITH FAHLGREN MORTINE TO BUILD, DESIGN, TEST AND LAUNCH FIVE (5) NEW CRAA WEBSITES.

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

RESOLUTION #40-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONSTRUCTION CONTRACT IN THE AMOUNT OF \$1,260,000 WITH BOSS EXCAVATING & GRADING, INC., FOR CAPITAL PROJECT 15051, PARKING LOT EAST OF THE FAIRFIELD INN & SUITES, AT PORT COLUMBUS INTERNATIONAL AIRPORT.

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

RESOLUTION #41-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH THALES AIR TRAFFIC MANAGEMENT U.S., IN THE AMOUNT OF \$468,983, FOR THE PURCHASE OF EQUIPMENT NECESSARY FOR THE REPLACEMENT OF THE RUNWAY 23L INSTRUMENT LANDING SYSTEM (ILS) AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: K. Ransier; SECONDED: T. Williams
YEA: 8 NAY: 0 ABSTAIN: _____

RESOLUTION #42-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT MODIFICATION IN THE AMOUNT OF \$168,044.83 WITH VAISALA INC., FOR THE REPLACEMENT OF LCK NAVAIDS AT RICKENBACKER INTERNATIONAL AIRPORT.

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

RESOLUTION #43-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN THE AMOUNT OF \$789,095 WITH JESS HOWARD ELECTRIC COMPANY, FOR PROJECT #15014, REHABILITATION OF THE ALSF-2 APPROACH LIGHTING SYSTEM AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: E. Kessler; SECONDED: W. Heifner
YEA: 8 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

With no further business being brought before the board, Casto moved to adjourn; Ransier seconded. Chair Tomasky adjourned the meeting at 5:20 p.m. on Tuesday, June 28, 2016.

Respectfully submitted,



Elaine Roberts, A.A.E.
Secretary

ER | ksw