



BOARD OF DIRECTORS | MEETING MINUTES OF OCTOBER 25, 2016

Present: Susan Tomasky, Chair
William R. Heifner, Vice Chair
Frank J. Cipriano
Jordan A. Miller, Jr
Dwight Smith
Terrance Williams

Absent: Don M. Casto, III
Elizabeth P. Kessler
Kathleen Ransier

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

Others Present: Aaron Shocket, Towne Holdings
Rick Ochs, Spirit Aeronautics
Don Peters, Columbus Flight Watch
John Montgomery, Central Ohio Severe Weather Network

CALL TO ORDER

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:03 p.m. on Tuesday, October 25, 2016.

Chair Tomasky congratulated CRAA staff for the recent successful opening of the North Runway. Community partners have been complimentary on how the runway rehabilitation was handled.

MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of September 27, 2016. Hearing none, Cipriano moved for approval; Heifner seconded. Minutes approved unanimously.

COMMITTEE REPORTS

AIR SERVICE DEVELOPMENT:

Tomasky reported that the committee met on October 3, 2016 and discussed the following:

- Pleased to confirm the establishment PreCheck enrollment facility at John Glenn Columbus International airport running from November 7 – 18, excluding weekends. This is in addition to the two off-airport enrollment centers already established. Staff was directed to provide complimentary parking to encourage enrollment at the airport. Marketing efforts have begun in earnest and the public is responding to the opportunity. Improved enrollment options, combined with the announcement last month of 34 new TSA staff members who should be online by this holiday season, we are expecting the PreCheck process to be much smoother in the near term.
- The committee and staff have established air service quality metrics that are important to understand and track. Those measures include items such as number of daily flights, number of seats available, airfares and fleet make-up, among other service items. Fourteen peer markets have been established that are similar in size and/or that have a close proximity to Columbus. The committee reviewed the first round of data collection for these metrics and directed staff to continue to collect and analyze this data such that proactive measures can be taken when deemed necessary.
- Staff briefed the committee on its annual advertising activities. The Authority spends approximately \$175,000 annually primarily to promote travel and on-airport parking options. Sponsorships, radio, digital billboards and social media are the primary advertising vehicles. In the past, advertising dollars have been spent in Dayton or Cincinnati to exploit a fare or service advantage; however, those advantages are not as dramatic as they were in the past, so these funds are now being spent locally.
- Staff briefed the committee on the incentives provided to airlines that provide service to markets we target. Incentives are critical to secure new service in today's competitive environment, although are not intended to act as subsidies. For John Glenn International, airlines providing service to markets over 50 daily passengers without nonstop service are provided incentives, the value of which varies based on the actual size of the market and the aircraft used for the targeted service. Typical incentives include landing fee waivers and cash for initial marketing efforts. Incentives are also provided for new entrant carriers, whether or not they serve a targeted market. In addition to the incentive program, staff reviewed with the committee recent incentives provided and potential incentives over the next several years based on our expectations. We also offer and reviewed the incentives available for airlines serving our terminal at Rickenbacker International.
- Future dates for 2017 committee meetings are being set.

BUSINESS DEVELOPMENT:

Cipriano requested Holderman to provide an update. Holderman reported that Resolution #72-16 is being presented to the board for consideration. This resolution authorizes the execution of a second amended and restated Master Development Agreement with DRCS, LLC for the development of industrial warehouse improvements in the Rickenbacker Global Logistics Park at Rickenbacker International. All board members of the committee were briefed in detail and recommend approval of this resolution.

FACILITIES & SERVICES:

Heifner reported that the Facilities & Services Committee met on October 19 and reported on the following business items:

- The committee reviewed the 2017-2018 draft Capital budget.
- CRAA staff provided division/departments variance reports.
- The TMP project is coming to a close as related to completing the punch list.
- Work continues to add additional TSA lanes in Concourse C. Rod Borden is overseeing the project.
- Curb front work continues and is scheduled to be complete early 2017.
- North runway opened October 11, on schedule and under budget.

- Midfield Development Program – work continues for the Consolidated Rental Car Facility and utility infrastructure. R.W. Block has begun the capacity study.
- Work continues on the new parking lot next to the hotel. This lot will provide 300 parking spaces.
- Modification of Standards work has begun at Rickenbacker.
- Heifner and other CRAA Board members attended the recent tour of Rickenbacker International. Heifner congratulated CRAA staff for a very successful event.

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; however, there was not a quorum. The Authority has a strong Balance Sheet and Income Statement. The 2017 Operating and Capital budgets were reviewed. Miller requested R. Bush to report on the financial reports.

Bush recognized the Accounting and Finance team for receiving their 24th consecutive CAFR award for financial reporting.

Bush reviewed the internally prepared financial statements for the year-to-date period ending September 30, 2016.

Operating Revenues – Actual vs. Budget, with \$80.2 million in actual revenues and a budget of \$79 million, leaving a positive variance of \$1.2 million.

- Airlines – The \$904,000 positive variance is a result of an increase in landed weight, due to increased activity for Southwest Airlines, an increase in the utilization of unleased gates, and increased space rent due to the entrance of Frontier Airlines.

Operating Expenses – Actual vs. Budget, with \$53.9 million in actual expenses, and a budget of \$55.5 million, leaving a positive variance of \$1.6 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 \$26.3 million in actual Operating Income, and a budget of \$23.5 million, leaving a positive variance of \$2.8 million.

Composition of Operating Revenue – Parking represents 33.5% of our operating revenue. Airlines represent 31.2% 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 395 employees. We currently have 28 staffing vacancies of which 21 are full-time, 3 part-time, and 4 seasonal.

Hotel Operations – Year-to-date Net Operating Income is \$1.7 million actual vs. a budget of \$1.5 million, leaving a positive variance of \$130,000. This is on track with our forecast for the year. The actual occupancy rate for last month was 79.5% compared to a budget of 78.3%.

Rickenbacker Net Operating Income – Actual vs. Budget, reflected \$1.5 million in actual net operating income compared to a budget of \$465,000 providing a positive variance compared to budget of \$1 million.

Statement of Net Position Analysis – The Authority's Net Position remains strong with \$938.4 million in total assets and \$164.6 million in total liabilities. Included in total assets is \$139 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 \$39.2 million, this represents a year-to-date execution rate of 71% of the approved Capital Budget. The year-

to-date Capital Budget Baseline pacing was \$32.2 million. Compared to the accrued expenditures to date, this represent 122% of the planned pacing of the Capital Budget Baseline.

The Authority's debt per enplaned passenger is \$26.05, 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 353 days, with the 2014 Moody's airport average being 557 days.

CRAA has \$111.4 million of outstanding debt which includes \$9.5 million outstanding under our Revolving Credit Facility.

HUMAN RESOURCES:

Smith reported that the committee did not meet and the next committee meeting is scheduled for December 12.

PRESIDENT & CEO REPORT

Richardson reported on the following business items:

Passenger Air Service

John Glenn Columbus International Airport

September was another spectacular month for John Glenn International with passengers traveling through the airport up 12.2% in September when compared to the year prior. This is the second busiest September in our history, behind September 2007 and the 31st consecutive month of growth.

Through the third quarter, year-to-date passengers are up 8.6%.

All of our airlines saw an increase of passengers in September, with Southwest Airlines seeing the largest. The carrier saw a nearly 11% growth in passengers when compared to the year prior, with year-to-date activity up 13%.

United saw the next largest increase in passengers with 13% more traveling than the year prior, in part due to larger aircraft being flown to both Chicago O'Hare and Newark. Year-to-date United is up 4.4%.

American saw the next largest increase in passengers in September with 5.9% more traveling than last year, while Delta saw an increase of 4.9%.

Frontier Airlines carried 21,651 passengers in the month of September. So far the airline has carried over 91,000 passengers in their first four months of operation. (So far they're capturing more market share than Air Canada.

Air Canada saw a 41% increase in passengers on increased capacity.

Rickenbacker Charter Terminal

At Rickenbacker – the charter terminal saw over 15,000 passengers traveling, an increase of 28.7% over the year prior. Allegiant carried the majority of those passengers and saw an associated increase of 20%. The balance of the activity at Rickenbacker reflects the start of football season and we continue to see football related charters for teams, bands and boosters utilizing the convenient terminal facility at Rickenbacker.

Year-to-date passengers at Rickenbacker are up 25%.

Cargo Air Service

Cargo volumes handled at Rickenbacker continue to pick up momentum on the strength of our international service. During the month of September the airport saw 17.4M lbs. of airfreight move through the airport, a 17.5% increase over September of 2015. Our scheduled international carriers all did well with Cathay Pacific Cargo up 28%, Cargolux up 50% and Emirates SkyCargo up 106% year-over-year.

We announced last month that our 4th international freighter operator Etihad Cargo was formally entering the market with once weekly service for forwarder Trinity Logistics. Etihad was responsible for just over a half million pounds (509,531 lbs.) of our total cargo in September.

September numbers were also helped by some increased domestic charters flying components for the auto and aviation industries.

Through the first three quarters of 2016, Rickenbacker handled 140M lbs. of air freight, down 5.7% year to date. If the effect of the west coast port strike and one time supply chain disruptions in 2015 are factored out, the airport would be up 9.7% in cargo handled for the year through the third quarter.

Rickenbacker Progress Update

Richardson thanked the Board members who were able to attend the Rickenbacker Progress Update on October 12 just outside Air Cargo 5. We celebrated the progress at Rickenbacker with a well-attended event including Mayor Andrew Ginther, US Representative Steve Stivers, Ohio Senate President Keith Faber and LBrands' COO Charlie McGuigan, among others. The event featured the arrival of 2 Emirates SkyCargo 777 freighters and was attended by over 175 people that included air cargo industry executives from as far away as Dubai and Abu Dhabi. Feedback we received from both the industry and our elected officials was overwhelmingly positive and it was evident that Columbus put its best foot forward as Rickenbacker continues to grow and take advantage of positive momentum. Thank you to our Business Development & Communications teams for such an outstanding event.

Air Force Uses Rickenbacker to Escape Hurricane Matthew

The US Air Force used Rickenbacker as a temporary home for 42 aircraft, including 32 F-22 front line fighter jets and 10 T-38 supersonic trainer jets, from Virginia's Langley Air Force Base during the threat from Hurricane Matthew. The aircraft arrived beginning Wednesday 10/5, and departed the following week after the hurricane danger had passed.

TSA

John Glenn International is partnering with the TSA to host a TSA PreCheck enrollment event for a two week period beginning November 7. The application center will be located on the baggage claim level across from carousel 6, and will be open Monday-Wednesday from 10 a.m.-7 p.m. and Thursday-Friday from 8 a.m.-5 p.m. during the two-week period. TSA PreCheck enables vetted, low-risk air travelers to enjoy a more efficient screening experience. These travelers don't have to remove shoes, liquids, laptops, light outdoor wear or belts. Appointments are recommended however they will accept walk-in's and register those individuals around scheduled appointments. The event is being extensively marketed via press release, social media, in-terminal messaging, e-mail blasts and airline partner communication to their key corporate accounts. We will be offering free parking for enrollees to encourage participation.

Single Runway Operations Summary

John Glenn Columbus International operated as a single runway airport from April 4 until October 12, while the north runway (10L-28R) was being rehabilitated. During that period, the south runway was closed 102 times, 32 of which were scheduled (primarily nighttime) closures for maintenance. Of the 70 unscheduled closures, 55 were wildlife related and 11 were due to aircraft emergencies. Only three unscheduled closures exceeded twenty minutes in length: one for a wildlife strike in April, which required sweeping the runway; one was for an aircraft incident in May, in which a small jet aborted a takeoff and overran the runway; and one in June for emergency maintenance on the runway. Only the April wildlife strike and the May aircraft runway overrun resulted in significant flight delays. We are

pleased to have both runways fully operational again. A media release about the North Runway Project went out today and copies are on the back table.

Operating Certificate – John Glenn Columbus International Airport

Approximately three weeks ago the FAA provided us with a new airport operating certificate that officially recognizes CMH as John Glenn Columbus International Airport. This begins FAA's process of changing the airport's name on all official documents and publications. That process will take many months, largely because of the varied publication cycles of FAA's air navigation charts.

2016 Employee Wellness Efforts

Our Employee Wellness efforts are off to a great start. The last couple of months have been extremely busy. Not only are we offering good wellness activities, but employees are really getting engaged. We've had a couple walk/run teams participate in the St. Jude's Walk/Run to end Childhood Cancer and the American Heart Association Heart Walk, 215 employees participated in lots of lunch and learns to learn about wellness, yoga, dealing with stress, improving your credit score (partnership with FifthThird Bank), healthy eating and healthy cooking. Participants were even able to get some fresh, locally grown produce to experiment with.

We held three onsite Biometric Screenings & Wellness Clinics. 276 participants took part in these at John Glenn as well as Rickenbacker. There were representatives from all our major service providers on site to answer questions and assist employees with better understanding their benefits. We filled all our slots for the mobile mammography unit, and 165 people received flu shots this past month. Employees' participation in these activities earn them incentive money for health and wellness-related expenses while also improving CRAA's health and wellness profile which is an important element in procuring comprehensive and affordable health and wellness benefits plans for our employees.

Employee Tailgate Events

Each year in the autumn months, we host an employee event. The last couple of years this event has been themed a tailgate event and employees are encouraged to wear their favorite sport attire. This year, we conducted the event at Rickenbacker and provided employees with a tour, much like many of you participated in earlier this month. We conduct one of these events for each of our three shifts. Employees that have reached certain service milestones are recognized and the employees really enjoy getting to sit and visit with each other in a light-hearted atmosphere over a barbeque-style meal. These tailgate events are important elements of our employee engagement efforts. Due to our 24-hour, 7-day a week service at three different airports, it is impossible to get all employees at the same place at the same time. This is the closest we come to doing that. Employees across the organization need the opportunity to connect with one another and this provides that opportunity.

READING OF RESOLUTIONS

RESOLUTION #72-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE EXECUTION OF A SECOND AMENDED AND RESTATED MASTER DEVELOPMENT AGREEMENT WITH DRCS, LLC FOR THE DEVELOPMENT OF INDUSTRIAL WAREHOUSE IMPROVEMENTS IN THE RICKENBACKER GLOBAL LOGISTICS PARK AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: F. Cipriano; SECONDED: D. Smith
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #73-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A PROCUREMENT IN THE AMOUNT OF \$366,458.02 FOR THE PURCHASE AND INSTALLATION OF A NEWLY REFURBISHED PASSENGER BOARDING BRIDGE FOR GATE 2 AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: W. Heifner; SECONDED: T. Williams
YEA: 6 NAY: 0 ABSTAIN: _____

RESOLUTION #74-16 OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN AGREEMENT WITH LIFE SAFETY GROUP, LLC TO LEASE A PORTION OF THE BLUE LOT AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT.

MOVED: J. Miller; SECONDED: W. Heifner
YEA: 6 NAY: 0 ABSTAIN: _____

OTHER BUSINESS

Chair Tomasky reminded board members to notify the executive office regarding personal use of the board portal vs. needing printed materials at the board meetings.

Chair Tomasky called on Rich Ochs of Spirit Aeronautics to address the Board and asked the board to consider giving Ochs five minutes time to do so.

Ochs addressed the board and presented information regarding Rickenbacker International Airport commercial aeronautical operator's fees. Materials presented to the board are attached to these minutes.

With no further business being brought before the board, Chair Tomasky requested to adjourn. Miller motioned; second by Williams. Chair Tomasky adjourned the meeting at 4:48 p.m. on Tuesday, October 25, 2016.

Respectfully submitted,

Elaine Roberts, A.A.E.
Secretary

ER | ksw