



A DECADE+ OF EXCELLENCE

INDIANAPOLIS INTERNATIONAL AIRPORT

IAA Board of Directors Meeting Agenda

February 21, 2025

8:00 AM

Location: Board Conference Room – 4th floor and Via Zoom (Hybrid meeting)

- I. **Call to Order**
- II. **Approval of Minutes of the IAA Board’s Meeting of January 17, 2024.**
- III. **Ordinances, Resolutions, and Public Hearings**
 - a) **Consider for Approval and Adoption** of **Resolution No. 01-2025** for the Amended and Restated Lease Agreement with AAR Aircraft Services, Inc., as described in **Board Memo BP2025-02-01.**
- IV. **Board Reports**

Board President’s Report
- V. **Official Actions**

Consider for approval, the individual items on the **IAA General Agenda dated February 21, 2025.**
- VI. **Staff Reports**
 - a) Executive Director’s Report (Submitted in writing)
 - i. Workforce Development Initiative
 - ii. Strategic Plan Stewardship
 - iii. Creative Mornings/IND
 - iv. WWE Royal Rumble
 - v. Finalist, Routes Americas Awards
 - vi. Colts Fan of the Year Send-Off
 - b) Executive Director’s 2024 Community Impact Video
- VII. **Other Reports and Updates**
 - a) **Board Communications:** *Next Meeting: Friday, March 21, 2025, at 8:00 AM*

MINUTES
Board of Directors Meeting
Indianapolis Airport Authority

The Regular Meeting of the Indianapolis Airport Authority (IAA) Board called to order at 8:00 am January 17, 2025, in the Airport's Board Conference Room at Indianapolis International Airport. A roll call attendance was taken. Board Members attended in person or via Zoom.

Present at the commencement of the meeting and comprising a quorum were:

Barbara Glass, President
Steve Dillinger, Vice President
Mamon Powers, Secretary
Kurt Schleter, Member
Jeffrey Gaither, Member
Duane Gibbs, Member
W. Tobin McClamroch, Member (attending remotely)
Eric Dozier, Member
Ryan Goodwin, Member
Brett Voorhies, Member
Tamika Catchings, Member (not attending)
Brian Tuohy, I.A.A. Board Counsel

I.A.A. Executive Staff attending:

Mario Rodriguez, Executive Director
Keith Berlen, Sr. Director of Operations and Public Safety
Alexandra Kalpakidis, Sr. Executive Assistant
Maria Wiley, Sr. Director of Audit, Compliance & Procurement
Rachel Stevens, Sr. Director of Human Resources
Jonathan Weinzapfel, General Counsel
Robert Thomson, Sr. Director of Finance (attending remotely)
Elias Maqueda, Director of Finance and Accounting
Jarod Klaas, Sr. Director of Planning and Development
Megan Carrico, Sr. Director of Public Affairs
Reid Goldsmith, Sr. Director of Information Technology
Marsha Wurster, Sr. Director of Commercial Enterprise
Holli Harrington, Sr. Director of Supplier Diversity and Diversity Officer

APPROVAL OF MINUTES

President Glass asked for a motion for approval. A motion for approval was made by Mr. Dillinger and seconded by Mr. Powers. There being no discussion, President Glass asked Ms. Kalpakidis, to take a roll call vote, and with all members stating "Aye," the Meeting Minutes of the IAA Board Meeting on December 20, 2024, were approved.

BOARD REPORTS

Board President's Report

a) 2025 Election of Officers for IAA Board of Directors

President Glass called upon Board Counsel Brian Touhy to conduct the election. He reported that each of the three incumbent officers, President Barbara Glass, Vice-President Steve Dillinger, and Secretary Mamon Powers III, had expressed a desire to remain in their positions, and that no other Board members had expressed interest. Mr. Tuohy asked for a motion to re-elect the three Board officers, and with a first motion by Jeff Gaither, and a second by Brett Voorhies, he asked Alexandra Kalpakidis, Sr. Executive Assistant, to take a roll call vote. With all members stating "Aye," the three officers were re-elected.

b) Appointment of Robert Thomson, Sr. Director of Finance as Treasurer

Mr. Tuohy then handed off to President Glass who asked for a motion to re-elect Robert Thomson, Sr. Director of Finance, as Treasurer. With a first motion by Mr. Dillinger, and a second by Mr. Goodwin, she asked Ms. Kalpakidis to take a roll call vote, and with all members stating "Aye," Mr. Thomson was re-elected Treasurer.

ORDINANCES, RESOLUTIONS, AND PUBLIC HEARING

None

OFFICIAL ACTIONS

INTRODUCTION AND APPROVAL OF THE INDIANAPOLIS AIRPORT AUTHORITY'S GENERAL AGENDA DATED January 17, 2025: President Glass described each item listed on the General Agenda.

President Glass called upon Keith Berlen, Sr. Director of Operations and Public Safety, to present for consideration and approval, **BP2025-01-01**, a service agreement contract for the PARCS Maintenance Agreement at Indianapolis International Airport to Evens Time in an amount not-to-exceed \$261,717.00 in 2025 and \$301,037.00 in 2026. Supplier diversity participation is WBE 100%. President Glass asked for a motion for approval for **BP2025-01-01**. A motion for approval was made by Mr. Goodwin and seconded by Mr. Dillinger. There being no discussion, President Glass asked Ms. Kalpakidis to take a roll call vote, and with all members stating, "Aye," approval was given to **BP2025-01-01**.

President Glass then called upon Jarod Klaas, Sr. Director of Planning and Development, to present for consideration and approval, **BP2025-01-02**, Amendment No. 1 with Woolpert, Inc. for Rehabilitation of Economy Parking Lot Pavement at Indianapolis International Airport in an amount not-to-exceed \$321,230.00 (fees and expenses). President Glass asked for a motion for approval for **BP2025-01-02**. A motion for approval was made by Mr. Gaither and seconded by Mr. Dozier. There being no discussion, President Glass asked Ms. Kalpakidis to take a roll call vote, and with all members stating, "Aye," unanimous approval was given to **BP2025-01-02**.

President Glass then called upon Mr. Klaas to present for consideration and approval, **BP2025-01-03**, the purchase of electrical equipment from ADB Safegate Americas LLC., for Runway 5L-23R. President Glass asked for a motion for approval for **BP2025-01-03**. A motion for approval was made by Mr. Goodwin and seconded by Mr. Schleter. There being no discussion, President Glass asked Ms. Kalpakidis to take a roll call vote, and with all members stating, "Aye," unanimous approval was given to **BP2025-01-03**.

STAFF REPORTS

a) **Executive Director's Report** – Mr. Rodriguez announced that he had submitted a written report including the following:

- I. Airport Business Top 40 Under 40
- II. Finalist, KultureCity Human Highlight Venue Awards

Other Reports/Updates

a.) Board Communications: Next Meeting: Friday, February 21, 2025, at 8:00 am.

ADJOURNMENT

Meeting adjourned at 8:11 am.

The January 17, 2025 Indianapolis Airport Board of Directors meeting is available to stream via the link:

Meeting Recording:

<https://zoom.us/rec/share/JZWISZDPwmF6MFiYAjRK5rr82kGeMsJRmaxoSI8ZJqlXjypaZkusiwmO-nZroee.9rhsDTeyiFjV023h?startTime=1737118802000>

Passcode: hRf1L&4x

INDIANAPOLIS AIRPORT AUTHORITY *

By: _____

Barbara Glass, President

DATED: February 21, 2025

By: _____

Mamon Powers III, Secretary

* Signed under the Authority of IAA Board Resolution #11-2021



BOARD MEMO- AMENDED AND RESTATED LEASE AGREEMENT – IMC

To: IAA Board of Directors

From: Marsha Wurster, Sr. Director of Commercial Enterprise

Date: January 3, 2025

Board Date: February 21, 2025

Subject: Amended and Restated Lease Agreement with AAR Aircraft Services, Inc. and IAA Board Resolution No. 01-2025

Background

AAR Aircraft Services, Inc. (AAR) entered into the current Lease Agreement in December 2020 (the “Restated Lease”), for the continuation of their aircraft maintenance, repair and overhaul services ("MRO"). AAR has performed these services at the Indianapolis Maintenance Center (IMC) facility since June 2004. The Term of the Restated Lease is for a period ending on February 28, 2025.

The Restated Lease was brought about by the request of AAR for reduced rental rates due to the Covid-19 pandemic and its effect on the MRO industry (reductions in aircraft maintenance due to reductions in air travel). In essence, the IAA agreed to a fifty percent (50%) rental rate reduction (Ex: Hangar square foot rental rate reduced from \$8.20 p.s.f. to \$4.10 p.s.f.).

In exchange for the reduction of the rental rates, and among other concessions by AAR to the IAA within the Restated Lease, the following were key elements of that negotiation:

- The Restated Lease continued with two extension term options of six (6) years and four (4) years, respectively. However, in the Restated Lease, AAR no longer had the option to extend the Lease Term at their sole discretion. In the Restated Lease, the option to extend the Lease was by mutual agreement.

Note: In all previous leases and amendments to leases, option term extensions were at AAR’s sole discretion.

- Reduction in leasehold space (hangar reduction).
- Elimination of the hangar activation/deactivation process.
- With respect to mutual agreement to exercise an extension term, the Restated Lease states in regard to Rentals, that “such rental terms shall be no lower than that amount which, when combined with other revenues expected from the facility (“IMC”), shall cover all expected operating and capital costs of operating the Facility during the Extension Term.”

Negotiations Associated with the First Extension Term

IAA and AAR began negotiations in April 2022 associated with the first Extension Term (six year term). The emphasis in this initial negotiation was for AAR to take over the entire responsibility of the IMC (operating and capital costs), including responsibility of the other IMC tenants and enter into a new land lease agreement with the IAA.

Ultimately, AAR made the decision that it did not want to take over the above stated responsibility(s) and since then, there have been many lease iterations attempted to bring negotiations to fruition. All of these iterations were deemed, by AAR, to be “too expensive” for them.

During a particular meeting between IAA and AAR, which included AAR CEO John Holmes, Mr. Holmes made the decision that financial terms and responsibilities could not be reached and sought a two-year extension which is designed to provide AAR with a sufficient amount of time to relocate its MRO operation to another City/Airport.

Negotiations Associated with a Two-Year Extension

Due to multiple changes needed within the current Restated Lease, Staff concluded a total rewrite of the lease would be necessary; therefore, the new lease is a new “Amended and Restated Lease Agreement”.

Highlights include:

- Two Year Term Extension beginning March 1, 2025 through February 28, 2027
- AAR leasehold will consist of:
 - Hangars 2A, 2B, 3B, 5A, 5B, 6A and 6B
 - Hangar 4A (AAR offices and storage space)
 - Machine Shop
 - Supply Building (portion thereof for aircraft parts inventory)
- AAR Termination Right: Should the Navy P-8 Program be terminated by AAR or the U.S. Navy, or no longer be viable to AAR or the U.S. Navy during the Term, AAR will have the right to terminate the Lease Agreement upon one hundred and twenty (120) days notice to the Authority.
- Rental Structure (see below)
- AAR to provide Authority with updates on its efforts and the status of such efforts, in finding a new location for their MRO operations, at the end of each calendar quarter, beginning with an initial report due on April 1, 2025.
- All other terms and conditions essentially remain the same in the Agreement, including but not limited to IAA will continue to maintain the IMC whether through the operating budget or capital budget with emphasis on minimalizing expenses.

Scope

Staff requests the IAA Board execute the Amended and Restated Lease Agreement with AAR Aircraft Services, Inc., for the extension of Term for a period of two years expiring on February 28, 2027.

Schedule

February 21, 2025: IAA Board approval of the Amended and Restated Lease Agreement with AAR.

March 1, 2025: Commencement of the two-year Term and new Rental Structure.

Revenue and/or Operating Cost Implications Revenue

Revenue:

The rental rate will continue as it is currently being charged through February 28, 2025. Hangars will be charged at \$4.10 p.s.f. Total AAR estimated 2024 annual revenue is approximately \$3.2M.

Beginning March 1, 2025, through February 28, 2027 (Two-Year Extension)

As mentioned on the first page of this Board Memo, AAR is responsible for making the IAA whole on IMC expenses. This calculation is further defined/shown below and includes adding operating expenses and capital amortization, less other IMC revenues, which result in the net amount AAR will have to pay the IAA. Staff will begin rental based upon the 2025 operating budget and current amortization of capital costs. In 2025, that annual estimate of AAR rental is \$5,777,552 (as noted below), an increase of approximately \$2.6M over 2024 AAR estimated revenues.

The annual operating expenses and possibly other revenues may be updated from time to time during the course of the two year term extension to incorporate information known or expected by Authority. When such updates or reforecasts are needed, a notice will be provided to AAR and the new Rental due will thereafter be reflected in the monthly billing cycle.

The Authority will conduct a “True-up” of actual Operating Costs and Amortized Capital Costs, and Other IMC Revenue received on a semiannual basis within 45 days of the end of each June and December. Any amount owed by AAR as a result of such True-up is to be paid within 15 days of the delivery of the true-up results.

Capital Amortization and Operating Costs:

Authority will continue to be responsible for utilities, all structural maintenance, repairs and replacements, and all air conditioning, electrical, heating, mechanical and plumbing systems as well as maintenance, repair, and recalibration of IAA owned tooling and equipment.

AAR Monthly Rental Rate Calculation

• 2025 Budgeted Operating Expenses	\$7,081,227
• 2025 IMC capital amortization	<u>\$321,080</u>
• Total gross IMC cost to recover	\$7,402,307
• LESS: Other IMC Revenues	<u>\$1,624,755</u>
• Total net IMC cost to recover	\$5,777,552
• AAR monthly estimated 2025 rental rate	\$481,463

Holding Over

Should AAR continue to use the Leased Premises after the expiration or earlier termination of the Lease Term (February 28, 2027), without Authority’s written approval, such holding over will not constitute a renewal or extension of the Lease and AAR will be deemed to hold the Premises as a tenant at will subject to all of the terms, conditions, covenants, and provisions of the Lease, except that AAR is required to pay the Authority 150% of the last current monthly installment of Rent for the first two (2) months and thereafter, the Rental will increase to 200% of the last monthly installment of the two-year term.

During such Holding Over period, either party can terminate the Lease on thirty (30) days written notice.

Recommendation

Consider for approval the Amended and Restated Lease Agreement with AAR Aircraft Services Inc. and Board Resolution No. 01-2025 for a term extension of two years commencing March 1, 2025, through February 28, 2027, therein allotting a sufficient amount of time for AAR to relocate its MRO operation.



**IAA Board Meeting
General Agenda
February 21, 2025**

General:

- BP2025-02-02** **Consider for approval** an FTZ Operator Amendment #2 and the issuance of a Grantee Sponsorship Letter with Sentry Logistic Solutions, Inc. to facilitate the expansion of its pharma storage and distribution facility in AmeriPlex Business Park.
- BP2025-02-03** **Consider for approval** the Tenth Amendment to Office Lease Agreement with Republic Airways Inc. for a term extension of five (5) years commencing April 1, 2025, through March 31, 2030.

Capital:

- BP2025-02-04** **Consider for approval** an award of contract for Runway 5L-23R North Parallel Runway Rehabilitation at Indianapolis International Airport (Project No. I- 25-040) to Milestone Contractors, L. P. in an amount not-to-exceed \$10,873,000.00 plus a 5% construction reserve of \$543,650.00 for a total of \$11,416,650.00. Milestone Contractors, L. P. was the lowest responsive and responsible bidder.
- BP2025-02-05** **Consider for approval** a Delegation of Authority to the IAA Executive Director to approve a Construction Contract for Airport Stormwater Management Facilities at Indianapolis Regional Airport.
- BP2025-02-06** **Consider for approval** the action items below for the Terminal Connected Airport Hotel at the Indianapolis International Airport (Project No. I-21-060).

Action 1: The overall project budget of \$205,850,000.00 and ratification of the project for bond funding in accordance with Supplemental Bond Ordinance No. 04-2024.

Action 2: Amendment No. 2 to the Construction Manager as Constructor Contract with Shiel Sexton Company, Inc. in an amount not-to-exceed \$155,000,000.00.

Action 3: The Amendment to the Marriott Franchise agreement.

Action 4: The Amended and Restated Hotel Management Agreement with Wischermann Partners, Inc., in an amount not-to-exceed \$1,044,000.00 in Technical Services Fees and \$3,515,747.00 in Pre-Opening Expenses.



Action 5: Amendment No. 5 for the Professional Services Contract with CHM Warnick, at a not-to-exceed amount of \$342,000.00 (fees and expenses).

Action 6: Amendment No. 2 for the Professional Services Contract with R-W Purchasing Partners, Inc. in an amount not-to-exceed \$212,570.00 in Purchasing Fees and a Purchasing Budget of \$11,690,743.62.

Action 7: Amendment No. 2 for the Professional Services Contract with Allbridge, LLC, in an amount not-to-exceed \$109,500.00 in IT Management/Design Fees and a Purchasing/Installation Budget of \$4,075,530.27.

Action 8: Amendment No. 5, time-only extension, to the Professional Services Contract with CSO, Inc.

Action 9: a Delegation of Authority to the Executive Director to approve amendments and adjustments to the contracts approved by the IAA Board in support of the hotel as long as such action does not exceed the IAA Board approved budget for the hotel project.



**BOARD MEMO – SENTRY LOGISTIC SOLUTIONS, INC.
FOREIGN TRADE ZONE (FTZ) AMENDMENT #2 & GRANTEE
SPONSORSHIP LETTER**

To: IAA Board of Directors

From: Marsha Wurster, Sr. Director of Commercial Enterprise

Date: January 24, 2025

Board Date: February 21, 2025

Subject: FTZ Operator Amendment #2 & Grantee Sponsorship Letter (GSL) with Sentry Logistic Solutions, Inc. (SLS)

Background

The FTZ currently has an Operating Agreement with Sentry Logistic Solutions, Inc. (SLS), which encompasses 81,570 square feet of state-of-the-art biotech cold storage facility in AmeriPlex Business Park. The facility is located on approximately 5.0 +/- acres at 4605 Decatur Boulevard, Indianapolis, IN 46241. This life sciences distribution facility employs 43 staff.

In 2023, SLS opened a second pharma storage and distribution facility at 13025 N. Executive Drive, Edinburgh, IN 46124. This 50,000 square-foot pharma distribution facility was built on 10.88 +/- acres and is staffed with 12 employees.

SLS is now requesting sponsorship to expand its initial FTZ site, located within AmeriPlex Business Park, due to strong customer demand for its services. The 52,500 square foot building expansion onto an adjoining parcel will encapsulate an additional 5.67 +/- acres in designated acreage. The new parcel's physical address is 4400 Kollman Road in Indianapolis. No new employees are expected to be added immediately.

Scope

Staff requests the IAA Board execute FTZ Operator Amendment #2 and issuance of a Grantee Sponsorship Letter with Sentry Logistics Solutions, Inc.

Schedule

January 24, 2025	GIFTZ Board reviewed SLS's request and recommended approval of FTZ sponsorship.
February 21, 2025	Upon approval, IAA Board execution of the FTZ Operator Amendment #2 and Grantee Sponsorship Letter with Sentry Logistic Solutions, Inc.

Revenue and/or Operating Cost Implications

Revenue:

Grantee fees are publicly posted in the Zone Schedule (FTZ rates & charges document).

Currently, SLS pays \$30,000.00 annually for grantee fees, which will remain unchanged after the newly expanded area is approved and activated.

Operating Cost:

Annual direct costs associated with the SLS Operating Agreement equate to \$5,200.00 to service this account.

Decision Making Process / Alternatives

- To execute Amendment #2 and issue the Grantee Sponsorship Letter, as requested by Sentry Logistic Solutions, Inc.
- To not execute Amendment #2 and not issue the Grantee Sponsorship Letter; however, this would leave Sentry Logistic Solutions, Inc., without sponsorship of their newly proposed expanded FTZ distribution site that is located within the Authority's FTZ service area.

Recommendation

Consider for approval an FTZ Operator Amendment #2 and the issuance of a Grantee Sponsorship Letter with Sentry Logistic Solutions, Inc. to facilitate the expansion of its pharma storage and distribution facility in AmeriPlex Business Park.



BOARD MEMO- TENTH AMENDMENT TO OFFICE LEASE AGREEMENT WITH REPUBLIC AIRWAYS INC.

To: IAA Board of Directors

From: Marsha Wurster, Sr. Director of Commercial Enterprise

Date: February 4, 2025

Board Date: February 21, 2025

Subject: Tenth Amendment to Office Lease Agreement with Republic Airways Inc.

Background

Republic Airways (formerly Chautauqua Airlines and Shuttle America) beginning in 2004, leased office space located in the former terminal building and has leased terminal space consistently thereafter. This office space is intended to support Republic's flight crews that operate regional jet flights on behalf of American, United, and Delta.

The current term of their Office Lease, consisting of 1,050 sq. ft., is due to expire on March 31, 2025. Republic Airways is seeking a five (5) year term renewal to this lease agreement.

Scope

Staff requests the IAA Board execute the Tenth Amendment to Office Lease Agreement with Republic Airways Inc. for the extension of Term for a period of five (5) years expiring on March 31, 2030.

Schedule

February 21, 2025: IAA Board approval of the Tenth Amendment to Office Lease Agreement with Republic Airways Inc.

Revenue:

Republic Airways pays the Signatory Terminal Rental Rate as established in IAA's General Ordinance. This rate will adjust annually.

CY2025: 1,050 sq. ft. @ \$124.67 p.s.f. = \$130,903.50 annual rental

Operating Costs:

For the IAA, there are no additional operating costs associated with this Tenth Amendment.

Recommendation

Consider for approval the Tenth Amendment to Office Lease Agreement with Republic Airways Inc. for a term extension of five (5) years commencing April 1, 2025 through March 31, 2030.



Indianapolis Airport Authority

BOARD MEMO – CONTRACT AWARD

To: IAA Board of Directors

From: Jarod Klaas, P.E., Senior Director of Planning & Development

Date: February 10, 2025

Board Date: February 21, 2025

Subject: Award Construction Contract to Milestone Contractors, L.P. for 5L-23R North Parallel Runway Rehabilitation at Indianapolis International Airport (Project No. I-25-040)

Background

In 2021, the Indianapolis Airport Authority (IAA) completed a rehabilitation of the northern parallel in advance of the southern parallel's reconstruction. Since that time, continuous monitoring on the northern parallel has identified the need to perform further rehabilitative measures on Runway 5L-23R and portions of Taxiway A and Taxiway B to correct surface distress caused by additional traffic and the age of the pavement.

The IAA is initiating this additional rehabilitative effort to maintain the pavements while more extensive planning and design strategies are being developed to determine the appropriate program for Runway 5L-23R and its supporting taxiways.

On January 21, 2025, the IAA staff received three (3) bids. The project contained a base bid and one (1) alternate bid. The bids for base bid and bid alternate ranged from \$10,974,696.00 to \$18,600,219.30. Milestone Contractors, L.P. was the lowest responsive and responsible bidder in the amount of \$10,873,000.00 for the base bid and \$101,696.00 for the bid alternate. To align the work with the available funding, this contract consists of the base bid.

In addition to the contract amount, IAA staff is requesting a construction reserve of 5% of the total contract amount for this project. A construction reserve has been previously approved by the IAA Board of Directors on other projects and successfully implemented to ensure timely approval of minor changes necessary due to unforeseen conditions and circumstances. There are sufficient dollars within this project's budget to accommodate the funding of a construction reserve. Change orders exceeding the construction reserve will be submitted to the IAA Board of Directors for approval.

Scope

Concrete panel replacement, edge/joint spall repairs, joint/crack cleaning and sealing, upgrading the runway and signage lighting to LED technology on Runway 5L-23R, and Runway Safety Area (RSA) grading improvements.

Budget

The Milestone Contractors, L.P. contract is \$10,873,000.00, which exceeds the approved 2025 Capital Budget for Runway 5L-23R Rehabilitation. Funding for this project will be accommodated through savings in other approved projects included in the 2025 Capital Budget.

This project is being undertaken to repair existing infrastructure integral to the continued operation of the airport.

<u>Runway 5L-23R Rehabilitation</u>		
Contract Amount (Base)	\$	10,873,000.00
Construction Reserve (5%)		543,650.00
Design (Includes Survey and Geotechnical)		908,573.00
Design Administration (Safety Risk Assessment)		33,000.00
Peer Review		18,900.00
Project Management (Augment)		150,100.00
Advertisements for Bid		411.00
Precured Material		817,850.23
Construction Administration (Estimate)		650,000.00
Construction Management (Includes Inspection + Testing)		1,315,295.24
Total Anticipated Project Cost	\$	15,310,779.47

This project will be 100% Airport cash funded.

Recommendation

The IAA Staff recommends the IAA Board of Directors consider for approval an award of contract for Runway 5L-23R North Parallel Runway Rehabilitation at Indianapolis International Airport (Project No. I- 25-040) to Milestone Contractors, L. P. in an amount not-to-exceed \$10,873,000.00 plus a 5% construction reserve of \$543,650.00 for a total of \$11,416,650.00. Milestone Contractors, L. P. was the lowest responsive and responsible bidder.



Indianapolis Airport Authority

BOARD MEMO – DELEGATION OF AUTHORITY

To: IAA Board of Directors

From: Jarod Klaas, P.E., Senior Director of Planning & Development

Date: January 22, 2025

Board Date: February 21, 2025

Subject: Delegation of Authority to approve a Construction Contract for Airport Stormwater Management Facilities at Indianapolis Regional Airport (C-25-035)

Background

This project will create a regional stormwater facility at Indianapolis Regional Airport (MQJ) to meet detention and water quality requirements in the Indian Creek Watershed, thereby allowing for additional hangars, apron areas, and parking lots.

On November 20, 2024, the Senior Director of Planning and Development approved a task order with Wessler Engineering through their 2024 On-Call Environmental Professional Services Contract to develop plans and specifications for bidding Airport Stormwater Management Facilities at Indianapolis Regional Airport.

On December 10, 2024, the Indianapolis Airport Authority (IAA) Executive Director approved plans and specifications prepared by Wessler Engineering and authorized the public bidding process for Airport Stormwater Management Facilities at Indianapolis Regional Airport.

On January 6, 2025, the IAA staff received 6 bids; one bid was deemed non-responsive. The project contained a base bid and one additive alternate. To align the work with the available funding, the contract will consist of the base and alternate. The bids for base and alternate ranged from \$2,426,716.00 to \$3,575,555.00. The bids are still under review.

In order to maintain the schedule of the project, the IAA staff is requesting the IAA Executive Director be given a Delegation of Authority to execute and award a construction contract for Airport Stormwater Management Facilities at Indianapolis Regional Airport.

Scope

This project will create a regional stormwater facility to meet detention and water quality requirements in the Indian Creek Watershed.

Budget

The construction contract ranges from \$2,426,716.00 to \$3,575,555.00, which is within the approved 2025 Capital Budget.

This project will be 100% Airport cash funded.

Schedule

The contract award is anticipated in February 2025, with an expected completion date of October 31, 2025.

Recommendation

The IAA Staff recommends the IAA Board of Directors consider for approval a Delegation of Authority to the IAA Executive Director to approve a Construction Contract for Airport Stormwater Management Facilities at Indianapolis Regional Airport.



BOARD MEMO – CONTRACT AWARDS

To: IAA Board of Directors

From: Jonathan Weinzapfel, General Counsel

Date: February 14, 2025

Board Date: February 21, 2025

Subject: Approval of multiple contracts for the Terminal Connected Airport Hotel at the Indianapolis International Airport (Project No. I-21-060)

Background

A Terminal Connected Airport Hotel sited for the west side of the existing Terminal Parking Garage at Indianapolis International Airport (Hotel) has been contemplated since the original planning of the new midfield Terminal complex in the early 2000s. The Indianapolis Airport Authority (IAA) has considered several initiatives to develop such a hotel over the past several years. In 2021, the IAA Board of Directors (IAA Board) directed the IAA staff to determine the scope and financial feasibility of a new IAA-owned hotel.

On November 18, 2022, the IAA Board approved a contract with CSO, Inc. (CSO) to develop Schematic-level drawings/narratives for the hotel, which included architectural, civil, structural, mechanical, electrical, and interior design services. These services were defined as the Initial Phase (Phase 1) of their professional services contract.

On May 19, 2023, the IAA Board approved a contract with the CSO to develop schematics for the Hotel and directed IAA staff to hire a Hotel Operator and Construction Manager as Contractor (CMc) to develop the programming and a Guaranteed Maximum Price (GMP) for construction of a 250-room project. Subsequently, the IAA Board approved contracts with Shiel Sexton Company, Inc. (Shiel) to serve as the CMc, Wischermann Partners, Inc. (Wischermann) to serve as the hotel Operator, and The Louderback Group, LLC (TLG) to serve as the hotel consultant. Furthermore, the IAA Board approved a franchise agreement to brand the Hotel as a Marriott Westin.

Through the leadership of IAA Board President Barbara Glass and IAA Finance and Auditing Committee Chairman Toby McClamroch, the IAA staff, in collaboration with its consultant team, developed a total project budget for the Hotel of approximately \$205 million. A thorough and robust value engineering was undertaken and strategies to reduce construction risk were employed.

On March 15, 2024, the IAA Board approved contract amendments with CSO, Shiel, Wischermann and TLG to facilitate the additional work needed and a contract extension of time to fully develop the design of the hotel and to bid a majority of the work to provide certainty to the GMP.

With all design/consultant team members working towards a fully designed hotel within the newly established budget, final construction documents and associated estimates were completed at the end of August 2024. The team then reviewed the documents and made appropriate changes/updates prior to bidding in October/November. Shiel received bids on November 21st, December 12th and December 17th. The bids received along with other estimated items including insurance, staffing, general requirements, etc. are included in the recommended GMP for approval.

The overall established project budget requested by staff is \$205,850,000.00. The budget includes the following services: Construction Manager as Constructor (CMc), Design, Purchasing of FF&E and OS&E, Inspection, Testing, Owner's Representation, Asset Manager, Commissioning Agent, IT Integrator, Operator Pre-Opening and other services required to design/build/inspect/furnish/operate the Terminal Connected Airport Hotel project prior to opening.

Scope

The scope of each action item is as follows:

Action 1: Project Budget

The overall project budget has been established and ratification of the project for bond funding in accordance with Supplemental Bond Ordinance No. 04-2024 will be required.

Action 2: Amendment No. 2 – Shiel Sexton Company, Inc. – the Construction Manager as Constructor Contract amendment with Shiel provides a Guaranteed Maximum Price to manage and construct the IND Hotel at the Indianapolis International Airport.

Action 3: Amendment to Westin Franchise Agreement – on September 20, 2023, the IAA and Marriott International, Inc. ("Marriott") executed the Westin Franchise Agreement ("Agreement"). With the assistance of bond counsel, IAA staff and Marriott legal counsel have negotiated an amendment to ensure that the Agreement does not result in a private business use of the Hotel within the meaning of the Internal Revenue Code of 1986 and Treasury Regulations thus jeopardizing tax-exempt financing of the hotel.

Action 4: Amended and Restated Hotel Management Agreement – Wischermann Partners, Inc. – on September 15, 2023, the IAA Board approved a Hotel Management Agreement with Wischermann to serve as the operator of the hotel. Many of the financial terms in the initial contract were left unaddressed, pending a decision to move forward with the project. Subsequently, with the engagement of bond counsel and in consultation with the asset manager, the following terms were negotiated: five (5) year initial term with two five (5) year renewals; a base management fee of three percent (3%) of total revenues; and an incentive management fee of one percent (1.0) of total revenues assuming that Wischermann meets the highest Marriott guest satisfaction rating and that total revenues exceed projections by at least five percent (5%). In short, Wischermann cannot earn the incentive fee unless additional revenue is generated to pay for it. In addition, IAA Staff negotiated a Cash Management Agreement with Wischermann to define how hotel-related funds will be managed and the respective rights and duties of both

Wischermann and the IAA.

Action 5: Amendment No. 2 – CHM Warnick – the Professional Services Contract amendment with CHM Warnick provides additional asset management services through the opening of the hotel in late 2027. Asset management services include assisting in ensuring the hotel is designed and built according to brand standards; advising pre-opening sales, marketing and public relations efforts; reviewing operator proposed staffing and budgets; and reviewing the purchase of supplies and equipment.

Action 6: Amendment No. 2 – R-W Purchasing Partners, Inc. – the Professional Services Contract amendment with RW Purchasing provides additional Purchasing Agent services through the opening of the hotel in late 2027. Purchasing Agent services include public bidding procurement of Furniture, Fixtures and Equipment (FF&E) and Operating Supplies and Equipment (OS&E), sourcing qualified vendors, inventory management, warehousing management and installation of procured items.

Action 7: Amendment No. 2 – Allbridge, LLC – the Professional Services Contract amendment with Allbridge, LLC provides additional IT Integrator services through the opening of the hotel in late 2027. IT Integrator services include design, public bidding procurement of IT equipment & installation, achieving Marriott approvals and required performance standards, and scheduling the installation of the work with the CMc.

Action 8: Amendment No. 5 – CSO, Inc. – the Professional Services Contract amendment with CSO, Inc. provides a time-only extension to their contract. The time-only extension includes architectural and engineering services for the project through the opening of the hotel and the one-year warranty period.

Action 9: Delegation of Authority – the Executive Director of the Indianapolis Airport Authority shall have authority to amend and adjust the contracts approved by the IAA Board of Directors related to the hotel project as long as such action does not exceed the overall IAA Board approved budget.

Additionally, contracts for owner materials testing and inspection and for a facility commissioning agent will be brought forward at a subsequent Board meeting. However, these costs are included within the \$205,850,000.00 budget provided to the Board.

Budget

- Action 1:** The overall project budget has been established as \$205,850,000.00
- Action 2:** The Shiel Sexton Company, Inc. Construction Manager as Constructor Guaranteed Maximum Price Amendment is not-to-exceed \$155,000,000.00, which is accommodated in the overall project budget.
- Action 3:** This Amendment to the Franchise Agreement does not include an increase in fees.
- Action 4:** The Wischermann Partners, Inc. Amended and Restated Hotel Management Agreement is not-to-exceed \$1,044,000.00 in Technical Services Fees and \$3,515,747.00 in Pre-Opening Expenses which is accommodated in the overall project budget.
- Action 5:** The CHMWarnick Professional Services Contract Amendment No. 2 is not-to-exceed \$342,000.00 which is accommodated in the overall project budget.
- Action 6:** The R-W Purchasing Partners, Inc. Professional Services Contract Amendment No. 2 is not-to-exceed \$212,570.00 in Purchasing Fees and a Purchasing Budget of \$11,690,743.62 to procure FF&E and OS&E. Purchasing Fees and Purchasing Budget are accommodated in the overall project budget.
- Action 7:** The Allbridge, LLC Professional Services Contract Amendment No. 2 is not-to-exceed \$109,500.00 in IT Management/Design Fees and a Purchasing/Installation Budget of \$4,075,530.27. IT Management/Design Fees and Purchasing/Installation Budget are accommodated in the overall project budget.
- Action 8:** This Amendment to the Professional Services Contract does not include an increase in fees.
- Action 9:** This Delegation of Authority does not include an increase in fees and nor does it permit an increase in the overall budget of the hotel project.

Recommendation

Action 1: The IAA Staff recommends approval of the overall project budget of \$205,850,000.00 and ratification of the project for bond funding in accordance with Supplemental Bond Ordinance No. 04-2024.

Action 2: The IAA Staff recommends that the IAA Board of Directors consider for approval Amendment No. 2 to the Construction Manager as Constructor Contract with Shiel Sexton Company, Inc. for the Terminal Connected Airport Hotel at the Indianapolis International Airport in an amount not-to-exceed \$155,000,000.00.

Action 3: The IAA Staff recommends that the IAA Board of Directors consider for approval the Amendment to the Marriott Franchise agreement.

Action 4: The IAA Staff recommends that the IAA Board of Directors consider for approval Amended and Restated Hotel Management Agreement with Wischermann Partners, Inc. for the Terminal Connected Airport Hotel at the Indianapolis International Airport, in an amount not-to-exceed \$1,044,000.00 in Technical Services Fees and \$3,515,747.00 in Pre-Opening Expenses.

Action 5: The IAA Staff recommends that the IAA Board of Directors consider for approval Amendment No. 2 to the Professional Services Contract with CHM Warnick for the Terminal Connected Airport Hotel at the Indianapolis International Airport, at a not-to-exceed amount of \$342,000.00 (fees and expenses).

Action 6: The IAA Staff recommends that the IAA Board of Directors consider for approval Amendment No. 2 to the Professional Services Contract with R-W Purchasing Partners, Inc. for the Terminal Connected Airport Hotel at the Indianapolis International Airport, in an amount not-to-exceed \$212,570.00 in Purchasing Fees and a Purchasing Budget of \$11,690,743.62.

Action 7: The IAA Staff recommends that the IAA Board of Directors consider for approval Amendment No. 2 to the Professional Services Contract with Allbridge, LLC for the Terminal Connected Airport Hotel at the Indianapolis International Airport, in an amount not-to-exceed \$109,500.00 in IT Management/Design Fees and a Purchasing/Installation Budget of \$4,075,530.27.

Action 8: The IAA Staff recommends that the IAA Board of Directors consider for approval Amendment No. 5, time only extension, to the Professional Services Contract with CSO, Inc. for the Terminal Connected Airport Hotel at the Indianapolis International Airport.

Action 9: The IAA Staff recommends that the IAA Board of Directors consider for approval a Delegation of Authority to the Executive Director to approve amendments and adjustments to the contracts approved by the IAA Board in support of the hotel as long as such action does not exceed the IAA Board approved budget for the hotel project.