



Agenda
Indianapolis Airport Authority
September 19, 2014
8:30 AM

I. Call to Order

II. Approval of Minutes of the Pre-Board and Regular Meeting of August 15, 2014

III. Ordinances, Resolutions and Public Hearings

Consider for approval adoption of **Resolution No. 10-2014** amending and replacing the existing Investment Policy.

IV. Board Reports

President's Report

V. Official Actions

Consider for approval the individual items listed on the IAA General Agenda dated September 19, 2014.

VI. Staff Reports

Executive Director Report

VII. Other Reports/Update

VIII. Board Communications

Next Meeting: Friday, October 17, 2014 @ 8:30 a.m.

IX. Adjourn

MINUTES
Board of Directors Meeting
Indianapolis Airport Authority

The Regular Meeting of the Indianapolis Airport Authority Board was called to order at 8:46 a.m., August 15, 2014, in the Airport's Board Room at the Indianapolis International Airport.

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

Michael W. Wells, President
Kelly J. Flynn, Vice President
Alfred Bennett, Secretary
Jean Wojtowicz, Member
Jack T. Morton, Jr., Member
Karen Caswelch, Member
Dr. Philip C. Borst, Member
Lynn T. Gordon, Advisory Member

Rex M. Joseph, Jr., IAA Board Counsel

IAA executive staff attending:

Mario Rodriguez, Executive Director
Robert A. Duncan, Deputy Executive Director
Mike Medvescek, Sr. Director of Operations
Marsha Stone, Sr. Director of Commercial Enterprise
Shannetta Griffin, Sr. Director of Planning & Development
Joseph Heerens, General Counsel
Robert Thomson, Sr. Director of Finance
Jamie Leap, Sr. Administrative Assistant/Recording Secretary

APPROVAL OF MINUTES

Upon a motion by Mr. Flynn, seconded by Ms. Caswelch and unanimously passed, approval was given to the Minutes of both the Pre-Board and Regular Meetings of July 18, 2014.

ORDINANCES, RESOLUTIONS AND PUBLIC HEARINGS

President Wells opened the public hearing and described General Ordinance No. 4-2014, concerning the 2015 Indianapolis Airport Authority Budget. President Wells asked if there were any comments or testimony. There being none, he asked for a motion. Upon a motion by Mr. Bennett, seconded by Ms. Wojtowicz and unanimously passed, approval was given to General Ordinance No. 4-2014.

President Wells opened the public hearing and described General Ordinance No. 5-2014, consolidating and restating Master Bond Ordinance No. 4-2002 as amended. President Wells asked if there were any comments or testimony. There being none, he asked for a motion. Upon a motion by Mr. Flynn, seconded by Ms. Wojtowicz and unanimously passed, approval was given to General Ordinance No. 5-2014.

President Wells opened the public hearing and TEFRA hearing and described General Ordinance No. 6-2014, a Supplemental Ordinance of the Indianapolis Airport Authority authorizing the issuance and sale of one or more series of additional revenue bonds of said Authority, to be designated as "Indianapolis Airport Authority Refunding Airport Revenue Bonds". President Wells introduced Mr. Robert Thomson, Senior Director of Finance, who provided a brief presentation on this ordinance and the bonds. President Wells asked if there were any other comments or testimony. There being none, he asked for a motion. Upon a motion by Ms. Wojtowicz, seconded by Mr. Bennett and unanimously passed, approval was given to General Ordinance No. 6-2014.

President Wells described Resolution No. 8-2014, dedicating revenues collected from Passenger Facility Charges and Customer Facility Charges. Upon a motion by Ms. Wojtowicz, seconded by Ms. Caswelch and unanimously passed, approval was given to Resolution No. 8-2014.

President Wells described Resolution No. 9-2014, authorizing the sale of IAA and IMC inventoried items via public auction. Upon a motion by Mr. Flynn, seconded by Dr. Borst and unanimously passed, approval was given to Resolution No. 9-2014.

BOARD REPORTS

President's Report

President Wells shared his appreciation of the recent reports indicating that passenger numbers at the Indianapolis International Airport had increased by approximately three percent (3%).

OFFICIAL ACTIONS

INTRODUCTION AND APPROVAL OF THE INDIANAPOLIS AIRPORT AUTHORITY'S GENERAL AGENDA, DATED August 15, 2014: President Wells introduced and then verbally described each of the individual items listed on the General Agenda, after which he asked for separate motions of approval, as follows:

BP2014-08-1. Upon a motion by Mr. Flynn, seconded by Mr. Morton and unanimously passed, approval was given to BP2014-08-1.

BP2014-08-2. Upon a motion by Mr. Bennett, seconded by Ms. Caswelch and unanimously passed, approval was given to BP2014-08-2.

BP2014-08-3. Upon a motion by Mr. Morton, seconded by Mr. Bennett and unanimously passed, approval was given to BP2014-08-3.

BP2014-08-4. Upon a motion by Mr. Flynn, seconded by Ms. Caswelch and unanimously passed, approval was given to BP2014-08-4.

BP2014-08-5. Upon a motion by Ms. Wojtowicz, seconded by Ms. Caswelch and unanimously passed, approval was given to BP2014-08-5.

BP2014-08-6. Upon a motion by Mr. Flynn, seconded by Mr. Morton and unanimously passed, approval was given to BP2014-08-6.

BP2014-08-7. Upon a motion by Mr. Flynn, seconded by Mr. Bennett and unanimously passed, approval was given to BP2014-08-7 (pertaining to the award of a contract).

ADDITIONAL ACTION ITEM FOR BP2014-08-7. Upon a motion by Ms. Caswelch, seconded by Mr. Morton and unanimously passed, approval was given to BP2014-08-7 (pertaining to the approval of an amendment to a professional services agreement).

BP2014-08-8. Upon a motion by Mr. Morton, seconded by Mr. Bennett and unanimously passed, approval was given to BP2014-08-8.

BP2014-08-9. Upon a motion by Mr. Flynn, seconded by Mr. Morton and unanimously passed, approval was given to BP2014-08-9.

STAFF REPORTS

Executive Director Report

Mr. Rodriguez reported that the IAA recently received the Accessibility Award from the Mayor's Advisory Council on Disability for the exceptional contribution of the Airport in eliminating barriers to access for people with disabilities.

Mr. Rodriguez also provided a brief report on the recent XBE Outreach event attended by approximately 80 participants. This event provided an opportunity for minority, women and veteran owned businesses learn about the Airport and upcoming projects or other business opportunities.

ADJOURNMENT

President Wells announced that the next IAA Board meeting is scheduled for September 19, 2014. There being no further business, the meeting was adjourned at 9:02 a.m.

INDIANAPOLIS AIRPORT AUTHORITY *

By: _____
Michael W. Wells, President

By: _____
Alfred R. Bennett, Secretary

DATED: _____

* Signed under authority of IAA Board Resolution #6-2013



BOARD MEMO - INVESTMENT POLICY

To: IAA Board of Directors
From: Jean Wojtowicz, Finance and Audit Committee Chair
Date: September 12, 2014
Board Date: September 19, 2014
Subject: IAA Investment Policy - Amendment

Background

On September 18, 2009, the IAA Board adopted Resolution 12-2009, an investment policy that detailed the Authority's permitted investments. These investments are consistent with Indiana Code 5-13-9. On June 18, 2010, the IAA Board adopted Resolution 10-2010, an amended investment policy as a result of an annual review of the policy and the passage of HEA1336 which modified permitted investments under IC 5-13-9. On April 15, 2011, the IAA Board adopted Resolution 8-2011, an amended investment policy as a result of an annual review of the policy. On April 20, 2012, the IAA Board adopted Resolution 1-2012, an amended investment policy as a result of an annual review of the policy and the passage of HEA191 which modified permitted investments under IC 5-13-9. On March 15, 2013, the IAA Board adopted Resolution 5-2013, an amended investment policy as a result of the annual review of the policy.

As part of an ongoing review of the Authority's investment policy and the passage of SEA 332, the following change has been recommended by the IAA Treasurer:

The Authority's policy currently specifies that the Authority may invest in securities fully guaranteed and issued by the International Bank for Reconstruction and Development and the African Development Bank. SEA 332 requires the removal of both of these financial institutions as they are no longer approved issuers of investments. SEA 332 has approved securities fully guaranteed and issued by supranational issuers having the highest investment credit ratings by at least two (2) nationally recognized credit rating agencies. This amendment would permit the Authority to invest its funds pursuant to this statutory change.

Current Status

As part of the annual review of the investment policy and at the recommendation of the IAA Treasurer, the Finance and Audit Committee recommends the adoption of Resolution 10-2014, which would result in the aforementioned changes.

This change will provide for the ability to (1) increase its expected interest earnings and (2) better diversify the Authority's investment portfolio without increasing the risk profile of the Authority's investments.

Recommendation

The Finance and Audit Committee recommends that the Board adopt Resolution No. 10-2014 amending and replacing the existing Investment Policy, effective September 19, 2014.

**RESOLUTION NO. 10-2014
INDIANAPOLIS AIRPORT AUTHORITY INVESTMENT POLICY**

WHEREAS, the Indianapolis Airport Authority (“Authority”) is authorized to appoint a Treasurer under Indiana Code section 8-22-3-20; and

WHEREAS, Indiana Code section 8-22-3-20 directs the Treasurer to deposit money in accordance with Indiana Code chapter 5-13-6 and allows investments in accordance with Indiana Code chapter 5-13-9; and

WHEREAS, the Authority desires to have deposits invested according to an investment policy that will be managed by the Treasurer; and

WHEREAS, the Authority is authorized to employ a treasurer under Indiana Code section 8-22-3-20, who shall have all the duties, powers, and responsibilities described therein and in the New Policy (hereinafter defined); and

WHEREAS, the Authority previously adopted Resolution No. 5-2013 on March 15, 2013, which adopted the Indianapolis Airport Authority Investment Policy (“Original Policy”); and

WHEREAS, the Authority desires to replace the Original Policy with an amended and restated investment policy to reflect changes recommended by the Authority’s Finance and Audit Committee;

NOW, THEREFORE, BE IT RESOLVED, that the Authority does hereby:

(1) Adopt the new Indianapolis Airport Authority Investment Policy (“New Policy”), dated September 19, 2014, which is attached hereto as “Attachment I” and incorporated herein by reference.

APPROVED this 19th day of September, 2014, at the regularly convened meeting of the Board of Directors of the Indianapolis Airport Authority.

INDIANAPOLIS AIRPORT AUTHORITY*

By: _____
Michael W. Wells, President

Attest: _____
Alfred R. Bennett, Secretary

*Signed under authority of IAA Board Resolution 10-2009

CERTIFICATE OF AUTHENTICITY

I, Alfred R. Bennett, Secretary of the Indianapolis Airport Authority Board of Directors, hereby certify that the foregoing is a true and correct copy of Resolution No. 10-2014 adopted by the Indianapolis Airport Authority Board on the 19th day of September, 2014.

Alfred R. Bennett, Secretary

Indianapolis Airport Authority

Investment Policy

1.0 Policy:

It is the policy of the Indianapolis Airport Authority (“Authority”) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Authority and conforming to all state/local statutes governing the investment of public funds. In general, Authority investments must comply with IC 5-13-9 and Indiana Statute overrides any conflicting information in this policy.

2.0 Scope:

This Investment Policy Statement applies to the investment of all public funds by the Treasurer of the Authority or any designated representative thereof. These funds are accounted for in the Authority Comprehensive Annual Financial Report and include:

1. Unrestricted balances
2. Restricted balances

3.0 Prudence:

Investments shall be made with judgment and care—under circumstances then prevailing—which persons of prudence, discretion and intelligence acting in a similar capacity exercise in the management of funds for a similar type organization.

4.0 Objective:

The primary objectives, in priority order, of the Authority investment activities shall be:

1. Preservation of assets
2. Liquidity
3. Yield

4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

4.2 Liquidity: The Authority investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investments: The Authority investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the Authority investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority:

The Authority shall manage the Authority's investments per IC 8-22-3-20 and IC 5-13-9. Management shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials, including those identified below.

Responsibility for the investment program is hereby delegated to:

1. Authority Board-Appointed Treasurer
2. Authority Board-Appointed Assistant Treasurer

6.0 Ethics and Conflicts of Interest:

The Authority's officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 Authorized Financial Dealers and Institutions:

No public deposit shall be made except in a qualified public depository as established by state laws. The Treasurer will maintain a list of such qualified institutions.

Prior to making an initial deposit with a qualified institution, the Treasurer will obtain the institution's most recent Tier 1 risk-based capital ratio report. The Authority will not make an initial deposit with an institution whose Tier 1 risk-based capital ratio is less than 6%.

The Treasurer also will maintain a list of financial institutions authorized to provide investment services and a list of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Indiana. These may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following: proof of National Association of Security Dealers certification, proof of state registration, and certification of having read entity's investment policy and depository contracts.

An annual review of qualified firms will be conducted by the Treasurer. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the Authority invests funds. The Treasurer will obtain Tier 1 risk-based capital ratio reports from all depositories with whom the Authority has deposits no less than quarterly. The Treasurer will report to the Authority's Finance and Audit Committee if any institution's ratio falls below 6%.

8.0 Authorized & Suitable Investments:

The Authority is empowered by statute to enter into the following types of investments per IC 5-13-9.

8.1 Securities: The Authority is empowered by statute to invest funds per IC 5-13-9 in the following types of securities:

(1) Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:

- (A) The United States Treasury.
- (B) A federal agency.
- (C) A federal instrumentality.
- (D) A federal government sponsored enterprise.

(2) Securities fully guaranteed and issued by any of the following:

- (A) A federal agency.
- (B) A federal instrumentality.
- (C) A federal government sponsored enterprise.
- (D) Supranational issuers having the highest investment credit rating by at least two (2) nationally recognized credit rating agencies

(3) Investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).

(A) Such investments may not exceed fifty percent (50%) of the funds held by the Authority and available for investment.

(B) Such investments shall be made through depositories designated by the State Board of Depositories as depositories for state deposits under IC 5-13-9.5.

(C) The portfolio of such investments must be limited to the following:

(1) Direct obligations of the United States.

(2) Obligations issued by any of the following:

- (a) A federal agency.
- (b) A federal instrumentality.
- (c) A federal government sponsored enterprise.

(3) Repurchase agreements fully collateralized by obligations described in subdivision (1) or (2).

(D) the form of securities in such investments must be rated either:

(1) AAAM, or its equivalent, by Standard and Poor's Corporation or its successor.

(2) Aaa, or its equivalent, by Moody's Investors Service, Inc. or its successor.

(4) Funds may be invested in deposit accounts offered by a designated depository approved by the State Board of Depositories, or fully collateralized repurchase or resale agreements with such approved depositories. (IC 5-13-4-7)

(5) Municipal securities issued by an Indiana local governmental entity, a quasi-governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, if the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the date of the purchase.

8.2(a) Certificates of Deposit: Per IC 5-13-9-4, the investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository (any financial institution designated by the State Board of Depositories as depositories for state funds per IC 5-13-9.5) will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. A deposit made under this subsection shall be placed in the designated depository quoting the highest rate of interest. If more than one (1) depository submits a quote of the highest interest rate quoted for the investment, the deposit may be placed in any or all of the designated depositories quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's discretion.

If all of the designated depositories of a political subdivision decline to issue or receive any deposit account, or to issue or receive the deposit account at a rate of interest equal to the highest rate being offered other investors, investments may be made in the deposit accounts of any financial institution designated for state deposits as a depository by the State Board of Depositories under IC 5-13-9.5.

8.2(b) Syndicated Certificates of Deposit: Per IC 5-13-9-5.3, the investing officer may invest funds in a syndicated certificate of deposit if (1) the investing officer initially invests funds with an approved depository, (2) the depository arranges for deposit of the funds in one or more federally insured financial institutions, (3) the full amount of funds on deposit with each financial institution is insured by a federal deposit insurance agency, (4) the depository

acts as custodian of the funds, and (5) the depository receives an amount of insured deposits at least equal to the amount of funds invested by the investing officer.

8.3 Repurchase Agreements: Repurchase agreements, including standing repurchase agreements, commonly known as sweep accounts, must be with depositories designated by the State Board of Depositories as depositories for state funds per IC 5-13-9.5. A repurchase agreement may only be for securities which are issued or fully insured or guaranteed by the United States, a United States government agency, an instrumentality of the United States, or a federal sponsored enterprise. The depository shall determine daily that the repurchase agreements are fully collateralized base on the market value of securities, and the depository shall deliver additional securities to make the agreement collateralized to the required level. .

8.4 Forward Purchase Agreements: The Authority may enter into agreements to purchase securities at a fixed rate or indexed rate over a contractual period not to exceed (30) thirty-years, forward purchase agreements (“FPAs”). The Authority may only agree to receive securities specified in sections 8.1(1) and 8.1(2) of this policy under an FPA. Such securities must mature no later than five (5) years after the delivery date of said securities to the Authority.

8.5 Securities Lending: The Authority is authorized by IC 5-13-9-3.5(c) to lend securities provided that such an agreement is collateralized by either cash or interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States government, a federal instrumentality, or a federal government sponsored enterprise in excess of the total market value of the loaned securities. Notwithstanding section 8.5, the Treasurer shall notify the Authority’s Finance and Audit Committee (as established by the Authority Board) prior to engaging in any securities lending.

8.6 Joint Investment Funds and Investment Pools: The Authority may invest in a joint investment fund with one or more political subdivisions located within the county by entering into a written master agreement that defines the rights and obligations of the participating political subdivisions per IC 5-13-9-10. The Authority must have the investing officer serve on the administering board of the fund. The administrator of the investment fund must be registered as an investment adviser with the United States Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (15 U.S.C. 80a-9 et seq.), with public funds under management in the amount of at least one hundred million dollars (\$100,000,000).

The Authority may invest in a local government investment pool established within the office of the treasurer of state per IC 5-13-9-11 and administered by the treasurer of state or another local government investment pool established under IC 36-1-7.

8.7 Other Investments: The Authority is authorized to make any other investment permitted by IC 5-13-9. Notwithstanding section 8.7, the Treasurer shall notify the Authority's Finance and Audit Committee prior to investing in any investment not specifically allowed in sections 8.1, 8.2, 8.3, 8.4, or 8.6.

9.0 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the Authority shall be conducted either (1) on a delivery-versus-payment (DVP) basis or (2) on a cash basis with an approved broker-dealer. Securities purchased on a DVP basis will be held by a third party custodian designated by the Treasurer and evidenced by a monthly statement. Securities purchased on a cash basis will be held in a safekeeping account with the approved broker-dealer and evidenced by a monthly statement.

10.0 Diversification:

Maturities shall be time diversified over a schedule determined by known liabilities and/or to achieve a target duration or weighted average maturity for the portfolio based on the judgment of the Treasurer.

The Authority may invest available deposits subject to the following restrictions:

<i>Security</i>	<i>Percent of Portfolio Eligible</i>
Deposit Accounts	100%
U.S. Treasuries	100%
Government Agencies	100%
Government Sponsored Enterprises	100%
<i>No more than 50% in a single GSE</i>	
Money Market Mutual Funds	50%
<i>No more than 25% in a single fund</i>	
Certificates of Deposit	25%
Repurchase Agreements	100%
Forward Purchase Agreements	50%
Investment Pools	25%
Municipal Securities	100%
<i>No more than 15% in a single issuer</i>	
<i>No more than 5% aggregately with:</i>	
<i>(1) issuers that are unrated or</i>	
<i>(2) issuers that are rated below investment grade</i>	

For purposes of this policy, the following bonds, if not rated, shall be deemed investment grade: (a) bonds that are secured by lease payments of school corporations payable by the collection of ad valorem property taxes and is further subject to the State Intercept Program and (b) bonds that are secured by a utility that is regulated by the Indiana Utility Regulatory Commission and is required to set rates at a sufficient level to pay debt service.

11.0 Maximum Maturities:

To the extent possible, the Authority will attempt to match its investments with anticipated cash flow requirements. The Authority will not directly invest in securities maturing more than five (5) years from the date of purchase per IC 5-13-9-5.6 and IC 5-13-9-5.7. However, no more than twenty-five percent (25%) of the Authority's funds shall be invested in securities that mature more than two years from the date of purchase.

12.0 Reporting and Record Keeping:

The Treasurer or the highest ranking Authority staff person acting in a Treasury capacity shall provide quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include investment performance, comments on the fixed income markets and economic conditions, compliance issues, possible changes in the portfolio structure and thoughts on investment strategies.

Schedules in the quarterly report should include the following:

1. A listing of individual securities held at the end of the reporting period
2. Average life and final maturity of all investments
3. Coupon, discount or earnings rate
4. Par value, Amortized Book Value and Market Value
5. Percentage of the Portfolio represented by each investment category

The Authority shall keep thorough records of all investment activity, including monthly interest reports, trade data, and account statements and maintain such records in accordance with Indiana records retention requirements.

The Treasurer shall submit an annual investment report to the Marion County Board of Finance per IC 5-13-7-7.

13.0 Definitions

Government Agency is an institution established by and controlled by the Federal Government of the United States. Examples of an agencies are: the Tennessee Valley Authority, Government National Mortgage Association (Ginnie Mae), Small Business Administration, and United States Agency for International Development.

Government Instrumentality is, for purposes of this policy, the same as a Government Sponsored Enterprise.

Government Sponsored Enterprise is a privately held corporation with public purposes created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy. Examples of GSEs for purposes of this policy include: Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), Federal Agricultural Mortgage Corporation (Farmer Mac), Federal Farm Credit Bank, and the Resolution Funding Corporation.

14.0 Expiration of Policy:

This policy shall have an initial expiration of December 31, 2015. The Board may extend this policy for a term not exceeding four years from the date of adoption.

15.0 Policy Approval/Revision History:

Adopted: September 18, 2009
Amended: June 18, 2010
Amended: April 15, 2011
Amended: April 20, 2012
Amended: March 15, 2013

This Investment Policy for the Indianapolis Airport Authority has been approved by the Authority's Board of Directors and is effective as of the 19th of September 2014.

Signed: _____
Robert Thomson, Treasurer

IAA Board Meeting
General Agenda
September 19, 2014

General:

BP2014-09-1 Consider for approval the Land and Building Lease Agreement with Air Serv Corporation for a period of five (5) years commencing November 1, 2014 and terminating October 31, 2019

BP2014-09-2 Consider for approval an award of contract for Environmental Remediation for Former C&E Rental Property at Indianapolis International Airport to HIS Constructors, Inc. in an amount not-to-exceed \$139,854.00 plus a 3% construction reserve of \$4,195.62 for a total of \$144,049.62. HIS Constructors, Inc. was the lowest responsive and responsible bidder. MBE 13.10% (E-Z Transport), WBE 15.85% (L&L Bulk Transport, Inc.), and VBE 13.10% (E-Z Transport)

Capital Program:

BP2014-09-3 Consider for approval Change Order No. 1 with Milestone Contractors, L.P. for Rehabilitate Airport Roads 2013 - Other at Indianapolis International Airport, Project # I-13-025B, in an amount not-to-exceed \$111,562.57. MBE 1.12% (Oatts Trucking), WBE 6.00% (CE Hughes Milling, Inc.), and VBE 0%

BP2014-09-4 Consider for approval Change Order No. 1 with Grady Brothers, Inc. for Rehabilitate Asphalt Lots 2014 at Indianapolis International Airport, Project # I-14-014, in an amount not-to-exceed \$37,000.00. XBE Participation for Change Order No. 1 - MBE 10.81% (Ward Trucking), WBE 0.00%, and VBE 10.81% (Ward Trucking)

BP2014-09-5 Consider for approval Change Order No. 1 (Final and Balancing) with Globe Asphalt Paving Co., Inc. for Rehabilitate T-Hangar Taxilanes 2013 at Indianapolis Regional Airport, Project # C-14-039, in an amount not-to-exceed \$5,987.46. MBE 0%, WBE 0%, and VBE 0%

BP2014-09-6 Consider for approval Change Orders No. 6 and No. 7 with Veit & Company, Inc. for Demolition of Old Terminal and Associated Structures at Indianapolis International Airport, Project #I-13-026, in an amount not-to-exceed \$65,036.57. MBE 33.24%, WBE 6.27%, and VBE 1.77%



BOARD MEMO – LAND LEASE ON AIRPORT

To: IAA Board of Directors

From: Marsha Stone, Sr. Director of Commercial Enterprise

Date: September 2, 2014

Board Date: September 19, 2014

Subject: Land and Building Lease Agreement with Air Serv Corporation (Air Serv)

Background

Air Serv Corporation is a commercial aviation support company that offers a wide array of services including: commercial bus transportation, aircraft cleaning, ground-handling and security services. At Indianapolis International Airport, Air Serv operates the employee shuttle bus program for FedEx.

Air Serv will lease IAA Building 238 and associated real estate located south of I-70 on S. High School Rd. adjacent to the FedEx employee parking lot. Air Serv will utilize Building 238 as a vehicle maintenance facility and office space.

In order to secure the lease with Air Serv, the IAA will make improvements to the interior of the facility at a cost not to exceed \$50,000. Improvements will include the demolition of interior walls, removal of all electrical and plumbing connected to the walls, reinstallation of associated lights and the placement of a 55' steel bar joist. The purpose of removing the interior walls is to open up the shop space within the facility to make accommodations for Air Serv's larger shuttle busses.

Scope

To execute a new Land and Building Lease Agreement with Air Serv. The lease term is for five (5) years commencing November 1, 2014 and terminating October 31, 2019. The lease also provides two (2) option terms of one (1) year each.

Schedule

September 19, 2014: Execution of a Land and Building Lease Agreement with Air Serv Corporation for the leasing of Building 238 and associated real estate.

Revenue and/or Operating Cost Implications

Revenue:

Revenue over the five (5) year term will total \$204,671.50, with the option term revenue for both option terms totaling \$87,725. The monthly rental will be \$3,277.08.

Operating Costs:

The IAA will make improvements to the building as described above at a price not to exceed \$50,000.

Cost Savings:

The IAA will realize an annual cost savings of approximately \$10,000 by no longer paying for the utilities, landscaping and other maintenance needs of Building 238 and associated real estate.

Supplier Diversity Participation

Through the quote process, the IAA will seek responses from registered companies.

Recommendation

The IAA staff recommends the Board consider for approval the Land and Building Lease Agreement with Air Serv Corporation for a period of five (5) years commencing November 1, 2014 and terminating October 31, 2019.



INDIANAPOLIS INTERNATIONAL AIRPORT
BUILDING #238 & PARKING LOT
EXHIBIT 'A'
8-22-14





BOARD MEMORANDUM – BID AWARD

To: IAA Board of Directors

From: Shannetta Griffin, P.E., Sr. Director of Planning & Development

Date: August 27, 2014

Board Date: September 19, 2014

Subject: Award of Bid to HIS Constructors, Inc. for Environmental Remediation for Former C&E Rental Property at Indianapolis International Airport

Background

The property at 9001 W. Washington Street is the former C&E Rental site owned by the Indianapolis Airport Authority (IAA). This site was a retail gasoline station until the 1970s and then an equipment rental facility. The site was purchased by IAA in the 1980s. The site at one time had at least five underground tanks (three gasoline, fuel oil and used oil). IAA conducted an environmental remediation at this facility in 1997, removing 1,200 cubic yards of soil. However, the Indiana Department of Environmental Management (IDEM) required further investigation and two chlorinated solvents were identified in the groundwater near the old tank area. IDEM rejected IAA's most recent effort to close out the site without any restrictions in a letter dated March 14, 2013. IDEM is still requiring an Environmental Restrictive Covenant because of the presence of solvents in the groundwater (solvents will persist longer than petroleum based contaminants). IAA has closed out all of the other remaining remediation sites that IAA is directly responsible for in the past several years successfully without any restrictions.

IAA has worked with IDEM and amended the Corrective Action Plan for this site in order to pursue additional environmental remediation to allow for a closure without any environmental deed restrictions. Keramida, Inc. was selected from Statement of Qualifications on file to identify a plan for closure without restriction, receive IDEM approval, prepare the bid package and to perform related environmental regulatory work to pursue final closure with IDEM. The contract with Keramida, Inc. was executed on May 29, 2014 by the Executive Director.

This project was approved by the Senior Management Team on August 4, 2014 to complete the environmental remediation and seek environmental closure without restrictions.

On August 15, 2014, the Board approved plans and specifications for Environmental Remediation for Former C&E Rental Property at Indianapolis International Airport and authorized the public bidding process.

On September 8, 2014, the IAA staff received four bids. The bids ranged from \$139,854.00 to \$240,512.28 for the Base Bid and Alternate 1.

HIS Constructors, Inc. was the lowest responsive and responsible bidder in the amount of \$139,854.00 for the Base Bid and Alternate 1.

The Base Bid project includes removal of uncontaminated surface soils and stockpiling on site for reuse in the backfill. The Alternate 1 bid is removal of all soils for offsite disposal. The contract will include the Base Bid and Alternate 1 so that if the surface materials cannot be reused, the project can proceed without delay. The initial notice to proceed (NTP) will be for the Base Bid only. NTP for Alternate 1 will be provided only if the surface soils cannot be reused as compacted backfill. If Alternate 1 is not needed, it will be deducted from the project via a change order.

In addition to the contract amount, IAA is requesting a construction reserve of 3% of the total contract amount for this project. A construction reserve of 3% has been previously approved by the Board 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 the 3% contingency for construction reserve. Any change orders exceeding the contract and construction reserve will be submitted to the Board for approval.

Scope

The scope of work includes the removal of subsurface soils and aquifer materials in the area of chlorinated volatile organic compounds-impacted groundwater. An estimated 1,600 tons of soil will be removed and transported for appropriate off-site disposal. A chemical agent will be placed in the bottom of the excavation site to assist in meeting the environmental cleanup levels and the site will be backfilled with clean soil.

Budget

This project is listed as an environmental liability for 2014 and has been accrued in the 2014 Operating Budget. The funding for this project will be 100% airport cash.

This project is included in the approved 2014 Operating Budget at a total cost of \$269,500.00. The total bid including Alternate 1 plus 3% construction reserve is \$144,049.62.

Project Costs

Contract Amount (including 3% reserve)	\$144,049.62
Design & Soft Costs	86,335.00
Construction Contingency	<u>13,985.40</u>
Total Anticipated Project Costs	\$244,370.02

This project is being undertaken to meet state and federal environmental requirements. As a result of the regulatory nature of the remediation, this project is exempt under the Authority's hurdle rate policy and has not been subjected to an internal rate of return calculation.

Schedule

Contract award anticipated September 19, 2014 with a substantial completion date of December 2014.

Supplier Diversity Participation

The Director of Supplier Diversity has approved the following:

Base Bid Only

FIRM	AMOUNT			%		
	MBE	WBE	VBE	MBE	WBE	VBE
E-Z Transport	\$14,244	\$ 0	\$14,244	12.03	0	12.03
L&L Bulk Transport, Inc.	0	13,806	0	0	11.66	0
Totals	\$14,244	\$13,806	\$14,244	12.03	11.66	12.03

Base Bid plus Alternate, if Alternate 1 is needed

FIRM	AMOUNT			%		
	MBE	WBE	VBE	MBE	WBE	VBE
E-Z Transport	\$18,324	\$ 0	\$18,324	13.10	0	13.10
L&L Bulk Transport, Inc.	0	22,168	0	0	15.85	0
Totals	\$18,324	\$22,168	\$18,324	13.10	15.85	13.10

Recommendation

The IAA staff has reviewed the bids and recommends that the Board consider for approval an award of contract for Environmental Remediation for Former C&E Rental Property at Indianapolis International Airport to HIS Constructors, Inc. in an amount not-to-exceed \$139,854.00 plus a 3% construction reserve of \$4,195.62 for a total of \$144,049.62. HIS Constructors, Inc. was the lowest responsive and responsible bidder. MBE 13.10% (E-Z Transport), WBE 15.85% (L&L Bulk Transport, Inc.), and VBE 13.10% (E-Z Transport).



BOARD MEMORANDUM – CHANGE ORDER

To: IAA Board of Directors

From: Shannetta Griffin, P.E., Sr. Director of Planning & Development

Date: August 28, 2014

Board Date: September 19, 2014

Subject: Approval of Change Order No. 1 with Milestone Contractors, L.P. for Rehabilitate Airport Roads 2013 – Other at Indianapolis International Airport, Project # I-13-025-B

Background

This paper, BP2014-09-3, is the first of two papers requesting approval to move the scope or scope and budget from the Rehabilitate Airport Roads 2014 project at Indianapolis International Airport to other associated projects as a change order due to receipt of no bids on the Rehabilitate Airport Roads 2014 project and the need to accomplish necessary work to prepare the roads for winter. The balance of the project will be combined with the Rehabilitate Airport Roads 2015 project to be bid in early 2015.

On June 20, 2014, the Board approved plans and specification for Project # I-14-024, Rehabilitate Airport Roads 2014 at Indianapolis International Airport, as prepared by Durham Engineering, Inc. and authorized the public bidding process. The bid opening was held on July 29, 2014, but no bids were received for this project. Inquiries to the contracting community indicated the lack of interest was due to other commitments already on their books that did not allow the capacity to bid this project and/or concerns over the gate and camera relocation associated with the new entrance to the Republic parking lot at the Indianapolis Maintenance Center (IMC) resulting in a lack of electrical subcontractor bids. Given the time of year, and commitments of the contracting community, it was anticipated that rebidding the project for 2014 construction would not result in additional competitive bids. Therefore, the IAA staff recommends addressing the necessary work to prepare the IAA roads for winter through change orders to:

- Milestone Contractors, L.P. for Rehabilitate Airport Roads 2013 – Other at Indianapolis International Airport, Project # I-13-025-B (this paper) for crack sealing on High School Road and other perimeter roads, repair a curb inlet on High School Road and update of traffic control devices to indicate “merge lane ends” on High School Road at the former old terminal entrance lanes.

- Grady Brothers, Inc. for Rehabilitate Asphalt Lots 2014 at Indianapolis International Airport, Project # I-14-014 (BP2014-09-4) for asphalt repairs on High School Road.

Milestone Contractors, L.P. was the lowest responsive and responsible bidder for Rehabilitate Airport Roads 2013 - Other in the amount of \$673,000.00. The work of this contract has been completed and actual quantities contract adjustment is included as part of this change order. The Rehabilitate Roads 2013 also included a separate package to reconstruct North Access Road that is completed.

Change Order Summary

Contract changes fall under one of three categories: Errors/Omissions, Unforeseen Circumstances, or additional Owner requested scope. Typically, the cost of an error is paid by the designer since this requires redo of work that has been completed. Omissions are items that are corrected before work is done on that item and the designers are typically charged up to 15% of the cost of that item since the item has to be negotiated with the contractor. Unforeseen circumstances are items that could not have been anticipated by the designer and are not charged against the designer.

This Change Order No. 1 includes quantity adjustments for work included within the Milestone contract for Project # I-13-025B, Unforeseen Circumstances and three Owner Requested items for the Rehabilitate Roads 2014 project.

Unforeseen Circumstances

Four Curb Inlet Repairs - Repairs to four existing curb inlet structures that were discovered to be significantly damaged upon removal of curbs and inlet frames requiring replacement of one structure and modifications to the other three.

Owner Requested

Additional Crack Seal and Rout – Crack sealing work that was intended to be completed as part of Project # I-14-024 was added to Milestone’s contract to allow work to be completed this fall.

Curb Inlet Repair – An existing curb inlet located near the intersection of High School Road and Sam Jones Expressway that was intended to be repaired as part of Project # I-14-024 was added to Milestone’s contract to allow work to be completed this fall.

Update Traffic Control Devices – Painting of the traffic control markings and addition of signage and barricades on High School Road between Sam Jones Expressway and Raymond Street. This work was intended to be performed as part of Project # I-14-014 and is being added to Milestone’s contract to allow work to be completed this fall.

Bid Quantity Adjustments

Unused Quantity Adjustments	\$ (11,757.43)
Sub-Total	\$ (11,757.43)

Unforeseen Circumstances

Replace curb inlet near Radisson Hotel	\$ 9,000.00
Reconstruct curb inlet near Sam Jones Exp. Intersection	5,460.00
Reconstruct concrete section at curb inlet on Banner	2,700.00
Reconstruct precast risers at curb inlet on Banner	1,700.00
Sub-Total	\$ 18,860.00

Owner Requested from Rehabilitate Roads 2014

Reconstruct curb inlet near Sam Jones Exp. Intersection	\$ 5,460.00
Crack Seal and Rout work from Project # I-14-024	84,000.00
Update traffic control devices on High School Rd (allowance)	15,000.00
Sub-Total	\$ 104,460.00

Grand-Total Change Order 1 \$ 111,562.57

Revised Construction Amount

Original Construction Contract Amount	\$ 673,000.00
Change Order No. 1 (14.35% of contract)	111,562.57
Total Revised Construction Contract Amount	\$ 784,562.57

Project Costs

Design & Soft Costs	\$ 234,415.00
Construction Costs from Project # I-13-025A	715,716.00
Construction Contract Amount Project # I-13-025B	673,000.00
Change Order No. 1 (14.35% of I-13-025B contract amount)	111,562.57
Total Anticipated Project Costs	\$1,734,693.57

The revised contract with the Change Order included is within the project budget originally approved as part of the 2013 Budget and reforecast in the 2014 Capital Budget of \$1,934,560.00.

Schedule

Substantial Completion of the contract including the added change order work is November 30, 2014.

Supplier Diversity Participation

If the Change Order is approved by the Board, the supplier diversity participation on this project will change as follows:

FIRM	CLASS	ORIGINAL AMOUNT	ORIGINAL %	AFTER CO AMOUNT	AFTER CO %
Oatts Trucking	MBE	\$56,100	8.34	\$57,348	7.31
M.A.S. Markers, Inc.	WBE	5,900	0.88	5,900	0.75
Indiana Sign & Barricade, Inc.	WBE	25,000	3.71	25,000	3.19
CE Hughes Milling, Inc.	WBE	20,000	2.97	26,694	3.40
Totals	MBE	\$56,100	8.34	\$57,348	7.31
	WBE	\$50,900	7.56	\$57,594	7.34
	VBE	\$ 0	0.00	\$ 0	0.00

Recommendation

The IAA staff recommends that the Board consider for approval Change Order No. 1 with Milestone Contractors, L.P. for Rehabilitate Airport Roads 2013 - Other at Indianapolis International Airport, Project # I-13-025B, in an amount not-to-exceed \$111,562.57. MBE 1.12% (Oatts Trucking), WBE 6.00% (CE Hughes Milling, Inc.), and VBE 0%.



BOARD MEMO – CHANGE ORDER

To: IAA Board of Directors

From: Shannetta Griffin, P.E., Sr. Director of Planning & Development

Date: August 27, 2014

Board Date: September 19, 2014

Subject: Approval of Change Order No. 1 with Grady Brothers, Inc. for Rehabilitate Asphalt Lots 2014 at Indianapolis International Airport, Project # I-14-014

Background

This paper, BP2014-09-4, is the second of two papers requesting approval to move the scope or scope and budget from the Rehabilitate Airport Roads 2014 project at Indianapolis International Airport to other associated projects as a change order due to receipt of no bids on the Rehabilitate Airport Roads 2014 project and the need to accomplish necessary work to prepare the roads for winter. The balance of the project will be combined with the Rehabilitate Airport Roads 2015 project to be bid in early 2015.

On June 20, 2014, the Board approved plans and specification for Project # I-14-024, Rehabilitate Airport Roads 2014 at Indianapolis International Airport, as prepared by Durham Engineering, Inc. and authorized the public bidding process. The bid opening was held on July 29, 2014, but no bids were received for this project. Inquiries to the contracting community indicated the lack of interest was due to other commitments already on their books that did not allow the capacity to bid this project and/or concerns over the gate and camera relocation associated with the new entrance to the Republic parking lot at the Indianapolis Maintenance Center (IMC) resulting in a lack of electrical subcontractor bids. Given the time of year, and commitments of the contracting community, it was anticipated that rebidding the project for 2014 construction would not result in additional competitive bids. Therefore, the IAA staff recommends addressing the necessary work to prepare the IAA roads for winter through change orders to:

- Milestone Contractors, L.P. for Rehabilitate Airport Roads 2013 – Other at Indianapolis International Airport, Project # I-13-025-B (BP2014-09-3) for crack sealing on High School Road and other perimeter roads, repair a curb inlet on High School Road and update of traffic control devices to indicate “merge lane ends” on High School Road at the former old terminal entrance lanes.

- Grady Brothers, Inc. for Rehabilitate Asphalt Lots 2014 at Indianapolis International Airport, Project # I-14-014 (this paper) for asphalt repairs on High School Road.

On June 20, 2014, the Board approved plans & specifications for CIP/Project # I-14-014, Rehabilitate Asphalt Lots 2014 at Indianapolis International Airport and authorized the public bidding process. Grady Brothers, Inc. was the lowest responsive and responsible bidder in the amount of \$186,239.29 for the base bid.

On August 18, 2014 the Senior Management Team approved moving \$46,600.00 from the Rehabilitate Airport Roads 2014 project to the Rehabilitate Asphalt Lots 2014 project to accommodate this change order.

Change Order Summary

Contract changes fall under one of three categories: Errors/Omissions, Unforeseen Circumstances, or additional Owner requested scope. Typically, the cost of an error is paid by the designer since this requires redo of work that has been completed. Omissions are items that are corrected before work is done on that item and the designers are typically charged up to 15% of the cost of that item since the item has to be negotiated with the contractor. Unforeseen circumstances are items that could not have been anticipated by the designer and are not charged against the designer.

This Change Order No. 1 is for Owner Requested scope to initiate the rehabilitation of High School Road to better prepare the road for winter within the up to 20% associated scope that can be added to a project under Indiana Code.

Owner Requested from Rehabilitate Roads 2014

Initiate High School Road Rehabilitation– Mill and Overlay limited areas and patch remaining pot holes with hot mix asphalt.

Owner Requested

Initiate High School Road Rehabilitation	\$ 37,000.00
Sub-Total	\$ 37,000.00

Revised Construction Contract Amount

Original Construction Contract Amount	\$ 186,239.29
Change Order No. 1 (19.87% of contract)	37,000.00
New Construction Contract Amount	\$ 223,239.29

Project Costs

Design & Soft Costs	\$ 49,390.00
Construction Contract Amount	186,239.29
Change Order (19.87%)	37,000.00
Revised Total Anticipated Project Cost	\$ 272,629.29

The revised contract with the Change Order included is within the revised project budget of \$330,600.00 (\$284,000.00 in approved 2014 Capital Budget and reforecast in 2015 Capital Budget plus \$46,600.00 from approved Rehabilitate Roads 2014 project).

Schedule

The contract term will be extended by Change Order No. 1 by 15 calendar days after completion of asphalt lot work to allow for completion of change order items. Completion of the work is anticipated in October 2014.

Supplier Diversity Participation

If the Change Order is approved by the Board, the supplier diversity participation on this project will change as follows:

Firm	Classification	Original		After CO 1	
		Amount	%	Amount	%
Ward Trucking	M/VBE	3,500	1.88	7,500	3.36
Totals	MBE	3,500	1.88	7,500	3.36
	WBE	0.00	0.00	0.00	0.00
	VBE	3,500	1.88	7,500	3.36

Recommendation

The IAA staff recommends that the Board consider for approval Change Order No. 1 with Grady Brothers, Inc. for Rehabilitate Asphalt Lots 2014 at Indianapolis International Airport, Project # I-14-014, in an amount not-to-exceed \$37,000.00. XBE Participation for Change Order No. 1 - MBE 10.81% (Ward Trucking), WBE 0.00%, and VBE 10.81% (Ward Trucking).



BOARD MEMORANDUM – CHANGE ORDER

To: IAA Board of Directors

From: Shannetta Griffin, P.E., Sr. Director of Planning & Development

Date: August 27, 2014

Board Date: September 19, 2014

Subject: Approval of Change Order No. 1 (Final and Balancing) with Globe Asphalt Paving Co., Inc. for Rehabilitate T-Hangar Taxilanes 2013 at Indianapolis Regional Airport, Project # C-14-039

Background

Indianapolis Regional Airport (MQJ) has nine taxilanes serving seven T-hangar units; the last construction work on the taxilanes was in 1977. The taxilanes met their anticipated life expectancy; however, conditions necessitated more than maintenance to keep pavement serviceable until long-term rehabilitation can be funded. Long-term rehabilitation is programmed for 2015 with a project cost of approximately \$1 million. Limited rehabilitation was required in order to keep taxilanes serviceable for aircraft to access revenue producing hangars until funding was available for the more extensive work.

This project was a short-term repair with mill and overlay limited to localized areas, selected to minimize Foreign Object Debris (FOD) until a more complete rehabilitation of the T-hangars can be funded.

On August 16, 2013, the Board approved plans and specifications for CIP/Project # C-14-039 - Rehabilitate T-Hangar Taxilanes 2013 at Indianapolis Regional Airport and authorized the public bidding process. Globe Asphalt Paving Co., Inc. was the lowest responsive and responsible bidder in the amount of \$160,184.90 for base bid and Alternate 1.

Change Order Summary

Contract changes fall under one of three categories: Errors/Omissions, Unforeseen Circumstances, or additional Owner requested scope. Typically, the cost of an error is paid by the designer since this requires redo of work that has been completed. Omissions are items that are corrected before work is done on that item and the designers are typically charged up to 15% of the cost of that item since the item has to be negotiated with the contractor. Unforeseen circumstances are items that could not have been anticipated by the designer and are not charged against the designer.

This Change Order No. 1 is for the completion of winter and spring work that was executed on the T-hangar taxilanes and includes six Owner Requested items and final and balancing of quantities.

Owner Requested

Concrete Pipe in lieu of Metal Pipe – Due to failure of existing metal pipe for drainage under roadway, was determined to upgrade strength to concrete drainage pipe.

Concrete Around end of Pipe – For additional protection of concrete pipe and erosion.

Inlet Drain Lowering w/Concrete Collar – To better allow for drainage, the drain located south of T-hangar 507 was lowered.

Tarps Hung over T-Hangars Doors – During the milling process, dust was a concern, with T-Hangars doors having to be open during the milling process the extra measure was taken to protect tenant’s property inside hangars.

Additional Sidewalk Repair – Repair sidewalk panels in need of replacement.

New Grating South of T-Hangar 406 – Grating was discovered to be damaged, so it needed to be replaced.

The above owner requested items were completed by “Force Account”, a provision in the specifications that allows the Owner to authorize the Contractor to proceed with necessary work on a time and material basis to avoid delays in the project.

Owner Requested

Concrete Pipe in lieu of Metal Pipe	\$ 1,612.50
Concrete Around end of Pipe	900.00
Inlet Drain lowering w/ Concrete Collar	10,360.00
Tarps Hung over T-Hangars Doors	4,263.37
Additional Sidewalk Repair	1,200.00
New Grating South of T-Hangar 406	637.25
Sub-Total	\$ 18,973.12
<u>Final & Balancing Unused Quantities</u>	Total \$ (12,985.66)
Grand-Total Change Order 1	\$ 5,987.46

Revised Construction Contract Amount

Original Construction Contract Amount	\$ 160,184.90
Previous Change Orders (0.00% of Contract)	-
Change Order No. 1 (3.74% of contract)	5,987.46
Total Revised Construction Contract Amount	\$ 166,172.36

Project Costs

Design & Soft Costs	\$ 53,705.04
Construction Contract Amount	160,184.90
Change Order No. 1 (3.74%)	5,987.46
Total Anticipated Project Cost	\$ 219,877.40

The revised contract amount with the change order is within the project budget of \$296,100.00 in the approved 2014 Capital Budget.

The funding for this project is 100% Airport capital improvement funds, due to the timing of the project it will not receive funding now and will not be high enough in priority with the FAA to reimburse with AIP grant funding in future years.

Schedule

The contract term did not change as a result of this change order.

Supplier Diversity Participation

There is no increase in supplier diversity spend as a result of this change order. If the Change Order No. 1 is approved by the Board, the supplier diversity participation on this contract will be:

FIRM	CLASSIFICATION	ORIGINAL		AFTER CO #1	
		AMOUNT	%	AMOUNT	%
Oatts Trucking	MBE	\$ 14,572.00	9.10%	\$ 14,572.00	8.77%
Indiana Sign & Barricade	WBE	3,100.00	1.94%	3,100.00	1.87%
Totals	MBE	\$ 14,572.00	9.10%	\$ 14,572.00	8.77%
	WBE	3,100.00	1.94%	3,100.00	1.87%
	VBE	\$0	0.00%	\$0	0.00%

Recommendation

The IAA staff recommends that the Board consider for approval Change Order No. 1 (Final and Balancing) with Globe Asphalt Paving Co., Inc. for Rehabilitate T-Hangar Taxilanes 2013 at Indianapolis Regional Airport, Project # C-14-039, in an amount not-to-exceed \$5,987.46. MBE 0%, WBE 0%, and VBE 0%.



BOARD MEMO – CHANGE ORDER

To: IAA Board of Directors

From: Shannetta Griffin, P.E., Sr. Director of Planning & Development

Date: August 28, 2014

Board Date: September 19, 2014

Subject: Approval of Change Orders No. 6 and No. 7 with Veit & Company, Inc. for Demolition of Old Terminal and Associated Structures at Indianapolis International Airport, Project # I-13-026

Background

The terminal facilities on the east side of the Indianapolis International Airport (“Old Terminal”) have been vacant since the new Midfield Terminal opened in 2008. The Demolition of Old Terminal and Associated Structures project removed the existing terminal, concourses, administration building, and elevated roadways, including all subsurface structures, and performed all required environmental abatement/remediation to ready the site for new development. The project was substantially completed by the end of 2013.

The project was in the approved 2013 Capital Budget as a multi-year project. It was accelerated to a one year project to improve the marketability of the site. On November 12, 2012, this project was approved for implementation by the Senior Management Team as a one year project.

On January 18, 2013, the Board approved plans and specifications for CIP/Project # I-13-026, Demolition of Old Terminal and Associated Structures, and authorized the public bidding process. The Terminal Demolition contract was awarded by the Board on March 15, 2013 to Veit & Company, Inc. in the amount of \$3,872,008.00 for the combination of Base Bid, Alternate 1 and Alternate 2.

Change Order Summary

Contract changes fall under one of three categories: Errors/Omissions, Unforeseen Circumstances, or additional Owner requested scope. Typically, the cost of an error is paid by the designer since this requires redo of work that has been completed. Omissions are items that are corrected before work is done on that item and the designers are typically charged up to 15% of the cost of that item since the item has to be negotiated with the contractor. Unforeseen circumstances are items that could not have been anticipated by the designer and are not charged against the designer.

This paper covers two change orders kept separate per contractor request. Change Order No. 6 is for the unforeseen conditions of additional asbestos removal on Concourse B, 6th Floor of the Administration Building and steam loop and miscellaneous fixtures in the Main Terminal, deduction for lack of asbestos removal on Concourse D and small tools used in the asbestos removal. Change Order No. 7 is a deduction of unused allowance quantities.

Change Order No. 6

Additional Asbestos Removal Concourse B, 6th Floor Administration Building, and Steam Loop and Miscellaneous Fixtures Main Terminal: Asbestos containing material was discovered during the project in the Concourse B ceiling and fireproofing, 6th Floor ceiling of the Administration Building, on piping in the utility tunnels, a steam loop and miscellaneous fixtures in the Main Terminal. The unforeseen condition was corrected by removing the material.

Deduction for Lack of Asbestos Removal in Concourse D: The demolition plans identified the ceiling in Concourse D to contain asbestos. Testing indicated no asbestos so no asbestos removal was conducted and this is a credit for work that was not performed.

Small Tools: Limited small tools necessary for asbestos abatement were allowed at a purchase price to avoid the higher rental rate charge.

Change Order No. 7

Deduction for Unused Allowance Items: The project was bid with allowance item to obtain bid prices for potential repairs to storm sewers and manholes below the terminal building if despite protection during demolition damage was unavoidable and for replacement of unsatisfactory soils below the foundations. Only a portion of the allowance items were needed, the unused amounts are being deducted from the contract.

A summary of the previously approved change orders is included as an attachment.

Revised Construction Contract Amount

Original Construction Contract Amount	\$ 3,872,008.00
Previous Change Orders (4.77% of Contract)	196,271.86
Current Change Order No. 6 (11.20% of Contract)	433,471.40
Current Change Order No. 7 (5.07% of Contract)	<u>-368,434.83</u>
New Construction Contract Total	\$ 4,133,316.43

Project Costs

Construction Contract (including CO 1-7)	\$4,133,434.83
2012 Phase (Old PARCS Demo & Optimization)	81,034.00
Design & Soft Costs	712,311.44
Construction Manager Services	336,200.00
Testing	86,386.00
AOA Fence Installation	26,480.00

Denney Excavating Hydrant Relocation	19,820.48
ISG	8,279.07
Evans Development Company	21,956.78
Contingency (4.55% of original construction contract)	<u>295,697.40</u>
Total Anticipated Construction Costs	\$5,721,600.00

The original project budget was \$11,335,000.00 in the approved 2013 Capital Budget and reforecast to \$5,721,600.00 in the approved 2014 Capital Budget. These change orders are within the reforecast expected spend.

Change Order No. 6 closes the unforeseen additional asbestos removal costs and Change Order No. 7 closes the unused allowance items. The contractor has made additional claims primarily related to winter conditions that the IAA Staff have denied. The contractor has not agreed with the denial yet, although IAA Staff will continue to push the project closeout.

Schedule

The project was substantially completed on December 31, 2013 and site clean-up and punch-list items were completed in May 2014.

Supplier Diversity Participation

If Change Orders No. 6 and No. 7 are approved by the Board, the supplier diversity participation on this project, including the previous change orders will be:

FIRM	CLASS	ORIGINAL AMOUNT	ORIGINAL %	AFTER CO AMOUNT *	AFTER CO %
Midwest Environmental	MBE	\$125,000	3.22	\$603,936	14.61
Rhino Trucking	WBE	637,776	16.47	0	0.00
Nelson Oil	WBE	100,000	2.07	258,906	6.26
Leader Corporation	WBE	15,500	0.40	345	0.00
Argo Consulting Engrs.	VBE	80,350	2.07	73,498	1.77
GLS, Inc.	MBE	47,000	1.21	4,090	0.01
Ward Trucking	MBE	113,486	2.93	0	0.00
Moffett Wrecking	MBE	0		766,213	18.53
Totals	MBE	\$285,486	7.37	\$1,374,239	33.24
	WBE	\$753,276	19.45	\$259,251	6.27
	VBE	\$ 80,350	2.07	\$73,498	1.77

*Also includes additional participation exceeding base contract amount pledged. After the contract was awarded, the contractor changed the trucking plan from Rhino and Ward Trucking companies to Moffett Wrecking.

Recommendation

The IAA staff recommends that the Board consider for approval Change Orders No. 6 and No. 7 with Veit & Company, Inc. for Demolition of Old Terminal and Associated Structures at Indianapolis International Airport, Project #I-13-026, in an amount not-to-exceed \$65,036.57. MBE 33.24%, WBE 6.27%, and VBE 1.77%.

ATTACHMENT 1
Previously Approved Change Orders
Demolition of Old Terminal and Associated Structures

Change Order No. 1 - \$103,664.30

- **Reestablish Water Service to East Side of Site** - The reestablishment of water service to the east side of the site due to the water cutoff being east instead of west of High School Road when the site was vacated

Change Order No. 2 - \$ 53,559.11

- **Disconnect gas line** - Locate and disconnect an active natural gas line.
- **Activate, test and repair 6" fire loop to provide water for demolition** - Activate, test, and repair the 6" water line that previously supplied water to the fire hydrant loop around the old building to allow demolition to proceed while the 12" main water line was reestablished (Change Order No. 1).
- **Removal of Asbestos Containing Material (ACM) fireproofing in Concourse "A" fan room** - Additional ACM fireproofing removal in the Concourse "A" fan room was required for ACM identified during demolition.
- **Removal of Transite panels containing ACM on upper level drive.** Additional ACM containing Transite panels were identified sandwiched between metal and glass panels on the upper level of Terminal Drive.

Change Order No. 3 - \$ 8,226.50

- **Car wash work** - A debris pocket was uncovered in the subgrade beneath the car wash excavation area. The unforeseen condition was corrected by removing the material.
- **Construct two concrete collars** - In order to replace a section of 33" concrete pipe without benefit of bell and spigot connections, two concrete collars were constructed.
- **Clean out unknown manhole in Area K** - A manhole not shown on the record drawings was uncovered, but full of debris. It was machine excavated and then further cleaned out by hand.
- **Fill holes left behind during 12" water main reconnection** - The contractor was instructed to leave holes formed by "potholing" to investigate utility locations unfilled during the 12" water main reconnection to provide water to the old terminal for dust control during demolition. These holes were re-filled.

Change Order No. 4 - \$7,083.94

- **Remove asbestos covered piping** – Asbestos covered piping was discovered in relation to the 2-50,000 gallon and 1-20,000 gallon underground storage tanks slated for removal by this project. The unforeseen condition was corrected by removing the material.

- **Plug utility lines** – The project documents instructed the Contractor to plug all underground utility lines that were to be abandoned with flow-able fill. During demolition, the City informed the project team that new rules were in effect that required the sewer and non-pressurized piping lines to be bricked up instead of filled with flow-able fill. The extra cost is to change the method of abandoning thirty-two (32) utility lines.
- **Remove contaminated water** – During the last stages of demolition, an oily sludge began to well up from the subgrade in an unexpected area. IDEM rules required that the Contractor vacuum the material and remove it from the site to be disposed of at a licensed facility. The extra cost was to remove the contaminated water and dispose of it properly.
- **Remove Transite (asbestos) panels on September 6, 2013 and September 9, 2013** – Transite panels were discovered between the glass panels and structural steel beams between the fifth and sixth floors of the terminal building. The extra cost was to remove the panels and dispose of them properly.
- **Remove asbestos covered piping at Concourse “A”** - The Contractor encountered asbestos covered piping extending from the tunnel of Concourse “A” out into the surrounding slab in several areas. The extra cost is to properly remove and dispose of the unexpected material.
- **Remove elbows and fittings at Concourse “B”** – Elbows and fittings covered with asbestos were discovered in an area of Concourse “B” that were not shown on the drawings. The elbows and fittings were hidden by the plaster ceilings in that area and only discovered during demolition.

Change Order No. 5 - \$13,344.34

- **Remobilize in order to complete the work** – Early and severe winter weather prevented the contractor from completing the final punch list items: re-grade the stone backfill and sweep the project site concrete.
- **Balancing of Allowance Quantities for Item #U003 of 12” to 15” Reinforced Concrete Pipe (RCP)** – The bid documents included allowance items to obtain bid prices for potential poor soil conditions or contamination and storm sewer repairs that could not be quantified as they were located under the building to allow them to be addressed as they arose. Seventy-four (74) additional linear feet of 12” to 15” RCP were required and will be paid for at the allowance unit price.

Subtotal Previous Change Orders \$196,271.86