



Agenda
Indianapolis Airport Authority
January 20, 2012
8:30 AM

- I. Call to Order
- II. Approval of Minutes of the Pre-Board and Regular Meeting of December 16, 2011
- III. Board Reports
 - a) President's Report
 - b) Board Secretary – Al Bennett
 - i. Hendricks County Parks and Recreation
- IV. Official Actions
 - a) Nomination of Officers of the IAA Board – Alex M. Azar II
 - b) Introduction of the IAA Consent Calendar dated January 20, 2012.
 - c) Consider for approval each of the individual items listed on the IAA Consent Calendar Agenda dated January 20, 2012.
- V. Staff Reports
 - a) CEO Report – *John D. Clark, III*
 - b) Financial Report – *Marsha Stone*
 - c) Communications & Marketing – *Patzetta Trice*
 - d) *Corey Wilson*
 - i. Supplier Diversity Report
 - ii. IND Aerotropolis Update
- VI. Other Reports/Update
- VII. Adjourn

DELEGATED AUTHORITY SCHEDULE

MONTH/YEAR	OTHER PARTY	TYPE OF DOCUMENT	TERM (YEARS)	REVENUE	INITIALS	COMMENTS
November 2011	CSX	Encroachment Agreement	As provided in the Agreement	n/a	M. Stone	This is required for installation of fiber optic cable necessary for the staff relocation from the program office to the ATA campus building
Nov-11	Envirotech Construction Corporation	Building Lease Agreement	5 years	\$140,885.00	M. Stone	Envirotech will lease Unit "A" of Building #239 for office and warehouse support space to support their cold storage container construction business
Nov-11	Harvest Land Coop	Lease Agreement	5 years	\$13,900.00	M. Stone	Indianapolis Regional Airport for an agricultural ammonia supply depot
Nov-11	Global Parking Systems of Indiana, Inc.	Shared Tenant Services Agreement	1 year	n/a	M. Stone	Total set up for this service is \$170.00. The monthly rates and charges is \$85.00
Nov-11	Relay and INID, LLC d/b/a USA Today	Amendment No. 5 to Concession Agreement	Same as provided in original Agreement	n/a	M. Stone	MAG is \$20,000.00 payable in 6 monthly installments of \$3,333.33
Nov-11	Relay and INID, LLC d/b/a Relay	Amendment No. 5 to Concession Agreement	Unchanged from original Agreement	n/a	M. Stone	MAG is \$45,000.00 payable in 6 monthly installments of \$7,500.00
Nov-11	Miracle Ride Foundation ll, d/b/a Indianapolis Air Show	Lease Agreement	3 years	\$40,014.00	M. Stone	This is for Agriculture Production
Nov-11	Analytics8, LLC	Mutual Non-Disclosure Agreement	5 years	n/a	M. Stone	
Nov-11	Brian Rutledge	Lease Agreement	3 years	\$1,950.00	M. Stone	
Nov-11	Duke Energy Indiana, Inc.	Right of Entry	n/a	n/a	M. Stone	Duke is in the process of replacing utility poles and it has been determined necessary to clear and trim overhanging branches from trees
Nov-11	Travel Leaders	Contract Renewal #2	1 year	n/a	M. Stone	This is for our travel agency that assists us with travel planning.
Nov-11	Purdue University	Memorandum of Understanding	2 years	n/a	J. Clark	This is for the electric charging stations
Nov-11	State Department of Transportation	Grant Agreement	1 year	n/a	J. Clark	This is for the use of temporary air traffic control towers for 2012 superbowl. The state will reimburse IAA \$66,000.00
Nov-11	CTL Engineering, Inc.	Contract for Construction	1 month	n/a	J. Clark	This is for construction materials testing and inspection services for southeast apron rehab, eagle creek airport in the amount of \$10,625.00
Nov-11	Nature's Way	Contract Renewal #2	3 years	n/a	J. Clark	This is for the plant maintenance at International

DELEGATED AUTHORITY SCHEDULE

Nov-11	Federal Aviation Administration	Non-Federal Reimbursable Agreement	5 years	n/a	J. Clark	This is for the FAA to provide temporary air traffic control towers during the 2012 superbowl
Nov-11	New Cingular Wireless PCS, LLC (AT&T)	Amendment No. 1 to Airport Use and Occupancy Permit	Unchanged from original Agreement	\$60,000.00 annually	J. Clark	This is for an indoor DAS at International. The DAS provides the basic infrastructure for wireless service providers such as User to provide wireless voice and data services to wireless voice and data customers located within the terminal building
Nov-11	Sprint	Mutual Non-Disclosure Agreement	1 month	n/a	J. Clark	Sprint desires to enter into a temporary permit with IAA for use of the distributed antenna system for the super bowl time period
Nov-11	ITT Corporation	Software License Agreement	3.5 years	n/a	J. Clark	This agreement provides IAA with software license for its airsense version R6 package so that up to five IAA staff members may utilize the software. Maintenance of the software is also included in the total price
Nov-11	USO of Indiana, Inc.	Shared Tenant Services Agreement	1 year	n/a	J. Clark	The USO is a non profit organization that delivers its programs and services to the members of the U.S. armed forces
Nov-11	A+M Management Systems, LLC	Airport Use Permit	5 years	\$90,000.00	J. Clark	GSRX provides vehicle maintenance and repair services for various airlines ground equipment at the Airport
Nov-11	United Air Lines, Inc.	Shared Tenant Services Agreement	2 years	\$17,820.00	J. Clark	This is for United Air Lines and IAA to share the IT equipment
Nov-11	RPM Company	Contract for Services	1 year	n/a	J. Clark	This contract is for our snow removal services
Nov-11	Earth Exploration	Contract for Construction	1 month	n/a	J. Clark	This is for the belly cargo GSE maintenance building project. Total cost is \$8,075.00
Nov-11	Span Systems, Inc.	Contract Amendment	Unchanged from original Agreement	n/a	J. Clark	This is for the garage atrium canopy replacement.
Nov-11	F&G Engineers	Contract for Construction	1 month	n/a	J. Clark	This is for the hangar rehabilitation phase 3 (elevator) at the helpport
Nov-11	Arelco, Inc.	Settlement Agreement and Release	n/a	\$40,000.00	J. Clark	This is to resolve the dispute between the IAA and Arelco regarding the audit and monies owed. Arelco is to pay the IAA by December 15, 2011
Nov-11	Old World Industries, LLC	Quantity Purchase Agreement	1 year	n/a	J. Clark	This is for the deicing chemicals:fluid-for the runways and taxiways

MINUTES
Board of Directors Meeting
Indianapolis Airport Authority

The Regular Meeting of the Indianapolis Airport Authority Board was called to order at 9:01a.m., December 16, 2011, in the Airport's Board Room at the Indianapolis International Airport.

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

Michael Stayton, President
Kelly Flynn, Vice-President
Al Bennett, Secretary
Jean Wojtowicz, Member
Alex M. Azar II, Member
Mary Moses Cochran, Member

Advisory Members attending:
Lynn Gordon

Rex Joseph, IAA Counsel

IAA executive staff attending:

John D. Clark, III, Executive Director/CEO
Marsha Stone, Chief Financial Officer
Mike Medvescek, Chief Operating Officer
Al Stanley, Chief Information Officer
Joseph Heerens, Chief Legal Officer
Beverly Terlaje, Executive Assistant
Jamie Leap, Executive Assistant/Recording Secretary

APPROVAL OF MINUTES

Upon a motion by Mr. Flynn, seconded by Ms. Wojtowicz and unanimously passed, approval was given to the Minutes of both the Pre-Board and Regular Meetings of November 18, 2011.

ORDINANCES, RESOLUTIONS AND PUBLIC HEARINGS

President Michael Stayton opened the public hearing on General Ordinance No. 3-2011 concerning the IAA's 2012 Rates and Charges. There was no testimony or public comments. Upon a motion by Mr. Bennett, seconded by Mr. Azar and unanimously passed, approval was given to the adoption of General Ordinance No. 3-2011.

President Stayton also introduced Resolution 11-2011 concerning the transfer of amounts between budget line item classifications from the 2011 appropriations of the IAA's System Fund. Ms. Stone briefly discussed this resolution. Upon a motion by Mr. Flynn, seconded by Ms. Cochran and unanimously passed, approval was given to the adoption of Resolution 11-2011.

Mr. Stayton next introduced Resolution 12-2011 concerning delegated authority to adopt and make official intents with respect to bond financing. Ms. Stone briefly discussed this resolution. Upon a motion by Ms. Wojtowicz, seconded by Mr. Flynn and unanimously passed, approval was given to the adoption of Resolution 12-2011.

BOARD REPORTS

President Stayton had no reports, but recognized the IAA and its management team for an outstanding year with many accomplishments.

OFFICIAL ACTIONS

APPROVAL OF THE INDIANAPOLIS AIRPORT AUTHORITY'S CONSENT CALENDAR DATED December 16, 2011: Upon a motion by Mr. Bennett, seconded by Mr. Flynn and unanimously passed, approval was given to the IAA's Consent Calendar, dated December 16, 2011, excluding the 2012 Strategic Initiatives (BP2011-12-2) and the 2012-2017 IAA Strategic Plan (BP2011-12-3) which will be presented next month.

APPROVAL OF INDIVIDUAL ITEMS LISTED ON THE INDIANAPOLIS AIRPORT AUTHORITY'S CONSENT CALENDAR DATED December 16, 2011: Upon a motion by Ms. Wojtowicz, seconded by Mr. Flynn and unanimously passed, approval was given to accept each of the individual items listed on the IAA's Consent Calendar, dated December 16, 2011, excluding the 2012 Strategic Initiatives (BP2011-12-2) and the 2012-2017 IAA Strategic Plan (BP2011-12-3) which will be presented next month.

STAFF REPORTS

CEO Report

Mr. John Clark, IAA's Executive Director/CEO, had no report, but thanked the Board for all its hard work and support throughout 2011, and, in recognition of the holiday season, offered a brief prayer for recognition of the work accomplished and the safety and well-being of everyone during this season.

CFO Report

Ms. Marsha Stone, IAA's Chief Financial Officer, reported that enplanements were performing slightly above prior year. She also stated that seat capacity was down about 3.7% for the month, possibly due to increases in air fares, but there is a positive growth in terms of passengers and higher yields. Cargo landed weight is up by 2.5% for November, due to the FedEx facility.

Ms. Stone next gave a brief financial update.

Ms. Stone next gave an update on plans and activities surrounding the upcoming 2012 Super Bowl. Additional information is available on INDIANAPOLISSUPERBOWL.COM.

Other Reports/Update

President Stayton publicly recognized three (3) outgoing Foreign Trade Zone Board Members for their outstanding service and contributions to that organization. Those outgoing board members are J. Thomas Surgener, William M. Stowring and David Ruhmkorff. The Foreign Trade Zone has been in operation since 1980 and its board members are appointed by the IAA.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:23 a.m.

INDIANAPOLIS AIRPORT AUTHORITY*

Kelly J. Flynn, Vice President

Alfred R. Bennett, Secretary

Date: _____

*Signed under authority of IAA Board Resolution #10-2009

IAA Board Meeting
Consent Calendar Agenda
January 20, 2012

Consider for approval:

A) General Business

BP2012-01-1 The 2012 Strategic Initiatives

BP2012-01-2 The 2012-2017 IAA Strategic Plan

B) Capital

BP2012-01-3 PULLED

BP2012-01-4 PULLED

BP2012-01-5 PULLED

BP2012-01-6 PULLED

C) Real Estate

BP2012-01-7 The purchase of Edith L. Denny's property as shown on the attached schedule.



Board Memo Adoption of 2012 Strategic Initiatives

To: IAA Board of Directors
From: Al Stanley, IAA Chief Information Officer
Date: January 12, 2012
Board Date: January 20, 2012
Subject: Approval of IAA's 2012 strategic initiatives

Background

During the December 2011 IAA Board meeting, IAA staff presented its recommended 2012 strategic initiatives for discussion. The Board requested additional clarity specific to Air Cargo strategy and increasing IND market mass. The 2012 strategic initiatives document, included in the board packet, contains the revised content and is being recommended to the board for adoption.

The 2012 strategic initiatives focus on four primary key drivers:

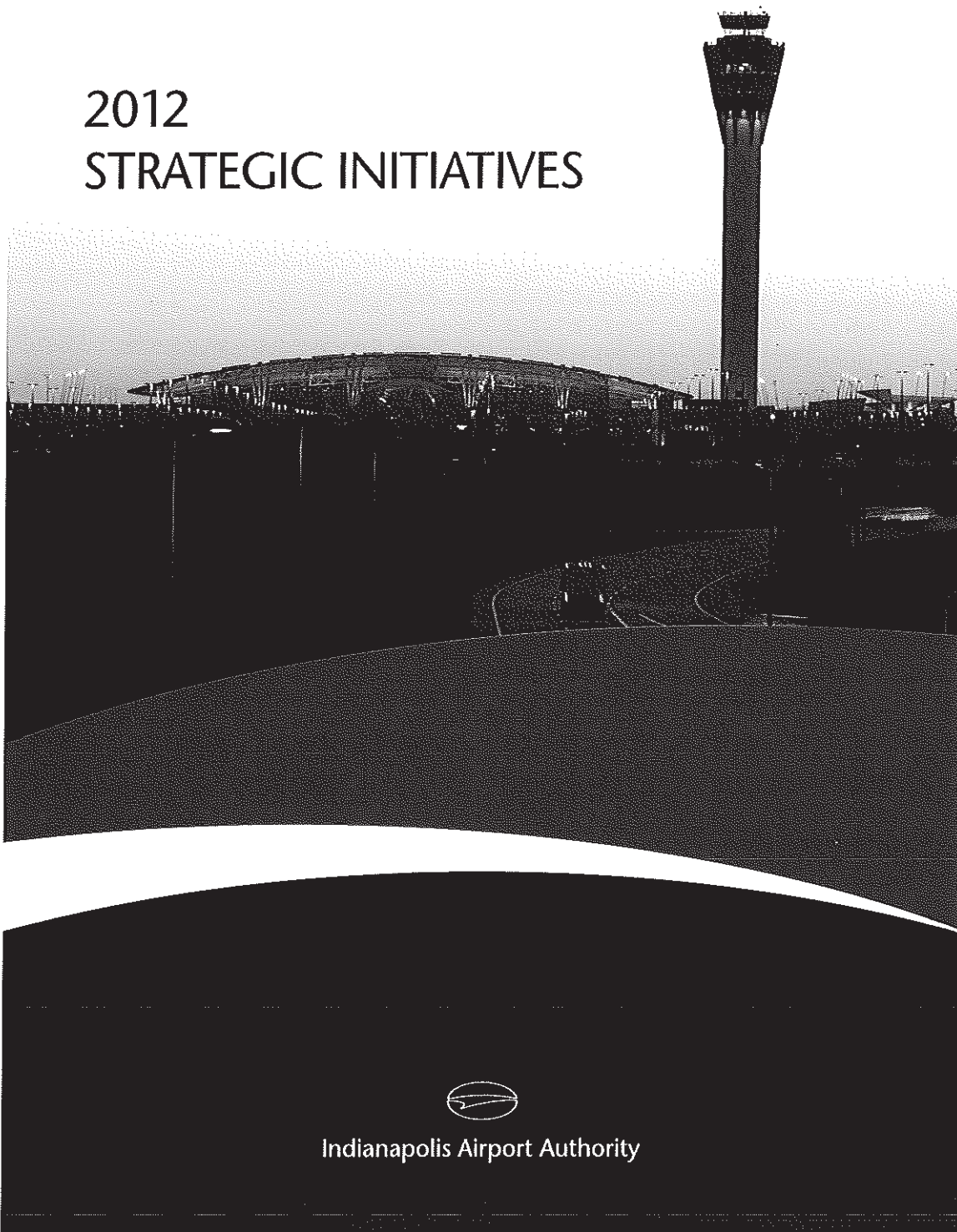
1. Air Trade Development
2. Operational Excellence
3. Customer Service
4. People Development

Each of the above areas contains an overarching strategy with defined initiatives and short-term (12 to 24 months) objectives.

Recommendation

IAA Management recommends approval of the 2012 Strategic Initiatives which is attached hereto.

2012 STRATEGIC INITIATIVES



Indianapolis Airport Authority

1. AIR TRADE DEVELOPMENT

- a. Given the prolonged national economic challenges and ongoing airline industry consolidation, IAA will endeavor to maintain current passenger and cargo levels by:
 - i. Ranking in top half against regional airports (Cincinnati, Louisville, Chicago-Midway, Columbus, St. Louis, Dayton) for the following Air Service performance measures:
 1. % growth in enplanements vs. previous year
 - a. At +1.9%, IND ranks 4th of 7 using most current USDOT data through year-end 2Q11 vs. year-end 2Q10;
 2. % growth in new domestic flights vs. previous year
 - a. At -3.9%, IND ranks 6th of 7 using published commercial airline schedules for 2011 vs. 2010;
 3. % growth in scheduled domestic capacity vs. previous year
 - a. At -6.3%, IND ranks 6th of 7 using published commercial airline schedules for 2011 vs. 2010; and
 4. % growth in passenger catchment capture (reduce leakage) vs. previous year
 - a. **Air Service business unit is developing catchment and performance measures for benchmark airports to compare against IND. This will be completed before first 2012 data becomes available in early March.
 - b. Develop plan and implement 2012 initial phase to grow / create greater market mass which is utilizing IND.
 - ii. Increasing % of Indiana air exports using IND by 1% vs. previous year. IND handled 1.12% of Indiana's air exports, per US Census Data YTD3Q2011.
 - iii. Define a value proposition for IND that will differentiate the airport and attract air cargo operators, shippers and their agents. Define benefits for manufacturers / shippers to send goods and products through IND instead of CMH, STL, ORD, MEM, DTT, SDF.
 - iv. Prepare a comprehensive compilation and analysis of air cargo volumes moved by identified companies throughout Indiana as either a shipping point or a destination.
 - v. Prepare a go-to-market strategy with targeted goals and tactics to reach those goals that includes the following players:
 1. Targeted local shippers
 - a. Produce a complete model and graphical explanation of how the supply chains of specific local companies operate (upstream and downstream);
 2. 3-PLs;
 3. Air cargo operators (domestic and international);

4. Reverse logistics and repair and return operators;
5. Contract manufacturers.
- vi. Develop a strategy and tactical action plan to approach FedEx and UPS to create business opportunities for shippers by utilizing the existing assets at IND.
- vii. Develop a strategy and tactical action plan to approach Eli Lilly to incorporate IND into its global supply chain logistics network (following Roche example).
- viii. A specific strategy to locate a purpose or tenant(s) for the 300,000 square foot Eagle Hub building by January, 2012.

2. OPERATIONAL EXCELLENCE

- a. **AIRLINE RATES**
 - i. Decrease total airline cost per enplaned passenger below targets established in AUA.
- b. **REVENUE DIVERSIFICATION**
 - i. Exceed 2012 non-airline revenue budget and budgeted amount/growth in non-passenger sensitive revenues.
- c. **LAND USE**
 - i. Select a developer for Gateway Zone and develop business plan out to 2017;
 - ii. Execute the Logistics Center of Excellence business plan (developed December 2011), including budget and staffing;
 - iii. Complete and execute a land lease for the solar farm and have it operational by end of 2012;
 - iv. Execute a land lease for the Travel Plaza/Gas Station and commence construction by mid-2012;
 - v. Complete a development deal/ground lease for 10-20 acres at IND by end of 2012;
 - vi. Define future use of USPS facility by 12/31/2012; and
 - vii. Complete a guide for all Financing vehicles available to spur growth (capital sources, abatement opportunities, grant sources, etc) by 12/31/2012.
- d. **DEBT SERVICE**
 - i. Reduce 2012 total debt service costs by 2% below currently scheduled debt service.

3. CUSTOMER SERVICE

- a. Positive reaction to IND’s customer service performance for Super Bowl as measured by results on IAA’s internal post-Super Bowl survey;
- b. Achieve global recognition by being in top 5% ranking among our panel airports in the Airport Service Quality (ASQ) Survey; and

1. PEOPLE DEVELOPMENT

- a. Deploy an “Employee Engagement Survey” and demonstrate improvement over baseline Survey results;
- b. Implement 2012 elements of IAA’s comprehensive health and wellness program;
- c. Develop partnerships with local educational institutions as part of the continued development of the IAA University concept; and
- d. Develop outreach and monitoring programs to sustain and grow diversity initiatives and results from a recruitment and talent management perspective.

APPENDIX 1 – 2012 STRATEGIC INITIATIVES

**2012 ANNUAL ALL EMPLOYEE BONUS OPPORTUNITY – THRESHHOLD MEASURES
FOR BONUS ACHIEVEMENT**

- Achieve an Operating Margin of \$70,900,000; and
- Achieve aggregate ASQ customer service scores that are higher than 2011 scores.



Board Memo Adoption of 2012-17 Strategic Plan

To: IAA Board of Directors
From: Al Stanley, IAA Chief Information Officer
Date: January 12, 2012
Board Date: January 20, 2012
Subject: Approval of IAA's five-year strategic plan

Background

The five-year strategic plan, included in the board packet, is a collective staff and IAA Board effort developed to provide a strategic way-forward for 2012-2017. It is being recommended that the board take formal action in adopting the strategic plan.

The plan contains guiding principles based on defined values, vision, mission, and culture. It focuses on four primary key drivers:

1. Air Trade Development
2. Operational Excellence
3. Customer Service
4. People Development

Each of the above areas contains an overarching strategy with defined initiatives and short-term (12 to 24 months) and long-term (three to five years) objectives.

Staff will present their recommendations for specific organizational goals and objectives, with defined outcomes, in each of the four key areas annually to the HR Committee for approval, which is in accordance with that committee's charter.

Recommendation

IAA Management recommends approval of the 2012-2017 IAA strategic plan which is attached hereto.

2012-17
STRATEGIC BUSINESS PLAN



Indianapolis Airport Authority



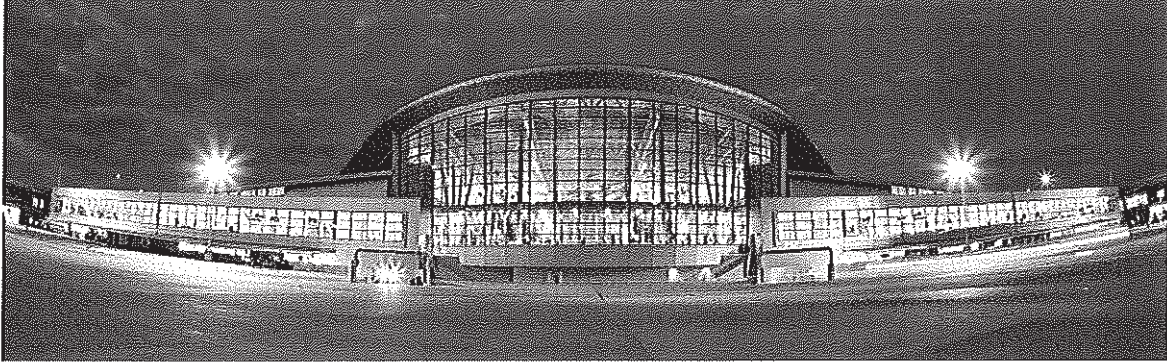
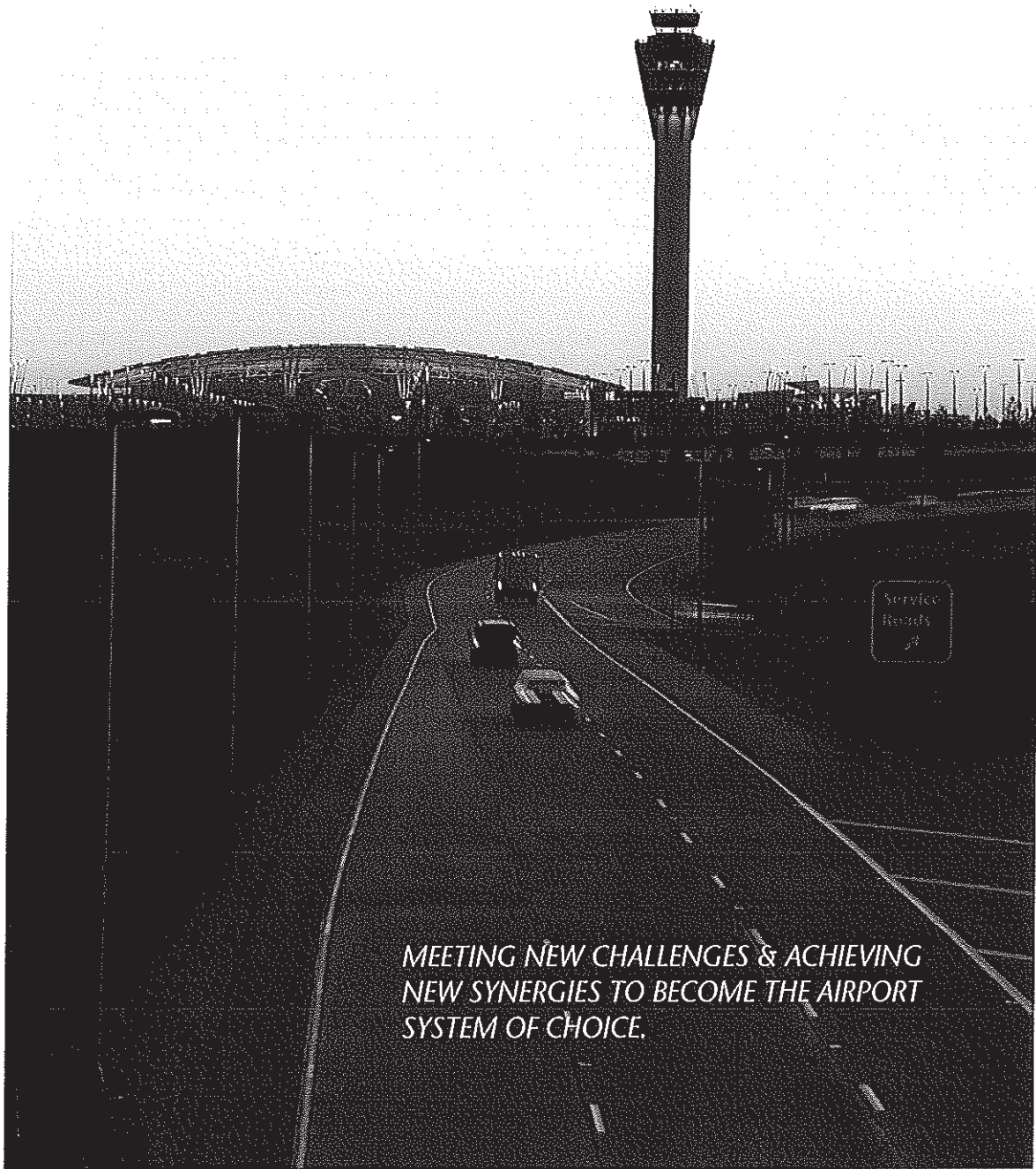


TABLE OF CONTENTS

FROM THE CEO	3
OVERVIEW	4
SITUATION ASSESSMENT	7
STRENGTHS	8
WEAKNESSES	9
OPPORTUNITIES	10
THREATS	11
GUIDING PRINCIPLES	15
MOVING FORWARD	17
GOALS AND INITIATIVES	18
NEXT STEPS	21



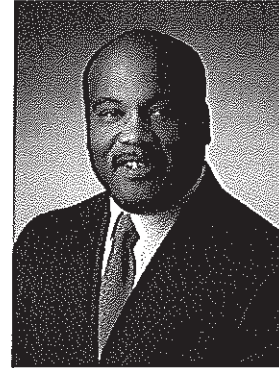
*MEETING NEW CHALLENGES & ACHIEVING
NEW SYNERGIES TO BECOME THE AIRPORT
SYSTEM OF CHOICE.*



Indianapolis Airport Authority

FROM THE CEO

As the Indianapolis Airport Authority (IAA) continues to advance its five-year strategic plan, it is clear that both the progress we have made under it and our ability to proactively adapt it amid the challenges of an ever evolving industry are critical to our continued success.



In the three years since the landmark Midfield Terminal opened, the Indianapolis International Airport (IND) and the IAA staff have garnered a succession of prestigious awards that reflect the vision, mission, and values outlined in our strategic plan; from our commitment to sustainability inherent in the Midfield Terminal's LEED certification to our 12th consecutive year of zero discrepancies with the FAA's annual safety inspection. We add to that our recognition for excellence in customer service by being named number one in North America and number three in the world by Airports Council International and our recognition by JD Power as a Customer Service Champion, our second from JD Power. Additionally, IAA received the Certificate of Excellence in Financial Reporting: 27 consecutive years for its Comprehensive Annual Financial Report (CAFR).

While on some fronts we remain in transition, we continue shifting our decades-long priority of developing a new terminal complex to forging new partnerships to strengthen IND's role as the economic development engine of an entire region even as the aviation industry continues to face a myriad of economic challenges.

Just as a regional effort was required to ensure our entire community was prepared to successfully host the Super Bowl, a regional effort is required to ensure the benefits IND offers Central Indiana reach their full potential. To that end, the IAA Board has identified the IND Aerotropolis as a strategic policy for future growth and development. Critical to the success of the IND Aerotropolis is non-aviation land use and development, and working closely and proactively with its surrounding communities of interest.

Meanwhile, IND's airline partners enjoy the benefits of an unprecedented Airline Use Agreement (AUA) that creates a favorable lease structure which will actually lower their costs at IND over its five-year term. Offering competitive, predictable rates to airlines is also a key component of our strategic plan and supports continued growth of airline competition at IND, which enables residents of Central Indiana to enjoy some of the lowest airfares in the country, another manifestation of the regional economic benefit created by the airport.

Next year, we will mark the IAA's 50th anniversary. We will continue to work closely with the IAA Board of Directors to ensure our guiding principles and strategies are clearly defined and tailored for success over the next 50 years. I thank you for joining us on our journey of becoming the airport system of choice for our airlines, our passengers, and the residents of the Indianapolis region.

John D. Clark, III
Executive Director / CEO
Indianapolis Airport Authority

OVERVIEW

The Indianapolis Airport Authority owns, operates and manages a six-facility commercial passenger, air cargo, and general aviation airport system.

- **Indianapolis International Airport (IND)** | Located in Marion County; served nearly 8 million commercial business and leisure travelers in 2010; one of the largest air cargo facilities in North America; state and regional center for commercial and general aviation aircraft maintenance, repair, and overhaul
- **Indianapolis Regional Airport (MQJ)** | Located in Hancock County; home of one of the Midwest's largest annual air shows; serves business and general aviation users
- **Hendricks County Airport (2R2)** | Located in Hendricks County; the newest facility in IAA's system; serves business, recreational, and general aviation users
- **Metropolitan Airport (UMP)** | Located in Hamilton County; serves business, recreational, and other general aviation users
- **Eagle Creek Airpark (EYE)** | Located in Marion County; serves business, recreational, and general aviation users
- **Downtown Heliport (8A4)** | Located in the heart of downtown Indianapolis; helipad with instrument approach; hangars for local law enforcement, news media, corporate, and business helicopters

Collectively, the system creates a substantial annual economic impact by fostering new businesses, jobs, consumer spending, and generating city and state tax revenues.

Airport	Direct and indirect impact of facility expenditures	Induced impact of airport expenditures	Transportation cost savings	Total economic impact of facility
1. IND	\$2,045,784,992	\$807,946,730	\$482,745,678	\$3,336,477,400
2. MQJ	\$13,770,469	\$4,253,104	\$1,978,679	\$20,002,252
3. UMP	\$10,315,011	\$4,591,848	\$856,697	\$15,763,556
4. EYE	\$10,294,124	\$3,918,111	\$636,281	\$14,848,516
5. 8A4	\$6,559,455	\$6,094,221	\$40,725	\$12,694,401
6. 2R2	\$3,481,254	\$1,005,566	\$370,584	\$4,857,404

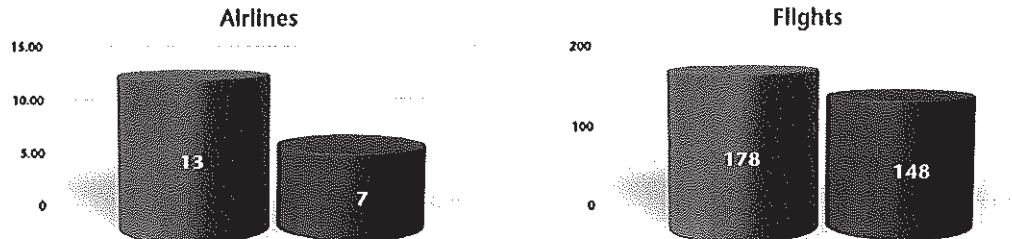
Source: Aviation Association of Indiana, 2007 data.

BACKGROUND

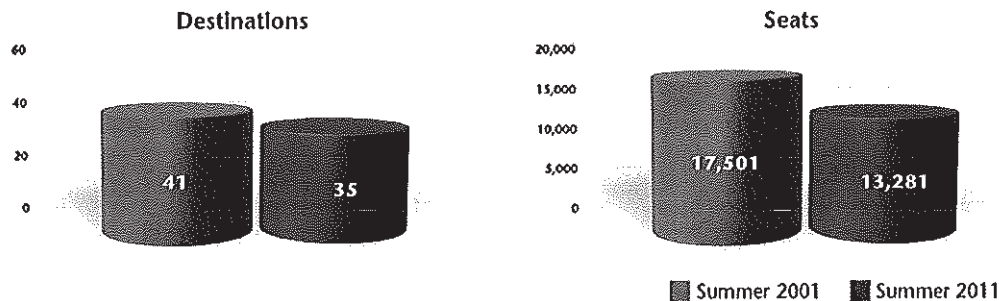
In the 10 years, since the summer of 2001, there have been significant events that have shaped the presence of IND's Air Service. Prior to the paradigm shifting events of September 11, 2001, IND was characterized by a mini-hub presence by US Airways and a growing leisure hub airport for ATA. One of the most telling characteristics of the time is that IAA carried fewer daily passengers in 2001 despite the significantly larger selection of flights and destination options. Jet Fuel was only \$0.75/gal during 2001 and has since increased 300% to the current \$3.06/gal levels.



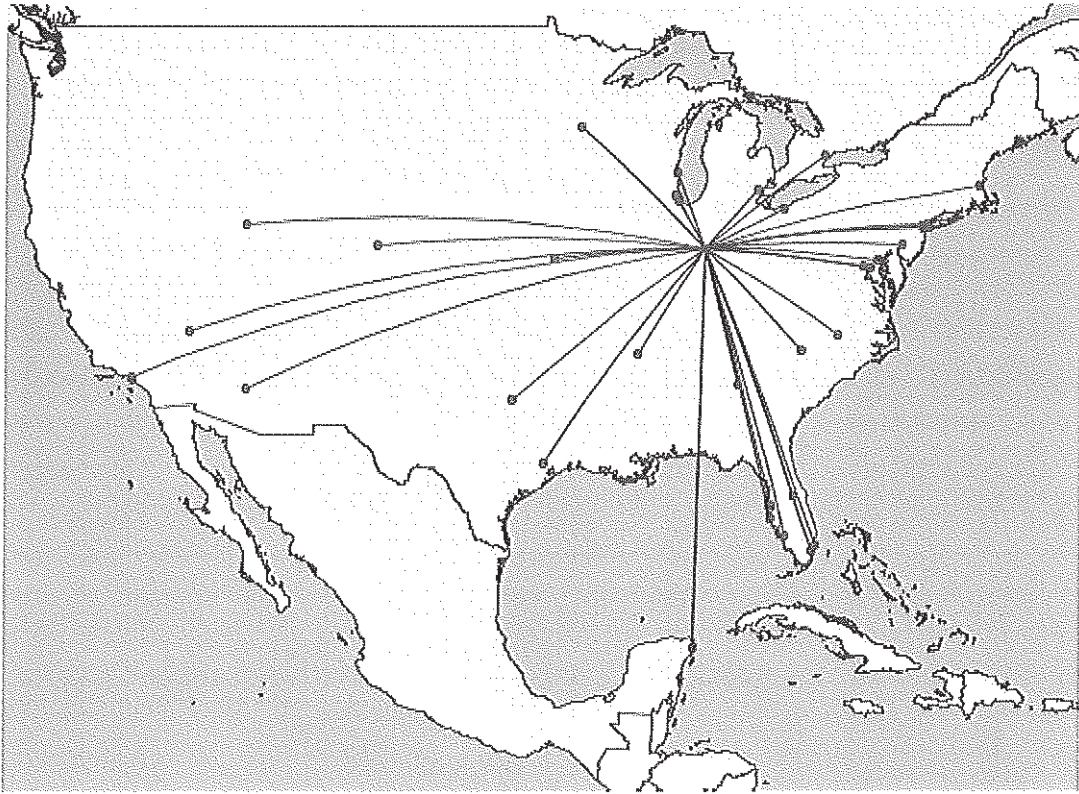
Following the 9/11 industry turndown, US Airways began a scale down of its hub activities, while ATA continued their expansion as a leisure hub. In 2004, climbing jet fuel prices began challenging ATA's operations. By late 2005, the \$2+/gal prices became too much for ATA to sustain their business model, leading to eventual bankruptcy. In 2005, Northwest Airlines stepped up with a 'Heartland Hub' strategy, to significantly increase their IND presence. AirTran Airways also made an introduction to IND which would lead to an eventual #3 airline position at IND.



The continually increasing jet fuel prices of 2007 and subsequent global recession would begin a period of airline network consolidation. For IND, the bankruptcy/merger of Northwest Airlines to Delta Air Lines created a significant cutback in capacity and destinations. Eventually other mergers (Frontier/Midwest, United/Continental, and Southwest/AirTran) would lead to further cutbacks in competing service into similar markets, and would also lead to higher average airfares as capacity was reduced and passenger load factors increased. Finally, the continued high jet fuel prices (\$3+/gal) have led to few regional jet operations provided by the existing airlines.



Destinations Served by IND



IND averages 135 daily departures to 35 different destinations and just under 13,000 in average daily seat capacity. IND is the 50th largest airport in the U.S. based on commercial passenger traffic (per ACI-NA) and 8th in the nation for air cargo.

One can find more schedule-friendly non-stops to popular destinations—including Orlando, Las Vegas, Tampa, Phoenix, Dallas, and Atlanta—all for less cost than many other airports.

U.S. Department of Transportation data* indicate that IND's average domestic fare (\$308) is lower than the national average of \$337. In fact, our average fares are lower than Columbus, Dayton, Louisville, and Cincinnati.

** Based on U.S. Department of Transportation Q1 2011 data for domestic fares, round-trip or one-way for which no return is purchased**

SITUATION ASSESSMENT

Nearly three years ago, the strategic planning process began with an overall organizational assessment focusing on several key questions, such as:

- What is our current situation?
- Where does the Indianapolis Airport Authority want and need to be in five years?
- How do we get to where we want to be?
- What guiding principles do we need to adopt to achieve our goals?
- What is our vision and mission for the future?

The assessment began with an online survey sent to 72 stakeholders in four groups: (1) board members, (2) executive team, (3) directors and department heads, and (4) managerial staff.

The survey focused on strengths and weaknesses, opportunities and challenges, areas for improvement, core values, work-life issues, and organizational accomplishments.

Facilitator-led brainstorming sessions to: (1) engage in a SWOT (strengths, weaknesses, opportunities, and threats) analysis and (2) develop a clearly defined mission, vision, and core values for moving forward. Input was also sought from staff at all levels of the organization through departmental dialog and staff meetings.

A summary version of the comprehensive compilation of the 2009 SWOT analyses follows.



Strengths

Physical assets

- Modern, state-of-the-art infrastructure and systems capable of serving passenger and cargo traffic for many years with no major improvements
- IND has physical capacity for additional landside and airside growth
- Undeveloped land and property offers much potential for generating additional sources of revenue
- IAA's five general aviation facilities provide untapped potential for additional development
- Midwestern location with an excellent Interstate system making Indianapolis within a one-day drive for most of continental U.S.
- Relatively low cost of living and doing business in Indianapolis
- Indianapolis' growing domestic and international reputation as a destination for sports, conventions, and business



External relationships

- Restructured Midfield Project debt service
- Completed industry leading 5-year airline agreement
- Good relationships between IAA Board & IAA staff and city-state government, elected officials, and civic leaders
- Long term relationships with FAA, TSA, and other key business partners

Management & administration

- Strong leadership recognizes need to continuously improve operational efficiency and customer service
- Shared desire to succeed among all staff
- Dedicated, hard-working management and staff cooperate and work well together to keep airport functioning smoothly
- Strong financial position and cash flow. Staff plans to ensure debt service obligations are met

Air service

- Diverse mix of airlines keeps passenger fares competitive
- Ready and able to grow cargo and passenger traffic
- Low air traffic congestion in central Indiana
- FedEx Express hub



Weaknesses

Revenue

- Too much reliance on aviation-related revenue
- Financial obligations for \$1.1 billion new terminal
- IMC lease structure limits ability to cultivate and lease space to new business partners; high operating costs
- Concessionaires not meeting revenue projections
- U.S. Postal Service hub and other airport properties under-utilized

Organizational structure & culture

- Need internal knowledge improvements concerning non-aviation corporate best practices and applicable to airport management and operations
- Internal aversion to risk; reactive rather than proactive
- Outdated, entrenched business policies and procedures
- Organization lacks key performance measures and benchmarking
- Improve overall internal communication at all levels, horizontal and vertical, between directors and managers

External factors

- Unpredictable winter weathers impact on expense planning for de-icing chemicals and overtime pay for snow crews
- Physical proximity of and competition from Chicago Midway, Louisville, and other Midwestern airports for business and leisure travelers
- City and state leaders, elected officials support and/or understanding of airport initiatives and economic development impacts
- Lack of Fortune 500 companies contributes to low demand for business travel and cargo traffic
- Negative impacts on travel demands as a result of public perceptions: high cost, inconvenience; and the economy.
- Lack of direct, convenient, and affordable public transportation to and from IND for frontline employees, passengers, and visitors



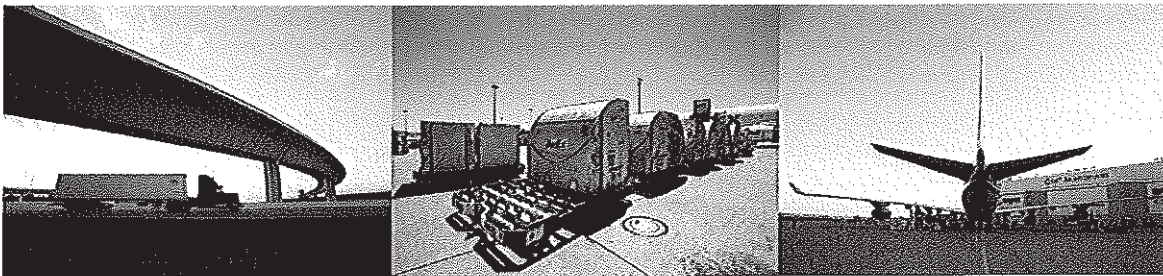
Opportunities

Revenue

- Identify and Implement Internal and external cost-saving measures without Impacting customer service
- Explore best, most lucrative uses for old terminal and IAA land

Air Service

- Air and land-side physical capacity at IND
- Logistic advantages for additional cargo service Identify infrastructure that meets demand for increased scheduled and seasonal service to International destinations in Mexico & Canada
- Land for enhancements for non-airline revenue streams
- Enhanced passenger amenities inside the terminal
- Recognize potential for Increased business with local airline: Republic Airways



Marketing and Advertising

- Continue developing new ways of attracting non-ticketed individuals to airport for shopping, dining, and entertainment options
- Implement more aggressive property and real estate marketing strategies
- ICVA's convention marketing and major sporting events provide opportunities for increased revenue, new business, new public programming, and generating greater levels of public awareness
- Identify opportunities for enhanced in-terminal and external advertising

Organizational structure

- Implement key performance measures that encourage Innovation, critical thinking, proactive approaches to customer service and operations, and outstanding performance
- Take advantage of technology and technological systems
- View and utilize change as a catalyst for a new era in IAA/IND history and as a means of developing and implementing a shared vision and mission
- Recruit and retain the best talent and human resources needed to operate the airport and grow the business
- Become the employer of choice in Central Indiana

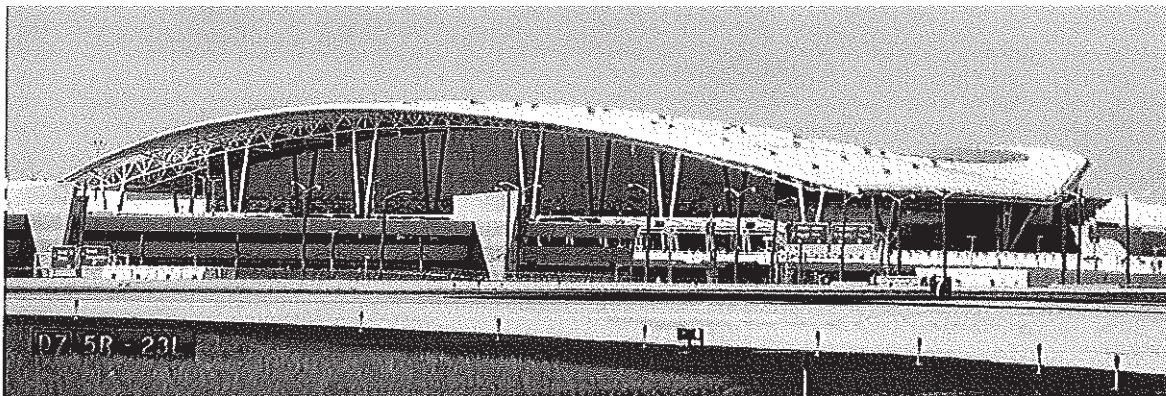
Threats

External

- Continued turbulence in airline industry and global economy will impact concessionaires, tenants, and others with higher costs for doing business
- Businesses using technology and other means as alternatives to reduce non-essential business travel and cost
- Local and national unemployment, consumer concerns about personal debt, reduced spending, and rising costs leading to decrease in leisure air travel
- Improvements in rail, long-distance logistics, and other forms of transportation impacts on air cargo
- Increased IAA operational costs (fuel, utilities, insurance, and other essentials)
- High debt service for new terminal
- A large-scale terrorist or heightened terrorist threats resulting in new, unfunded security mandates
- Changing federal regulations, including FAA reauthorization
- Local municipal and state government elections
- Increased competition for business and leisure air travelers within the two-hour catchment area

Internal

- Unforeseen operating expenses and unfunded state and federal mandates
- Concessionaire financial challenges
- Continued workload increases – balancing performance excellence expectations with fewer resources
- Ongoing workforce development and training needs among hourly staff and other front-line employees
- Employee retention/high turnover rates
- Ability to recruit and retain top executive and managerial talent for the long-term





STRATEGIC PLAN OVERVIEW

THE INDIANAPOLIS AIRPORT AUTHORITY'S PRIMARY BUSINESS GOAL IS TO GROW DOMESTIC AND INTERNATIONAL PASSENGER, AND CARGO AIR TRADE SERVICE.

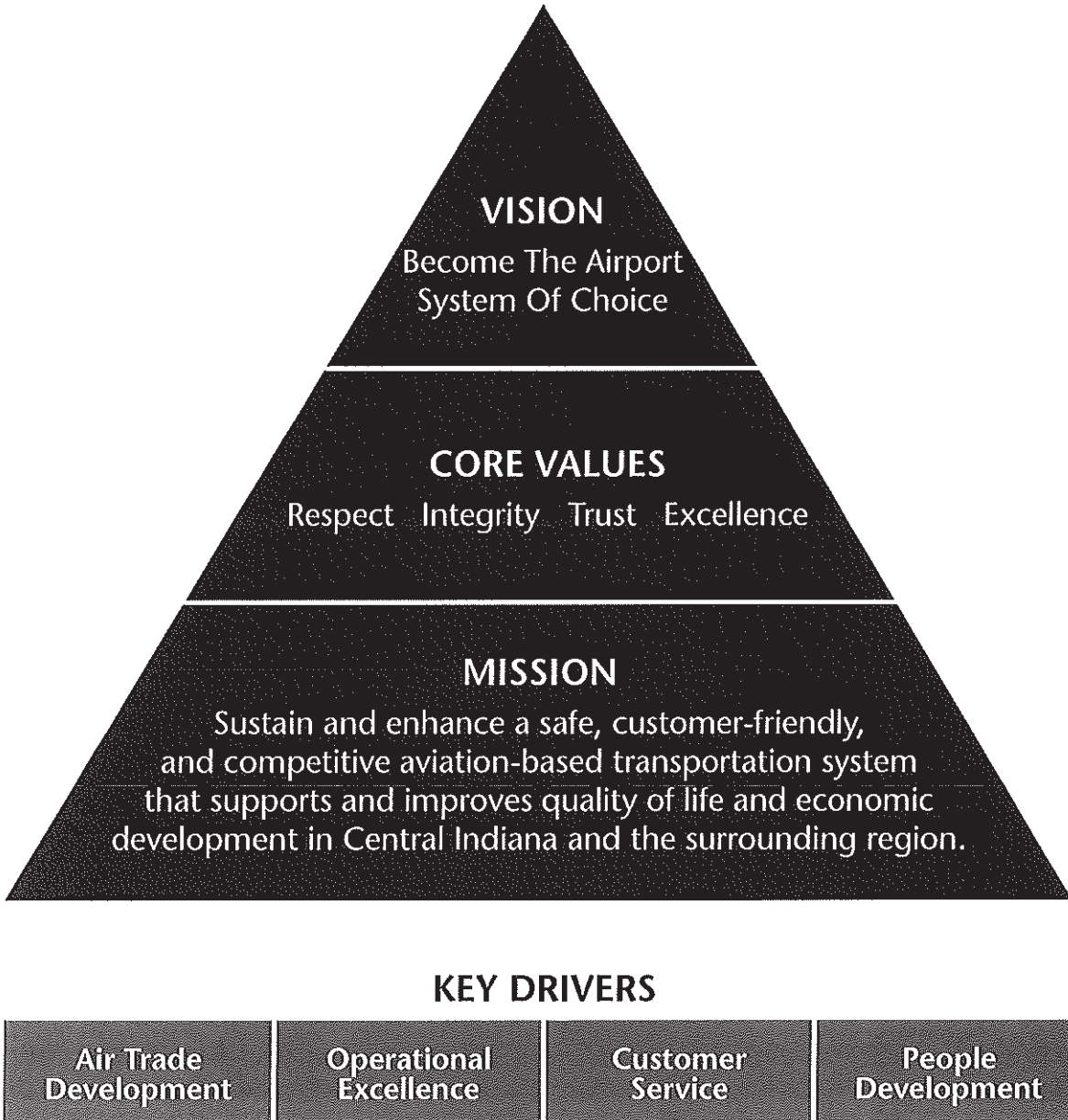




Four key strategic pillars underpin IAA achieving its primary business goal:

- Air Trade Development
- Operational Excellence
- Customer Service
- People Development

The IAA Strategic Business Plan sets forth its Guiding Principles and strategic key drivers needed to achieve our primary business goal of growing domestic and international passenger, and cargo air trade service; these are shown in the graph below.



Guiding Principles

Core values

Shared values among all staff are essential for the healthy, successful future of IAA. These values are integral to all business activities:

Respect | Integrity | Trust | Excellence

Vision

Become the Airport System of Choice by:

1. Achieving national and international recognition by being excellent in all areas of operational and financial performance.
2. Maximizing utilization and continued development of airport assets to grow aviation and non-aviation business.
3. Creating a diverse, forward-thinking, and innovative organization with the workforce structure and skill sets needed to achieve its mission.

Mission

The mission is a framework within which all goals, objectives, and strategies are formulated:

- Sustain and enhance a safe, customer-friendly, and competitive aviation-based transportation system that supports and improves quality of life and economic development in Central Indiana and the surrounding region.

Culture

The organization's culture is the sum of all values, traditions, and meanings that make IAA unique. The core values, vision, and mission are a collection of principles that shape the attitudes, experiences, and beliefs—and the manner in which staff interact with each other and external stakeholders. Culture impacts the expectations and behavior of employees as they strive to achieve shared goals.

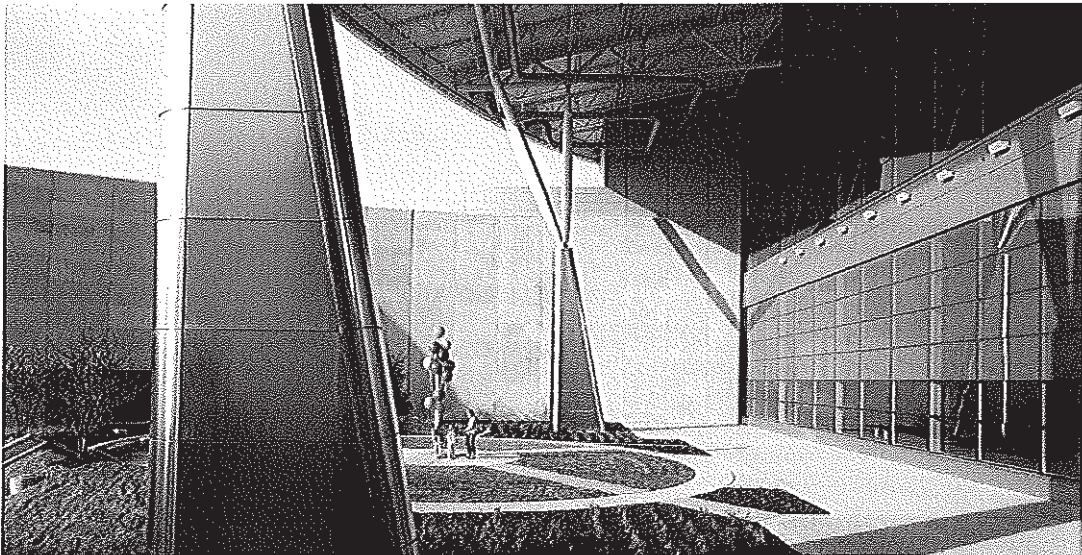
Our opportunity is to foster and develop a culture that allows IAA employees to embrace the strategic plan in ways consistent with its goals. Clear, frequent, and direct communication is essential in gaining acceptance, building a cohesive culture, and understanding the need to move forward in deliberate, defined ways.

IAA Vision
*"Become the Airport
System of Choice"*

MOVING FORWARD

IAA will drive its vision forward by focusing on air trade development, achieving operational excellence, delighting customers, and elevating IAA as a premier employer of choice in Central Indiana.

These strategic drivers recognize the need to maximize all IAA assets—its employees, its properties, and its finances—and to incorporate appropriate risk management principles in all aspects of the business.



Objectives And Strategies

Once the four key strategic drivers were identified, each member of the IAA executive team and the department directors reporting to them were engaged to develop objectives and strategies in support of achieving them.

The objectives are defined activities for achieving the key strategic drivers. Each objective is paired with short-term and long-term strategies, which are the tactics and/or tasks to be completed to achieve the goal.

AIR TRADE DEVELOPMENT

Objectives

- Diversify and expand Air Trade operations from both cargo and passenger airlines

Strategies

2013-2017 Strategic Measures

- Provide 40 non-stop destinations vs. current 34 (returning to 'pre-2008 recession' levels of air service)
- Rank #1 in average position of all benchmark air service performance measures over 2012-2017 period (Midwest Airports)
 - o Benchmark Airports are (Louisville, Cincinnati, Dayton, Columbus, St. Louis, Chicago Midway)
 - o Benchmark Measures:
 1. Growth in enplanements vs. previous year;
 2. Growth in new domestic flights vs. previous year;
 3. Growth in scheduled domestic capacity vs. previous year; and
 4. Growth in passenger catchment capture (reduce leakage) vs. previous year.
- Develop and implement plan to grow market mass utilizing IND
- Utilize cargo related data gathered in 2012 to implement cargo growth strategy, with focus on growth from specific, identified manufacturers / shippers in Indiana to achieve 5% increase in IND cargo landed weight volume.
- Provide scheduled air cargo flights to 3 strategic international regions (Europe, Asia & Latin America)
- Increase % of Indiana air exports using IND by 5% over 2012
- Grow revenues from cargo operations at IND by 5%, including leasing of former USPS Eagle hub facility
- Establish an Air Cargo Incubation program.



OPERATIONAL EXCELLENCE

Objectives

- Deliver competitive airline rates and reduce Airline cost per enplanement
- Further develop and diversify non-aeronautical revenue
- Implement IND Aerotropolis Land Use Plan
- Restructure debt service to align debt amortization with strategic goals and drive down costs at IND

Strategies

2013-2017 Strategic Measures

- **AIRLINE RATES**
 - o Achieve cost per enplanement target below median level of regional competitive set (Cincinnati, Louisville, Chicago-Midway, Columbus, St. Louis, Dayton).
- **REVENUE DIVERSIFICATION**
 - o 2015 AUA non-airline vs airline revenue anticipates non-airline revenue being 69% of total. By 2017 this amount should be 70% given a new AUA.
- **LAND USE**
 - o Achieve \$4M incremental revenue from new land leases (above 2012 levels)
 - o Achieve measurable targets identified through the IND AeroVision (Aerotropolis) Committee.
- **DEBT SERVICE**
 - o Reduce total annual gross debt service costs to \$80 million and move toward the industry median in debt service expenses per enplaned passenger.

CUSTOMER SERVICE

Objectives

- Obtain ASQ world ranking based on annual survey
- Develop and implement initiatives that achieve business partners alignment with IAA's excellence in customer service philosophy.

Strategies

2013-2017 Strategic Measures

- Achieve global recognition by being in top 5% ranking among our panel airports in the Airport Service Quality (ASQ) Survey.
- Excellence in customer service is integrated throughout the entire airport system by introducing (and gaining agreement) on improvement related key indicators with 100% of IAA business partners.

PEOPLE DEVELOPMENT

Objectives

- Become an “Employer of Choice” in Central Indiana.
- Development of a high-performance culture capable of driving world-class business results for IAA.
- Employee engagement, loyalty and commitment to the values, ideals and business goals of IAA.

Strategies

2013-2017 Strategic Measures

- Achieve recognition as an “Employer of Choice.”
- Achieve 2% improvement in the top four EEO categories (and overall) in categories in which we are not reflective of the Central Indiana Standard Metropolitan Statistical Area (SMSA) or equivalent.
- Determine and implement strategy / site to house maximum number of IAA employees in one location. This will promote enhanced teamwork across the IAA, continued culture development, and enhanced communication.
- Achieve a healthier workforce, lower (relative) overall healthcare costs, reduction in worker’s compensation claims / experience, etc.



NEXT STEPS

Monitoring and evaluating the outcomes of a strategic planning initiative is, for many organizations, as important as identifying and prioritizing its key business goals and objectives for the future.

Once each IAA department has completed its due diligence (i.e., research, data analysis, and feasibility studies related to their short-term and long-term strategies), steps will be taken to implement the tactics needed to support the objectives.

It should be noted that this plan contains *guidelines*—which should not to be confused with *rules*. Some deviation from the plan will occur due to changing organizational circumstances and evolving priorities. As such, it will be updated from time to time to reflect changes that occur along the way.

With direction from the executive team (and approval from the board, as required), department heads will take the lead in ensuring their staff members have the resources and tools needed to successfully complete their respective assignments.

Throughout the process, strong internal communication will be crucial. The type and rate of actions taken will largely determine the frequency of the communication, but progress reports (in general) will be made by department heads to the executive team on a monthly basis. Quarterly written reports may also be required.

Department heads will also update their respective team members, providing substantive feedback about their individual performance in completing the tactics assigned them.

All IAA staff will receive periodic updates and information about the overall progress being made. Those departments and individual staff members making significant contributions will be recognized and acknowledged in a variety of ways, including during the quarterly all-staff meetings and in the internal employee newsletter.

The executive team is committed to working with IAA's Board of Directors to execute its 5-year plan with Respect, Integrity, Trust and Excellence. Members of the executive team will provide reports to IAA's board members, apprising them of the progress being made and feedback from internal and external customers regarding the efforts. These reports will likely be given on a quarterly basis.

Now that the plan is drafted, let the work begin! Plans to acknowledge successes will be developed and shared with staff in the months and years ahead. Celebration of key milestones is as important as accomplishing the objectives contained in this plan, and is important for providing staff with a sense of acknowledgement and the inherent fulfillment of a job well done.



Indianapolis Airport Authority

Indianapolis Airport Authority
7800 Col. H. Weir Cook Memorial Dr.
Indianapolis, Indiana 46241



Board Memo Property Acquisition

To: IAA Board of Directors
From: Joseph Heerens, General Counsel
Date: December 19, 2011
Board Date: January 20, 2012
Subject: Property Acquisition – Edith L. Denny

Background

The Indianapolis Airport Authority (“IAA”) has had an active land acquisition program since 1973. Between 1973 and 1987, the land program acquired the majority of the land which comprises the current Airport layout and footprint. In 1987, the IAA began its land acquisition program in support of its Part 150 Noise Compatibility Plan (NCP). Phase I of this program ran from 1987-1992, Phase II ran from 1992-1997, and Phase III was initiated in 1998 and also includes holdout property owners that are remaining from Phases I and II. In 1997, an additional program was added to acquire single family residences located within the IAA’s Indiana Bat and Wetland Mitigation Area, and in 1999, land acquisition began for the future third parallel runway.

Scope

The residential property being acquired from Edith L. Denny as shown on the attached schedule, is included in the IAA’s land acquisition Phase II Program. The Purchase Agreement under consideration is based on an appraised value of Fifty seven thousand five hundred dollars (\$57,500.00)

Schedule

January 20, 2012: Approve the Purchase Agreement with Edith L. Denny. The closing will occur as soon as practicable thereafter.

Funding

This acquisition is currently funded from the 2012 Capital Improvement Fund. The property will be eligible for federal grant reimbursement as an element of the IAA’s Noise Compatibility Plan.

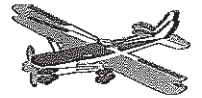
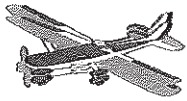
Recommendation

The IAA Staff recommends the purchase of Edith L. Denny’s property as shown on the attached schedule.

MONTH/YEAR	OTHER PARTY	TYPE OF DOCUMENT	TERM (YEARS)	REVENUE	SIGNATORY	COMMENTS
Dec-11	Universal	Contract for Services	1 year	n/a	J. Heerens	This is an extension of our existing contract for our land relocation specialist.
Dec-11	New Zoom, Inc.	Amendment No. 2	4 years	Same as provided in original Agreement	J. Clark	Extends current contract under same terms and conditions.
Dec-11	AirPrime Solutions	Contract for IT Consulting Services	3 months	n/a	J. Clark	For configuration of PropWorks Land Program. IAA agrees to pay \$18,200.
Dec-11	Melshire DFW, LP d/b/a Auntie Anne's	Shared Tenant Services Agreement	5 years	\$110.00 per month	J. Clark	For teleconference services for tenant at terminal.
Dec-11	Coca-Cola Refreshments USA, Inc.	Beverage Product Agreement	3 years	\$390,000 over 3 years	J. Clark	Requires concessionaires at terminal to purchase and dispense only Coca-Cola beverage products.
Dec-11	United Air Lines	Shared Tenant Services Agreement	2 years	\$675.00 per month for 1st year, \$810.00 per month for 2nd year	J. Clark	For United Air Lines to utilize IAA's equipment.
Dec-11	G2 Secure Staff, LLC	Airport Use Permit	4 years	\$66,096.00	J. Clark	G2 will pay 8% of gross revenues to the IAA.
Dec-11	RW Armstrong	Contract Amendment #1	9 months	n/a	J. Clark	This is for the airline cargo building ramp expansion
Dec-11	JetStream Ground Services	Airport Use Permit	3 years and 3 months	\$58,550.00	J. Clark	JetStream will pay 8% of their gross revenues to IAA
Dec-11	Marion County Prosecutor's Office	Amendment No. 4 to Grant of License Agreement	3 years	\$54,180.00	J. Clark	Extension of contract which grants parking spaces at the Heliport to the Prosecutor's Office

Dec-11	2012 Super Bowl Host Committee	Airport Use Agreement	11 days	n/a	J. Clark	Host Committee to utilize old parking lots for NFL.
Dec-11	Communications Infrastructure	Building Lease Agreement	5 years	\$196,150.00	J. Clark	Leasing of Unit B of Building 239 for office & warehouse for cell tower business.
Dec-11	Indianapolis Power and Light Company	Request for Street Lighting Field Invoice	n/a	n/a	J. Clark	For light poles & related equipment at the cost of \$74,920.
Dec-11	JP Morgan Chase Bank	Amendment to Concession Agreement	Same as provided in original Agreement	Same as provided in original Agreement	J. Clark	Changes the number of ATM's in the terminal.
Dec-11	Ivy Tech College of Indiana	First Amendment to Building Lease Agreement	Same as provided in original Agreement	\$196,150.00	J. Clark	Due to unexpected delays, Ivy Tech requested a three-month delay in commencement of lease.
Dec-11	Paradies-Muse LLC	Short Term Use Agreement	1 month	Concessionaire to pay 20% of gross receipts to IAA	J. Clark	Retail display and sale of sports apparel & football related merchandise.
Dec-11	CMID, Inc.	Contract for Construction Services	1 year	n/a	J. Clark	For the IMC Central Energy Plant steam trap replacement in the amount of \$19,525.
Dec-11	CMID, Inc.	Contract for Construction Services	7 months	n/a	J. Clark	Contract for the Ground Transportation Center mechanical modifications.
Dec-11	Motorola Solutions	Service Agreement	2 years	n/a	J. Clark	For network monitoring, on-site infrastructure response, and dispatch service.
Dec-11	JP Morgan Chase Bank	Short Term Use Agreement	8 months	Concessionaire to pay a fee of 20% of gross receipts.	J. Clark	Display of promo graphics.

Dec-12	Indiana Pacers	Preliminary reservation for contract	1 year	n/a	J. Clark	For sponsorship and marketing arrangements.
Dec-11	Anthem Insurance Companies, Inc.	Group Health Plan Business Associate Agreement	1 year	n/a	J. Clark	For IAA's Medical Plan for its employees.
Dec-11	Anthem Insurance Companies, Inc.	Stop Loss Agreement	1 year	n/a	J. Clark	For IAA's Medical Plan for its employees.
Dec-11	Anthem Insurance Companies, Inc.	Administrative Services Agreement	1 year	n/a	J. Clark	For IAA's Medical Plan.



AGENDA
INDIANAPOLIS AIRPORT AUTHORITY
RELIEVER AIRPORTS SUB-COMMITTEE MEETING

MEETING DATE: January 20, 2012
LOCATION: Pre-Board Conference Room – Level 4

1. Super Bowl Update – Mike Medvescek
2. Deicing and Storm Water – Tim Method

