



Agenda  
Indianapolis Airport Authority  
April 15, 2011  
8:30 AM

- I. Call to Order
- II. Approval of Minutes of the Regular Meeting of March 11, 2011
- III. Ordinances, Resolutions and Public Hearings
  - a) Finance and Audit Committee – *Jean Wojtowicz, Chair*
    - i. Consider for approval adoption of **Resolution No. 8-2011** amending the existing Investment Policy
- IV. Board Reports
  - a) Vice President's Report – *Kelly Flynn*
  - b) Finance and Audit Committee Report – *Jean Wojtowicz, Chair*
    - i. **BP2011-04-1**: Consider for approval The Independent Accountants' Report and Financial Statements of the Indianapolis Airport Authority for the years ending December 31, 2010 and 2009 as reviewed and recommended by the Finance and Audit Committee
  - c) Human Resources Committee Report – *Alex M. Azar II, Chair*
- V. Official Actions
  - a) **BP2011-04-2**: To (1) declare that an emergency exists with respect to the canopy failure; (2) direct that the IAA's Management obtain bids or quotes from at least two persons or entities known to deal in this work; and (3) delegate to the IAA's Executive Director/CEO, or his/her designee, the authority to sign a contract with the person or entity who submits a bid or quote determined to be in the IAA's best interests.
  - b) Introduction of the IAA Consent Calendar dated April 15, 2011.
  - c) Consider for approval each of the individual items listed on the IAA Consent Calendar Agenda dated April 15, 2011.



VI. Staff Reports

- a) CEO Report – *John D. Clark, III*
- b) CFO Report – *Marsha Stone*
  - i. Financial Report
  - ii. Super Bowl
- c) Supplier Diversity Report – *Corey Wilson*

VII. Other Reports/Update

VIII. Adjourn

**MINUTES**  
**Board of Directors Meeting**  
**Indianapolis Airport Authority**

The Regular Meeting of the Indianapolis Airport Authority Board was called to order at 8:44 a.m., March 11, 2011, in the Winner's Circle Ballroom at the Radisson Hotel at 2500 S. High School Road, Indianapolis, Indiana.

Present and comprising a quorum were:

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

Advisory Members attending:

Steve Dillinger

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  
Patzetta Trice, Chief Communications Officer  
Joseph Heerens, General Counsel  
Carmen Cardwell, Executive Assistant/Recording Secretary  
Carole Nicholson, Paralegal/Executive Assistant

**APPROVAL OF MINUTES**

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

## ORDINANCES, RESOLUTIONS, AND PUBLIC HEARINGS

President Michael Stayton called for discussion of Resolution No. 6-2011, granting the Executive Director/CEO, or his authorized designee, authorization to apply for, and accept, grant offers extended by the Federal Aviation Administration, Transportation Security Administration or the Indiana Department of Transportation. Mr. Clark indicated that this Resolution will allow for timely acceptance of Grants, including the ability to take action if Mr. Clark is away from the office. Mr. Azar suggested that this Resolution be specifically worded to appoint the CFO, Marsha Stone, to have such delegated authority in the absence of Mr. Clark. President Stayton requested that Resolution No. 6-2011 be amended to read that the authority be granted to the Executive Director/CEO and his designee, CFO Marsha Stone. President Stayton then called for a motion to approve the amended Resolution.

Upon a motion by Ms. Wojtowicz, seconded by Mr. Johnson and unanimously passed, approval was given to amended Resolution No. 6-2011.

President Stayton next called for discussion of Resolution No. 7-2011, authorizing the Minor Boundary Modification Extension Application for Redcats, USA, Inc. There being no discussion, President Stayton called for a motion to approve Resolution No. 7-2011.

Upon a motion by Vice-President Flynn, seconded by Mr. Johnson and unanimously passed, approval was given to Resolution No. 7-2011.

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## BOARD REPORTS

### President's Report

President Stayton had no reports.

### Reliever Committee Report

Secretary Al Bennett announced that effective today, the name of "Mount Comfort Airport" is being changed to "Indianapolis Regional Airport", and revealed pictures of the new sign being erected at this reliever airport. Mr. Bennett also noted that the call letters of the airport will not change.

Mr. Bennett next introduced Mr. Bob Palmer, Vice-President of Federal Express, who originally suggested this name change. Mr. Palmer thanked the Board for considering the idea and completing the process; and he expressed his appreciation for the "Indianapolis Regional Airport", and noted it is a world-class general aviation reliever airport.

OFFICIAL ACTIONS

APPROVAL OF THE INDIANAPOLIS AIRPORT AUTHORITY'S CONSENT CALENDAR, dated March 11, 2011: Upon a motion by Mr. Johnson, seconded by Mr. Bennett and unanimously passed, approval was given to the Consent Calendar dated March 11, 2011.

APPROVAL OF INDIVIDUAL ITEMS LISTED ON THE INDIANAPOLIS AIRPORT AUTHORITY'S CONSENT CALENDAR, dated March 11, 2011: Upon a motion by Mr. Johnson, seconded by Mr. Azar and unanimously passed, approval was given to accept each of the individual items listed on the Consent Calendar dated March 11, 2011.

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STAFF REPORTS

CEO Report

Mr. Clark had no reports.

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ADJOURNMENT

There being no further business, the meeting was adjourned at 8:51 a.m.

INDIANAPOLIS AIRPORT AUTHORITY\*

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Kelly J. Flynn, Vice President

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Alfred R. Bennett, Secretary

Date: \_\_\_\_\_

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



## Board Memo Investment Policy

To: IAA Board of Directors  
From: Jean Wojtowicz, Finance and Audit Committee  
Date: April 8, 2011  
Board Date: April 15, 2011  
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.

As part of an ongoing review of the Authority's investment policy, the following three changes have been recommended by the IAA Treasurer:

- (1) the Authority's policy currently specifies that the Authority conduct all securities transactions on a delivery-versus-payment ("DVP") basis. This would require that the Authority establish a third-party custodial account to settle trades with approved broker-dealers. Because of the expense of this type of custodial account and the limited number of broker-dealers with whom the Authority executes securities trades, the Authority can be better served by conducting trades on a cash basis with broker-dealers and holding the securities in a safekeeping account with the broker-dealer.
- (2) The Authority's current policy allows the Authority to purchase Treasury securities and federal agency securities with a maturity date of two years or less. The policy is silent on the use of forward purchase agreements ("FPAs"). FPAs allow the Authority to receive a long-term yield on its deposits while only investing in short-dated Treasuries or agencies. The Authority has utilized FPAs to invest a portion of its bond funds. This amendment would formally recognize the use of FPAs as an approved investment vehicle.

- (3) Indiana Code 5-13-9 allows the Authority to invest in a certificate of deposit ("CD") product, often referred to as CDARS, which allows the Authority to invest deposits with a depository who will reinvest the funds in CDs with other depository institutions. State statute requires that these CDs be invested with federally insured depositories and that the total amount deposited with any single institution to be no greater than the maximum amount that would be federally insured.

#### 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 08-2011, which would result in the following changes:

- (1) the ability of the IAA to hold securities in a safekeeping account with approved broker-dealers or transact security purchases on a DVP basis,
- (2) the ability of the IAA to invest deposits in FPAs or similar instruments,
- (3) the ability of the IAA to invest deposits with a depository who arranges investments in CDs with federally insured banks such that the entirety of the deposits are covered by federal deposit insurance.

These changes will provide for the ability to (1) increase its expected interest earnings and (2) better diversify the Authority's investment portfolio.

#### Recommendation

The Finance and Audit Committee recommends that the Board adopt Resolution 08-2011 amending the existing Investment Policy.

# 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 risked-base capital ratio report. The Authority will not make an initial deposit with an institution whose Tier 1 risked-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) International Bank for Reconstruction and Redevelopment.
- (E) African Development Bank.

(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 two (2) 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> |                                      |

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 two years from the date of purchase per IC 5-13-9-5.6.

## 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.

*This Investment Policy for the Indianapolis Airport Authority has been approved by the Authority's Board of Directors and is effective as of the 15<sup>th</sup> of April 2011.*

Signed: \_\_\_\_\_  
Jeremiah Wise, Treasurer

**RESOLUTION NO. 8-2011  
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. 10-2010 on June 18, 2010, 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 April 15, 2011, which is attached hereto as "Attachment I" and incorporated herein by reference.

APPROVED this 15th day of April, 2011, at the regularly convened meeting of the Board of Directors of the Indianapolis Airport Authority.

**INDIANAPOLIS AIRPORT AUTHORITY\***

By: \_\_\_\_\_  
Kelly J. Flynn, Vice 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. 8-2011 adopted by the Indianapolis Airport Authority Board on the 15th day of April, 2011.

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Alfred R. Bennett, Secretary



## Board Memo 2010 Audited Financial Statements

To: IAA Board of Directors  
From: Marsha Stone, Chief Financial Officer  
Date: April 5, 2011  
Board Date: April 15, 2011  
Subject: 2010 Audited Financial Statements

### Background

Please accept the attached drafts, presented with an unqualified opinion, of the Independent Accountant's Report on Financial Statements and Supplementary Information for the Indianapolis Airport Authority for the years ending December 31, 2010 and 2009, as performed by the Authority's independent accounting firm, BKD, LLP. Also included is the draft audit management letter which is a required communication. Finalized reports that include the opinion date will be available the morning of the board meeting.

On April 5, 2011 the Authority's Finance and Audit Committee reviewed the statements and approved the recommendation for approval to the full Indianapolis Airport Authority Board.

### Recommendation

Consider for approval the Independent Accountants' Report and Financial Statements of the Indianapolis Airport Authority for the years ending December 31, 2010 and 2009 as reviewed and recommended by the Finance and Audit Committee.



## Board Memo

### Declaration of Emergency for Repairs to Garage Canopy

To: IAA's Board of Directors

From: Joseph R. Heerens,  
IAA General Counsel

Date: March 28, 2011

Board Date: April 15, 2011

#### Background

Shortly before midnight on Saturday, February 5, 2011, three (3) sections of the canopy located on the fifth (5<sup>th</sup>) floor of the Airport's parking garage collapsed, causing thousands of pounds of snow and ice to fall through the atrium to the floors below. Cars and parking garage equipment (*i.e.*, escalators, moving walkways, railings, etc.) were damaged; there were no personal injuries.

For safety purposes, the IAA's Management took immediate action to block-off and secure not only the fifth floor, but also the areas around the atrium located on each floor of the parking garage; and IAA law enforcement and public safety officers were stationed throughout the parking garage to prevent pedestrians from entering the area near the atrium where the damage occurred. The IAA's Management also promptly notified IAA's insurance carriers.

During the week of March 7, 2011, the Airport received a large amount of rain on consecutive days. Without the canopy over the eastern portion of the atrium, an inordinate amount of rain was now reaching floors 1 – 4 near the atrium; and these lower floors of the parking garage are not designed to handle this volume or increased amount of water. It was discovered during this rain event that:

- (1) the easternmost stairwells of the parking garage accumulate substantial amounts of water (especially between the third and fifth floors); and
- (2) puddles form on the parking garage floors (floors 1-4) near the atrium; and
- (3) water drains into the easternmost elevator shafts and collects at the base thereof.

Accordingly, several steps have been taken to reduce and otherwise mitigate the potential for slip and fall accidents in and around the atrium areas resulting from the lack of a complete canopy over the atrium. These steps include:

- (1) closing-off portions of the easternmost stairwells each and every time it rains; and
- (2) closing some (but not all) of the easternmost elevators when it rains because water is collecting at the bottom of certain elevator shafts and could short out the electrical circuits; and
- (3) utilizing a machine to disperse the puddles and water collecting near the atrium areas on floors 1 – 4.

To date, there have been no reported slip and fall incidents related to this issue. However, every time it rains, we take these extraordinary steps to reduce and manage this potential risk. It is imperative, however, that the canopy material be repaired and replaced as soon as possible as Indiana's spring season can generate significant rainfall.

In addition, the parking garage's escalators and moving walkways are damaged, cannot be used, and will remain closed until the canopy is repaired and replaced. As a result, this has increased the public's use of the stairwells, elevators, and the floors in and around the easternmost atrium area. Accordingly, the public's use of the areas affected by the rainfall has increased due to the current situation.

The IAA's Management believes that it's prudent and necessary for the IAA to act quickly to repair and replace the damaged canopy. In reviewing the options available under Indiana law, we have focused on a statutory provision which allows the governing body of a governmental unit to declare an "emergency" if the situation could not have been reasonably foreseen and it threatens the public health, welfare or safety and requires immediate action.

The law provides that if an emergency exists, the board, upon a declaration of emergency, may contract for a public work project without advertising for bids, provided that bids or quotes are invited from at least two (2) persons or entities known to deal in the public work required to be done. The law further requires that minutes of the board meeting must show the declaration of emergency and the names of the persons/entities invited to bid or provide quotes. See, Indiana Code § 36-1-12-9.

Based on the threat to public health, welfare or safety caused by excessive rainfall reaching stairwells and lower floors of the Airport's parking garage which were

not designed to handle that volume of water, it is my legal opinion that sufficient cause exists for the IAA Board to declare an "emergency" under applicable law.

An emergency declaration will enable the IAA's Management to commence the necessary repairs to the canopy in a much shorter time period. The emergency declaration will allow repairs to commence approximately sixty (60) days earlier than if the IAA followed the normal procurement process; and moving more quickly will eliminate the heightened risk to the general public caused by canopy failure.

Recommendation

The recommendation is that the IAA Board: (1) declare that an emergency exists as a result of the parking garage canopy failure; (2) direct that the IAA's Management obtain bids or quotes from at least two persons or entities known to deal in this work; and (3) delegate to the IAA's Executive Director/CEO, or his/her designee, the authority to sign a contract with the person or entity who submits a bid or quote determined in accordance with applicable law to be in the IAA's best interests.

The foregoing may be accomplished by a motion made by an IAA voting board member at the upcoming board meeting on April 15, 2011.

IAA Board Meeting  
Consent Calendar Agenda  
April 15, 2011

Consider for approval:

A) General Business

**BP2011-04-3** A delegation of authority to the Executive Director/CEO to approve and execute the Airport Use & Occupancy Permit with T-Mobile Central, LLC.

B) Capital Program

**BP2011-04-4** Plans and Specifications for CIP/Project #E-11-024 – Rehabilitate Southeast Apron at Eagle Creek Airpark, as prepared by NGC Corporation, and authorize the public bidding process.

**BP2011-04-5** An award of contract for Midfield Project #I-150, Water Main Extension Improvements (Double Check Valves) to Fitzgerald & Fitzgerald Co., Inc. in an amount not-to-exceed \$264,340.00 plus a 3% construction reserve of \$7,930.00 for a total of \$272,270.00. Fitzgerald & Fitzgerald Co., Inc. was the lowest responsive and responsible bidder. MBE 20.43% (Distribution One, LLC) and WBE 5.11% (CMG Trucking, Inc.)

**BP2011-04-6** The rejection of all bids received on July 29, 2010 for Bid Package H-10-023, Heliport Ramp Rehabilitation, and authorize the work to be re-bid.

**BP2011-04-7** A contract with Conserv, Inc. for the IMC Metasys System Upgrade in an amount not to exceed \$283,800.00. MBE 8% (Pinnacle Equipment Company) and WBE 7% (Bott Mechanical Company).

C) Real Estate

**BP2011-04-8** The covenants and restrictions with respect to the Stanley Cove subdivision.



## Board Memo – Signature Authority

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: March 22, 2011

Board Date: April 15, 2011

Subject: Executive Director/CEO Signature Authority - T-Mobile Airport Use & Occupancy Permit

### Background

T-Mobile Central, LLC (T-Mobile) has contacted the Indianapolis Airport Authority (IAA) and expressed an interest in joining the Distributed Antenna System (DAS) in order to provide efficient and reliable wireless phone coverage to their customers at the terminal. T-Mobile has indicated they have approved funding for this project due to the upcoming Super Bowl and have expressed a desire to have a document executed as quickly as possible so work can commence on this project.

Due to the timing of the April Board meeting, it's not anticipated a document will be executed by T-Mobile in time to meet the April agenda. However, IAA Staff anticipate T-Mobile will sign a document prior to the May Board meeting and would like to expedite this process as quickly as possible so that T-Mobile can meet their internal deadlines for joining the DAS.

### Scope

Due to timing required for negotiations and creation of this document, IAA Staff is requesting delegation by the IAA Board to the Executive Director/CEO to approve all documents required for T-Mobile to join the DAS system.

### Schedule

April 15, 2011: Approval of Delegation of Authority for the execution of the T-Mobile Central, LLC Airport Use & Occupancy Permit

Revenue and/or Operating Cost – Capital Cost Implications

Revenue:

The net average annual revenue is estimated at \$120,405.00, with a minimum term of seven & one half years so this permit will coincide with the other existing DAS documents.

Operating Costs:

It is not anticipated there will be any operational costs to the Authority for any installation needs to support the connection to the DAS.

Supplier Diversity Participation

Due to the nature of this document there will be no D/M/WBE participation.

Recommendation

The IAA Staff recommends the Board consider for approval the delegation of authority to the Executive Director/CEO to approve and execute the Airport Use & Occupancy Permit with T-Mobile Central, LLC.



## Board Memo – Plans & Specifications Approval

To: IAA Board of Directors

From: Mike Medvescek, Chief Operating Officer

Date: March 21, 2011

Board Date: April 15, 2011

Subject: Approval of Plans and Specifications for CIP/Project #E-11-024 –  
Rehabilitate Southeast Apron at Eagle Creek Airpark and Authorize the  
Public Bidding Process

### Background

The Indiana Department of Transportation (INDOT) conducts pavement evaluations at the general aviation airports in the Indiana State Aviation System Plan (ISASP), which includes all of the Indianapolis Airport Authority (IAA) reliever airports. These pavement evaluations are conducted to meet the Federal Aviation Administration's (FAA) grant assurance requirement of a pavement management plan. The most recent evaluation at Eagle Creek Airpark, completed in 2009, indicated that the Southeast Apron was at the lowest limit of acceptable condition for continued use and in need of rehabilitation. If the pavement condition deteriorates further, INDOT has the authority to close the Southeast Apron. This project will preserve the integrity of the pavement and enhance safety by reducing airfield foreign object damage (FOD). Rehabilitation of the Southeast Apron is also consistent with the IAA's strategic plan to maintain properties at sustainable levels performing essential repairs.

INDOT worked with the IAA to program grant funding for the rehabilitation of the Southeast Apron. An FAA Airport Improvement Program (AIP) grant was received in 2010 for design of this project. INDOT has indicated that the AIP discretionary grant funding for the apron rehabilitation construction is programmed for 2011. To obtain the grant funding for construction, bid prices are needed. The construction of this project will proceed only after the grant has been issued.

This project was approved for implementation by the Executive Management Team on July 29, 2010.

Scope

The scope of work covers construction services for the rehabilitation of the Southeast Apron. Construction shall include mill and overlay apron, crack repair, install new tie-downs, and install pavement markings.

Budget

Total construction package is estimated between \$250,000 and \$750,000.

The funding for this project is within the approved cash flow for the Capital Improvement Program.

Schedule

|                                      |   |
|--------------------------------------|---|
| Advertisement of Opportunity to Bid: | May 17, 2011 and May 24, 2011                       |
| Pre-Bid Meeting:                     | June 2, 2011 10:00 am Program Office, Conf. Room 1  |
| Bid Opening:                         | June 21, 2011 10:00 am Program Office, Conf. Room 1 |

Est. Bid Award (Board Mtg) July 15, 2011

Work is expected to start August 2011 and the substantial completion date is expected to be October 2011.

The above bidding schedule may be modified if the FAA indicates during the ongoing coordination with IAA staff that the AIP discretionary funding will be available sooner or later than currently anticipated. While bids are required to be obtained before the FAA issues an AIP discretionary grant, they cannot be obtained too soon as there is a limited time they can be held under state law.

Supplier Diversity Participation

The Director of Supplier Diversity established the following DBE/MBE/WBE participation goals on January 31, 2011: DBE 18%, MBE 18%, and WBE 10%

Recommendation

The IAA staff has reviewed the bid documents and recommends that the Board consider for approval Plans and Specifications for CIP/Project #E-11-024 – Rehabilitate Southeast Apron at Eagle Creek Airpark, as prepared by NGC Corporation, and authorize the public bidding process.



## Board Memo – Bid Award

To: IAA Board of Directors

From: Mike Medvescek, Chief Operating Officer

Date: March 11, 2011

Board Date: April 15, 2011

Subject: Award of Midfield Project #I-150 for Water Main Extension Improvements (Double Check Valves) to Fitzgerald & Fitzgerald Co., Inc.

### Background

The Indianapolis Airport Authority (IAA) works with Indianapolis Water (IW) to ensure that the water infrastructure associated with the Midfield Terminal project meets IW requirements. Since 2008, IAA has worked diligently with IW and their contractor, Veolia Water, to resolve all outstanding issues related to the water main construction, ownership, maintenance and water supply redundancy.

To complete the transfer of ownership of water main lines to the IW and to comply with applicable drinking water regulations, the IAA must install two (2) double check valves (backflow prevention devices) at the water meter point of delivery between the water main lines to be owned by the IAA and the water main lines to be owned by Indianapolis Water (IW). One double check valve needs to be installed at Vault 2 along South Service Road near the Airport Operations Center, and one at Vault 3 near Taxiway B east of the terminal apron (see Vaults No. 2 and 3 on attached Exhibit A). IW has recently approved the location and type of devices to be installed.

On January 21, 2011, the Board approved plans & specifications for Midfield Project #I-150, Water Main Extension Improvements (Double-Check Valves) and authorized the public bidding process.

On February 22, 2011, the IAA staff received two (2) bids, one at \$264,340.00 and the other at \$271,800.00. Fitzgerald & Fitzgerald Co., Inc. was the lowest responsive and responsible bidder in the amount of \$264,340.00.

In addition to the contract amount, the 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 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 allocation 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

This package provides for the procurement and installation of two double check valves to be installed at the water meter point of delivery at the connection between the IAA and IW water mains, one along South Service Road and the other near Taxiway B.

Budget

This contract is within the overall Midfield Cash Flow. The total bid plus 3% construction reserve is \$272,270.00.

Schedule

Work is expected to start May 2011 with a substantial completion date of October 31, 2011.

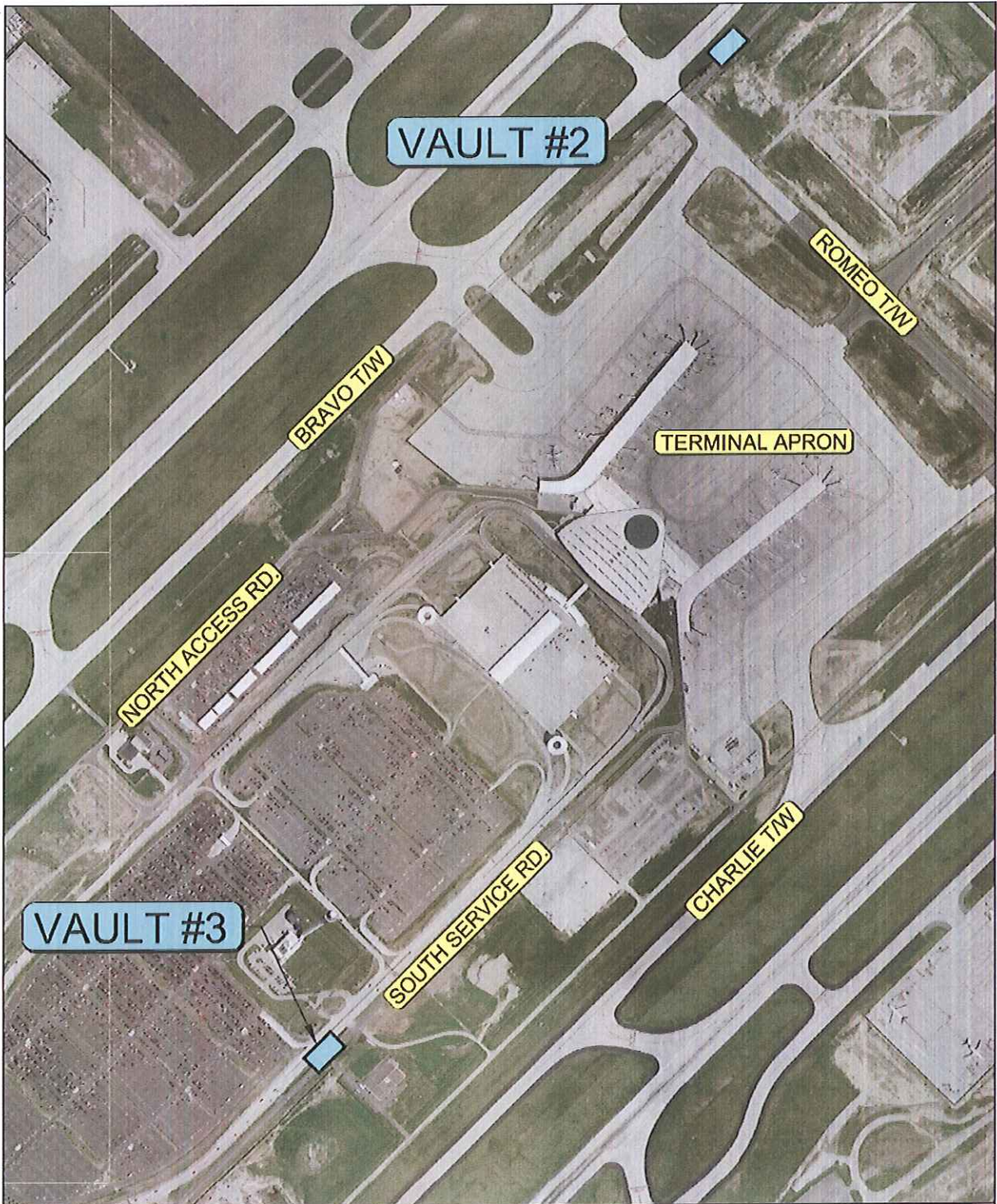
Supplier Diversity Participation

The Director of Supplier Diversity approved the following MBE/WBE participation on March 1, 2011:

| FIRM                  | CLASSIFICATION | AMOUNT    | %     |
|-----------------------|----------------|-----------|-------|
| Distribution One, LLC | MBE            | \$ 54,000 | 20.43 |
| CMG Trucking, Inc.    | WBE            | \$13,500  | 5.11  |

Recommendation

The IAA staff has reviewed the bids and recommends that the Board consider for approval an award of contract for Midfield Project #I-150, Water Main Extension Improvements (Double Check Valves) to Fitzgerald & Fitzgerald Co., Inc. in an amount not-to-exceed \$264,340.00 plus a 3% construction reserve of \$7,930.00 for a total of \$272,270.00. Fitzgerald & Fitzgerald Co., Inc. was the lowest responsive and responsible bidder. MBE 20.43% (Distribution One, LLC) and WBE 5.11% (CMG Trucking, Inc.)



INDIANAPOLIS INTERNATIONAL AIRPORT  
WATER MAIN EXTENSION IMPROVEMENTS  
VAULT LOCATION MAP





## Board Memo – Rejection of Bids and Authorization to Re-Bid

To: IAA Board of Directors

From: Mike Medvescek, Chief Operating Officer

Date: March 7, 2011

Board Date: April 15, 2011

Subject: Rejection of Bids and Authorization to Rebid– CIP/Project H-10-023, Heliport Ramp Rehabilitation

### Background

This project provides for the rehabilitation of ramp (apron) pavement that was constructed in 1985 and requires major maintenance to preserve the pavement life at the Downtown Heliport. The bid package, if approved, will be re-bid and the work completed in 2011.

On July 29, 2010, three (3) bids were received for bid package H-10-023, Heliport Ramp Rehabilitation Project. This package provided for the rehabilitation of the concrete ramp at the Heliport which included removal of existing joint material and re-sealing, crack routing and sealing, pavement removal, concrete patching, partial depth concrete repairs, and pavement marking removal and replacement.

The bids received were as follows:

|  |              |
|--|--------------|
| Advanced Restoration Contractors, Inc. | \$120,511.00 |
| Huff Sealing Corporation               | \$120,747.38 |
| Evans Development Company, Inc.        | \$196,879.00 |

There were irregularities in one or more bids. Per Indiana Code 5-16-2-1.4 and in accordance with Item #19 in the Instructions to Bidders which states that "The Owner reserves the right to reject any and all bids ...", it is recommended that the IAA Board consider for approval the rejection of all bids received on July 29, 2010 for Bid Package H-10-023 and authorization to re-bid the work.

This project is recommended for rebid in 2011 as the time necessary to seek the appropriate Board approvals and rebid the project in 2010 would not have allowed for completion within the 2010 construction season. While in need of rehabilitation, the rate of deterioration of the ramp has been slow enough to allow for the project to be deferred from the 2010 to 2011 construction season without impacting the operators at the Downtown Heliport. Also, Airport Improvement Program (AIP) grant funding for this project comes from non-primary entitlements for the Downtown Heliport which can be rolled over for up to three years if not used in the initial year.

#### Scope

This package will provide for the same work as proposed by the original bidding process which includes removal of existing joint material and re-sealing, crack routing and sealing, pavement removal, concrete patching, partial depth concrete repairs, and pavement marking removal and replacement

#### Budget

Construction package is estimated between \$100,000 and \$250,000.

The funding for this project is within the approved cash flow for the Capital Improvement Program and will be funded under the FAA's Airport Improvement Program.

#### Schedule

|                                      |   |
|--------------------------------------|---|
| Advertisement of Opportunity to Bid: | April 19, 2011 and April 26 2011                    |
| Pre-Bid Meeting:                     | May 3, 2011 1:30 p.m. Program Office, Conf Room 1   |
| Bid Opening :                        | May 19, 2011 10:00 a.m. Program Office, Conf Room 1 |

Est. Bid Award (Board Mtg) (June 17, 2011)

Work is expected to start July 2011 and the substantial completion date is expected to be September 30, 2011.

#### Supplier Diversity Participation

The Director of Supplier Diversity established the following DBE/MBE/WBE participation goals: DBE 12%, MBE 12%, and WBE 12%

#### Recommendation

The IAA staff has reviewed the bids received and recommends that the Board consider for approval the rejection of all bids received on July 29, 2010 for Bid Package H-10-023, Heliport Ramp Rehabilitation, and authorize the work to be re-bid.



## Board Memo – Conserv, Inc. Contract

To: IAA Board of Directors  
From: Marsha Stone, Chief Financial Officer  
Date: March 23, 2011  
Board Date: April 15, 2011  
Subject: Contract with Conserv, Inc. for Indianapolis Maintenance Center  
Metasys System Upgrade

### Background

The IAA, owns the Central Plant (CP) infrastructure and contracts the operation of the CP to BHMM Energy Services. The CP is the main source of the heating and cooling utility distribution for the Terminal and IMC.

A key function of the CP automated system, referred to as "Metasys", is to ensure the IAA maintains an accurate and reliable Building Automation System (BAS) to ensure efficient and effective operations at the CP as well as lighting, radiant floor heat, and HVAC within the IMC.

Metasys is a vital component in operating and monitoring the building support equipment for the CP and the IMC. The data available in the current Metasys format is not capable of interfacing with today's modern technologies and the task of generating real time reports for financial cost allocation, environmental compliance, budget planning and operational decision making proves to be labor intensive.

This system originally installed in 1993 during construction of the IMC, utilizes the same Windows 95 operating system now considered obsolete. Microsoft no longer provides support for Windows 95, and in addition, replacement parts for the Johnson Controls, Metasys network controllers are no longer available.

On September 23, 2010, this project was approved for implementation by the Executive Management Team with a budget amount of \$281,820.00.

On December 20, 2011, Request for Proposal (RFP) was issued to solicit proposals to replace the critical elements of the Metasys system. IAA received three proposals (Conserv, Johnson Controls, Toltest). The proposal from Conserv was scored the most responsive and included the lowest price.

Scope

Conserv, Inc. will furnish, replace and install twenty one (21) network controllers with web and open based technology, thereby allowing for more flexibility when parts or repairs are needed. Additionally this update will include non proprietary rights, a system server with operator workstations and new building management graphics.

Schedule

The scope of the project will require six months for an accurate and successful completion. The final testing and commissioning of the system will be in concert with the 2011 fall heating season startup for the Terminal and IMC.

- April 15, 2011: Execution of the Consultant Contract with Conserv, Inc.  
Notice to proceed issued to contractor / initiates material procurement
- MAY / JUN 2011: Installation of network controllers / graphics in Hangars
- JUL / AUG 2011: Installation of network controllers / graphics in Central Plant
- AUG / SEP 2011: Installation of network controllers / graphics in Shops
- October 2011: Complete final testing, training, commissioning & approval of work

Budget

The amount of this contract is a not-to-exceed \$283,800.00. The funding for this project is within the approved cash flow for the 2011 Capital Improvement Program.

Supplier Diversity Participation

The Director of Supplier Diversity approved the following MBE/WBE participation on March 23, 2011:

| Firm                   | Classification | Amount      | Percent |
|------------------------|----------------|-------------|---------|
| Pinnacle Equipment Co. | MBE            | \$21,408.00 | 8%      |
| Bott Mechanical Co.    | WBE            | \$19,618.00 | 7%      |

Recommendation

The IAA staff recommends replacement of the Metasys system, with a web based product, capable of interfacing with the existing field devices. The IAA staff has reviewed the respondents and has determined Conserv to be the most responsive and responsible bidder. The IAA staff recommends the Board consider a contract with Conserv, Inc. for the IMC Metasys System Upgrade in an amount not to exceed \$283,800.00. MBE 8% (Pinnacle Equipment Company) and WBE 7% (Bott Mechanical Company).



## Board Memo – Stanley Cove

To: IAA Board of Directors  
From: Robert A. Duncan, Special Advisor to CEO  
Date: March 14, 2011  
Board Date: April 15, 2011  
Subject: Stanley Cove Covenants & Restrictions

### Background

The Stanley Cove Subdivision located on South County Road 825 East, Plainfield, IN was included in the Authority's Part 150 Noise Compatibility Plan Purchase Assurance Project Area and consisted of six developed residential lots and 29 unsold vacant lots.

The Board's policy with respect to vacant lots in the Purchase Assurance Project Area was to purchase the lots and then resell the lots encumbered with an avigation easement and nonsuit covenant along with requiring development standards for homes built on the lots that were consistent with the Authority's Sound Insulation acoustical treatments. The Authority acquired the 29 vacant lots in March 2001. In view of the Purchase Assurance Program nearing completion, it is appropriate that these 29 lots be placed on the open market and sold, particularly since Stanley Cove is no longer within the 65 DNL noise contour.

The original developer of Stanley Cove never completed or recorded meaningful covenants and restrictions for the subdivision, and it would not be fair to the six current homeowners to sell the lots without the protection of covenants and restrictions that would preserve their investments in their homes.

Over the past year, we have been working with the six Stanley Cove homeowners to develop covenants and restrictions that meet the objectives of both the Authority and the homeowners as covenants and restrictions could not effectively be implemented without unanimous approval of all owners of lots in the subdivision.

Agreement has been reached on the covenants and restrictions which contain, among other things, the following essential elements:

1. Use of lots for only residential purposes with minimum dwelling size and review by an Architectural Control Committee established by the covenants and restrictions.
2. Minimum development standards including acoustical treatments.
3. Noise Disclosure Statement.
4. Establishment of a Stanley Cove Owners' Association when 50% of all lots in the subdivision are sold.

The current homeowners in Stanley Cove unanimously signed the covenants and restrictions on March 10, 2011 which are now ready for execution by the Authority.

#### Scope

Adoption of the covenants and restrictions for Stanley Cove will enable the Authority to move forward with the sale of its 29 Stanley Cove lots.

#### Schedule

April 15, 2011 – Approve and execute Stanley Cove covenants and restrictions.

April 18, 2011 – Record covenants and restrictions and list Authority's lots for sale.

#### Revenue and/or Operating Cost Implications

The 29 lots have an aggregate appraised value of \$1,360,000.00. The lots were acquired under the Authority's Noise Program; therefore, the sales proceeds will be deposited in the Authority's Capital Improvement Fund and utilized for Noise Program expenses and/or as a credit to FAA on future Noise Program grant reimbursement requests or for other FAA approved Airport development projects for which noise land resale proceeds may be authorized.

#### Supplier Diversity Participation

Not applicable.

#### Recommendation

The IAA Staff recommends that the Board execute the covenants and restrictions with respect to the Stanley Cove subdivision.