



Agenda  
Indianapolis Airport Authority  
May 20, 2011  
8:30 AM

- I. Call to Order
- II. Approval of Minutes of the Pre-Board and Regular Meeting of April 15, 2011
- III. Ordinances, Resolutions and Public Hearings
  - a) Consider for approval **Resolution No. 9- 2011**, First Amendment to the Supply Building Lease Agreement with AAR Services, Inc.
  - b) Consider for approval **Resolution No. 10-2011**, Airport Use Permit with Integrated Airline Services, Inc.
- IV. Board Reports
  - a) President's Report
- V. Official Actions
  - a) Introduction of the IAA Consent Calendar dated May 20, 2011.
  - b) Consider for approval each of the individual items listed on the IAA Consent Calendar Agenda dated May 20, 2011.
  - c) Public Hearing of General Ordinance No. 1-2011 concerning the repeal of General Ordinance No. 9-2008
- VI. Other Reports/Update
- VII. Adjourn

## MINUTES OF PRE-BOARD MEETING

The Pre-Board Meeting of the Indianapolis Airport Authority Board took place at 8:10 A.M. on Friday, April 15, 2011, in the North Administrative Conference Room (Room 09.T.422) in the Main Terminal Building at the Indianapolis International Airport.

The following members of the Indianapolis Airport Authority Board were present:

Kelly J. Flynn  
Alex M. Azar, II  
Mary Moses Cochran  
Alfred R. Bennett  
Jean L. Wojtowicz

Also present were Advisory Board members Lynn Gordon and Jack Morton.

The following reports and/or presentations were made:

1. Bob Duncan reported on the Noise Litigation Program that is set to conclude.
2. Mike Medvescek reported on the Terminal infrastructure problems.
3. Alex M. Azar, II, Chairman of the Human Resources Committee, reported that the committee was recommending that the Chief Executive Officer John D. Clark, III, have a compensation package for 2011 which would include:
  - a. An annual salary \$270,000, that being the same as the preceding year;
  - b. Eligibility to participate in performance based increases at the end of the year; and
  - c. 3% matching funds placed into his 457 Program for retirement.

Jean L. Wojtowicz moved that the same be approved, and it was

seconded by Alfred R. Bennett. The same unanimously passed.

4. Marsha Stone talked briefly about legislation in Congress dealing with noise related funds.

The Delegated Authority Schedule submitted to the Board for March, 2011, is attached hereto.

The Airport Authority Board concluded its Pre-Board Meeting at 8:49 A.M.

ALL OF WHICH IS STATED THIS \_\_\_ DAY OF MAY, 2011.

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KELLY J. FLYNN, Vice-President

MINUTES  
Board of Directors Meeting  
Indianapolis Airport Authority

The Regular Meeting of the Indianapolis Airport Authority Board was called to order at 8:50 a.m., April 15, 2011, in the Airport Board Room at the Indianapolis International Airport.

Present and comprising a quorum were:

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

Advisory Members attending:

Jack Morton, Jr.  
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  
Patzetta Trice, Chief Communications Officer  
Joseph Heerens, General Counsel  
Robert A. Duncan, Special Advisor  
Beverly Terlaje, Executive Assistant/Recording Secretary  
Carole Nicholson, Paralegal/Executive Assistant

APPROVAL OF MINUTES

Upon a motion by Mr. Azar, seconded by Mr. Bennett and unanimously passed, approval was given to the Minutes of both the Pre-Board and Regular Meetings of March 11, 2011.

ORDINANCES, RESOLUTIONS, AND PUBLIC HEARINGS

Vice President Flynn requested that Ms. Wojtowicz, Chair of the IAA Finance & Audit Committee ("FAC"), present Resolution No. 8-2011, amending the IAA's existing Investment Policy.

Ms. Wojtowicz stated, as part of the annual review of the Investment Policy and at the recommendation of the IAA's Treasurer, an amendment of the Investment Policy has been developed which is addressed in Resolution No. 8-2011. Ms. Wojtowicz indicated there were three (3) primary issues that the new Investment Policy provisions addressed: (1) the ability for IAA to hold securities in a safekeeping account; (2) the ability to invest deposits in "forward purchase agreements" or similar instruments; and (3) the ability to invest in deposits with a depository which arranges for investments in federally insured CD's. The FAC recommends that the Board adopt Resolution No. 8-2011.

Upon a motion by Mr. Bennett, seconded by Ms. Cochran and unanimously passed, approval was given to Resolution No. 8-2011 which amends the existing Investment Policy.

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## BOARD REPORTS

### Vice President's Report

Vice President Kelly Flynn stated that he did not have any formal report, but introduced and welcomed two (2) new employees of the Authority: Mr. James Keough, Senior Director of Human Resources, and Mr. Carlo Bertolini, Director of Communications.

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### Finance & Audit Committee Report

FAC Chair Ms. Wojtowicz advised the Board that the FAC reviewed and discussed the Independent Accountants' Report and Financial Statements of the IAA for the years ending December 31, 2010 and 2009, performed and prepared by BKD, LLP ("BKD"), which included the audit management letter and responses; and that the FAC recommended approval to the Board. Ms. Wojtowicz recognized the IAA's staff for their outstanding work, participation and cooperation in connection with the audit, including the assistance provided by the IAA's internal audit staff. Noted at the meeting: the IAA's staff received, for the 28<sup>th</sup> year in a row, a Certificate of Achievement for excellence in financial reporting from the Government Finance Officers Association.

Vice President Flynn thanked both IAA staff and BKD for their hard work on the audit.

Upon a motion by Mr. Bennett, seconded by Ms. Cochran and unanimously passed, approval was given to the Independent Accountants' Report and Financial Statements of the IAA for years ending December 31, 2010 and 2009.

## Human Resources Committee Report

No reports.

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## OFFICIAL ACTIONS

Vice President Flynn indicated that the first item for consideration under "Official Actions" is BP2011-04-2, and that it has three (3) parts: (1) to declare that an emergency exists with respect to the canopy failure; (2) to 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) to 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.

Upon a motion by Ms. Wojtowicz, seconded by Mr. Azar and unanimously passed, approval was given to the Declaration of Emergency in connection with the repairs to the IAA's garage canopy as proposed in the Board Memo, dated March 28, 2011, from the IAA's General Counsel (BP2011-04-2).

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APPROVAL OF THE INDIANAPOLIS AIRPORT AUTHORITY'S CONSENT CALENDAR DATED April 15, 2011: Upon a motion by Mr. Azar, seconded by Ms. Cochran and unanimously passed, approval was given to the IAA Consent Calendar, dated April 15, 2011.

APPROVAL OF INDIVIDUAL ITEMS LISTED ON THE INDIANAPOLIS AIRPORT AUTHORITY'S CONSENT CALENDAR, DATED April 15, 2011: Upon a motion by Mr. Azar, seconded by Ms. Wojtowicz and unanimously passed, approval was given to accept each of the individual items listed on the IAA Consent Calendar, dated April 15, 2011.

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## STAFF REPORTS

### CEO Report

Mr. Clark had no reports.

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### CFO Report

Ms. Stone, IAA's Chief Financial Officer, provided a brief report on Air Service for March 2011, as well as year-to-date; she reported that March 2011 enplanements were up 6.78% vs. the same period in 2010, which puts the

enplanements up by 2.66% year-to-date. The growth trend in our passenger enplanements indicates a return of consumer confidence. Ms. Stone also gave a brief financial update.

In addition, Ms. Stone provided an overview and status update for Super Bowl XLVI preparations and indicated that the IAA is actively engaged in the process. She also indicated that the IAA will be looking to determine what the financial impact of the Super Bowl will be. IAA Staff will continue to update the board throughout the year as we get closer to Super Bowl XLVI.

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Supplier Diversity Report

Mr. Corey Wilson, IAA's Director of Supplier Diversity and Government Affairs, provided a first quarter report on Supplier Diversity ending March 31, 2011. The Authority's goals are 18% and 5% for MBE and WBE, respectively. Mr. Wilson also reported on the operating and capital XBE spend, capital ethnicity report, as well as the Authority's 2011 initiatives.

Vice President Flynn stated that these are worthy goals that require everyone's efforts, and thanked Mr. Wilson for his report.

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ADJOURNMENT

There being no further business, the meeting was adjourned at 9:20 a.m.

INDIANAPOLIS AIRPORT AUTHORITY\*

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Kelly Flynn, Vice President

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Alfred R. Bennett, Secretary

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

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



## Board Memo First Amendment to Lease Agreement

To: IAA Board of Directors  
From: Marsha Stone, Chief Financial Officer  
Date: April 26, 2011  
Board Date: May 20, 2011  
Subject: First Amendment to Supply Building Lease Agreement with AAR Aircraft Services, Inc.

### Background

The Authority entered into a Lease Agreement with AAR Aircraft Services, Inc. (AAR), March 23, 2007, for 25,441 sq. ft. of IMC warehouse space, more commonly referred to as the Supply Building. AAR utilizes this space to support their aircraft maintenance operation. On January 17, 2011, AAR activated Hangar Bay 6B for UPS, a new AAR customer at the IMC. As a result of the work for UPS, AAR is in need of additional warehouse space within the Supply Building.

### Scope

Authority Board adoption of Resolution No. 9-2011, authorizing the execution of the First Amendment to the Supply Building Lease Agreement with AAR Aircraft Services, Inc.

This Amendment expands AAR's Supply Building leasehold to 34,216 sq. ft., as well as acknowledging the installation at AAR's cost, a fence line dividing AAR's leasehold space from adjacent space.

### Schedule

May 20, 2011: Execution of First Amendment to Supply Building Lease Agreement with AAR Aircraft Services, Inc.

### Revenue and/or Operating Cost Implications

#### Revenue:

Annual revenues derived from the revised term commence at:

- \$171,080 per year through March 31, 2012, an increase of \$43,875 over the Initial Term
- \$176,212 per year through March 31, 2013
- \$181,344 per year through March 31, 2014
- \$186,818 April 1, 2014 through December 31, 2014 (annualized)

Operating Costs:

Annual operating expense is minimal in the expanded space, estimated at less than \$2,000 per.

Supplier Diversity Participation

Not applicable.

Recommendation

The IAA Staff recommends the Board consider for approval Resolution 9-2011 and First Amendment to the Supply Building Lease Agreement with AAR Services, Inc.

RESOLUTION 9-2011

RESOLUTION OF THE  
INDIANAPOLIS AIRPORT AUTHORITY  
APPROVING EXECUTION OF AMENDMENT TO LEASE

WHEREAS, the Indianapolis Airport Authority (the "Authority") has entered into a Supply Building Lease Agreement with AAR Aircraft Services, Inc. ("AAR") dated as of March 23, 2007, regarding certain portions of the Indianapolis Maintenance Center (the "IMC") at the Indianapolis International Airport (the "Airport"); and

WHEREAS, the Authority has continued to work diligently to work with our tenants to increase the overall revenue received from the IMC; and

WHEREAS, IAA Staff has reported to the members of the Board of the Authority on the progress of efforts to work with the IMC tenants to fill the space at the IMC and have updated the Board regarding additional discussions with AAR; and

WHEREAS, the Authority and AAR have come to agreement on a First Amendment to Supply Building Lease Agreement (the "First Amendment") on the terms of renegotiating certain aspects of the lease as it relates to the First Amendment to the original lease dated March 23, 2007.

NOW, THEREFORE, BE IT RESOLVED BY THE INDIANAPOLIS AIRPORT AUTHORITY AS FOLLOWS:

1. The Authority makes the following findings of fact:
  - (A) The market for aircraft maintenance facilities like the IMC is depressed by general economic conditions and changes in the airline industry.
  - (B) The IMC is the largest aircraft maintenance facility available for rental in the market.
  - (C) The IMC, while one of the most advanced, state-of-the-art facilities, is more expensive to operate than most comparable facilities.
  - (D) The Authority, with the assistance of its consultants, as well as representatives of the City of Indianapolis and the State of Indiana, have continued to work to increase revenues at the IMC.
  - (E) The restrictions on the use of the IMC, due to the financing of the IMC with proceeds of the Bonds and other tax-exempt bonds issued by the City and the State, are restrictions which reduce the prospects for reuse of significant portions of the IMC.

- (F) The First Amendment does not include any commitments from AAR for job creation or other concessions.
- (G) The Authority has determined that proceeding with the First Amendment to Supply Building Lease Agreement will allow AAR to broaden AAR's scope of services, in turn assisting in attracting future aircraft customers.
- (H) It is hereby found that the execution of the First Amendment to Supply Building Lease Agreement, as presented to this meeting, complies with the essential and governmental purposes and provisions of the Act and would be in the best interests of the Authority, the holders of the Bonds and the community of Indianapolis and Marion County.
- (I) If any provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any of the remaining provisions of this Resolution.

2. Based upon the above findings of fact, the Authority hereby finds the following:

- (A) The Authority has used reasonable efforts to relet the IMC for rentals equal to the full rental due from United Airlines and with terms and provisions substantially similar to those contained in the lease with United Airlines, but the Authority has found no tenant who is willing to lease the entire IMC, who is willing and able to pay the full rental paid by United and who is willing to pay the full operating cost of the IMC; therefore, the Authority hereby finds that no United-like lease can be executed.
- (B) The Authority has used its reasonable efforts to negotiate for the best available lease terms for generating projected total net rentals in light of then-prevailing market conditions and without materially reducing the expected total rentals over the term of the lease in return for commitments from tenants for job creation or other concessions.
- (C) The Authority has determined that proceeding with the First Amendment to Supply Building Lease Agreement is a far superior option compared to continuing to fund certain operating expenses and will ensure maintenance responsibilities and services; along with environmental regulatory requirements are met by AAR.

3. It is hereby found that the execution of the First Amendment, as presented to this meeting, complies with the essential and governmental purposes and provisions of the Act and would be in the best interests of the Authority, the holders of the Bonds and the community of Indianapolis and Marion County.
4. The Authority hereby authorizes and directs the Executive Director/CEO of the Authority to execute all collateral documents required for execution of the First Amendment on behalf of the Authority.
5. If any provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any of the remaining provisions of this Resolution.
6. This Resolution shall take effect immediately upon passage.

Adopted this 20<sup>th</sup> day of May, 2011.

INDIANAPOLIS AIRPORT AUTHORITY\*

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Michael B. Stayton, President

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Alfred R. Bennett, Secretary

\*Signed under authority provided in 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 Resolution 9-2011 adopted by the Indianapolis Airport Authority Board on the 20<sup>th</sup> day of May, 2011.

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Alfred R. Bennett, Secretary

INDIANAPOLIS AIRPORT AUTHORITY



## Board Memo Integrated Airline Services, Inc.

To: IAA Board of Directors  
From: Marsha Stone, Chief Financial Officer  
Date: April 26, 2011  
Board Date: May 20, 2011  
Subject: Airport Use Permit with Integrated Airline Services, Inc.

### Background

Integrated Airline Services, Inc. (Integrated) has been providing aircraft handling and cargo carrier ground handling services at the Airport since 2004. Additionally, Integrated provides ground handling services for Schenker, a tenant at the IMC for weekly flights operated by CargoLux.

### Scope

Authority Board Adoption of Resolution No. 10-2011, authorizing the execution of the Airport Use Permit with Integrated Airline Services, Inc.

To execute the Airport Use Permit with Integrated; allowing Integrated to continue providing services on the Airport. This permit commences retroactive to May 1, 2011, and will expire April 30, 2014.

### Schedule

May 20, 2011: Approve of Airport Use Permit with Integrated Airline Services, Inc.

### Revenue and/or Operating Cost Implications

#### Revenue:

Revenues are based on eight percent of Integrated's monthly sales and in 2010, Integrated paid the IAA annual revenue of \$23,108.00.

#### Operating Costs:

There are no operating costs associated with this Airport Use Permit.

### Supplier Diversity Participation

Not applicable.

### Recommendation

The IAA Staff recommends the Board consider for approval Resolution 10-2011 and the Airport Use Permit with Integrated Airline Services, Inc.

RESOLUTION 10-2011

RESOLUTION OF THE  
INDIANAPOLIS AIRPORT AUTHORITY  
APPROVING EXECUTION OF AIRPORT USE PERMIT

WHEREAS, the Indianapolis Airport Authority (the "Authority") elect to enter into an Airport Use Permit with Integrated Airline Services, Inc. (IAS), regarding certain services provided at the Indianapolis Maintenance Center (the "IMC") at the Indianapolis International Airport (the "Airport"); and

WHEREAS, the Authority has continued to work diligently with service providers to provide aircraft handling and cargo carrier ground handling services for airlines that require these services at the IMC; and

WHEREAS, IAA Staff has reported to the members of the Board of the Authority on the progress of efforts to work with service providers at the IMC; and

WHEREAS, the Authority and IAS have come to agreement on an Airport Use Permit (the "Permit") on the terms of providing these ground handling services.

NOW, THEREFORE, BE IT RESOLVED BY THE INDIANAPOLIS AIRPORT AUTHORITY AS FOLLOWS:

1. The Authority makes the following findings of fact:
  - (A) It is hereby found that the execution of the Airport Use Permit, as presented to this meeting, complies with the essential and governmental purposes and would be in the best interests of the Authority, the holders of the Bonds and the community of Indianapolis and Marion County.
  - (B) The Authority, with the assistance of its consultants, as well as representatives of the City of Indianapolis and the State of Indiana, have continued to work to increase revenues at the IMC.
  - (C) The restrictions on the use of the IMC, due to the financing of the IMC with proceeds of the Bonds and other tax-exempt bonds issued by the City and the State, are restrictions which reduce the prospects for reuse of significant portions of the IMC.
  - (D) The Authority has determined that proceeding with the Airport Use Permit will allow IAS to provide ground handling services as required by airlines at the IMC.
  - (E) It is hereby found that the execution of the Airport Use Permit, as presented to this meeting, complies with the essential and

governmental purposes and provisions of the Act and would be in the best interests of the Authority, the holders of the Bonds and the community of Indianapolis and Marion County.

- (F) If any provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any of the remaining provisions of this Resolution.
2. It is hereby found that the execution of the Airport Use Permit, as presented to this meeting, complies with the essential and governmental purposes and provisions of the Act and would be in the best interests of the Authority, the holders of the Bonds and the community of Indianapolis and Marion County.
  3. The Authority hereby authorizes and directs the Executive Director/CEO of the Authority to execute all collateral documents required for execution of the Airport Use Permit on behalf of the Authority.
  4. If any provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any of the remaining provisions of this Resolution.
  5. This Resolution shall take effect immediately upon passage.

Adopted this 20<sup>th</sup> day of May, 2011.

INDIANAPOLIS AIRPORT AUTHORITY\*

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Michael B. Stayton, President

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Alfred R. Bennett, Secretary

\*Signed under authority provided in 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 Resolution 10-2011 adopted by the Indianapolis Airport Authority Board on the 20<sup>th</sup> day of May, 2011.

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Alfred R. Bennett, Secretary  
INDIANAPOLIS AIRPORT AUTHORITY

IAA Board Meeting  
Consent Calendar Agenda  
May 20, 2011

Consider for approval:

A) General Business

**BP2011-05-1** The Minor Boundary Modification Application for MD Logistics, Inc.

**BP2011-05-2** Amendment No. 3 to Indianapolis Heliport Hangar, Administrative Office and Parking Lease Agreement with the Indianapolis Police Department.

B) Capital Program

**BP2011-05-3** An award of contract for CIP/Project # I-11-005, Parking Garage Relighting to ECO Parking Lighting in an amount not-to-exceed \$651,927 plus a 3% construction reserve of \$19,558 for a total of \$671,485. ECO Parking Lighting provided the best proposal to meet the project objectives. MBE 60% (Pinnacle Equipment Company) WBE 0%

**BP2011-05-4** Change Orders for Project # HST-0034 for Airport Fitout Project with Jungclaus-Campbell Company, Inc.



## Board Memo – MD Logistics, Inc.

To: IAA Board of Directors  
From: Marsha Stone, Chief Financial Officer  
Date: April 25, 2011  
Board Date: May 20, 2011  
Subject: Minor Boundary Modification Application with MD Logistics, Inc

### Background

The Authority is the Foreign Trade Zone (FTZ) "grantee" representing central Indiana communities. In 1981, the Authority created a separate company, the Greater Indianapolis Foreign Trade Zone, Inc. (GIFTZ), a not-for-profit 501C (6), to administer the FTZ program.

MD Logistics, Inc. (MDL) was granted approval by the Foreign Trade Zones Board in Washington, D.C. for a temporary Minor Boundary Modification on November 12, 2010. MDL is now requesting a permanent Minor Boundary Modification (MBM) for its facilities located at 700 and 1301 Perry Road, Plainfield, Indiana due to the approval of the Alternate Site Framework (ASF) by the Foreign Trade Zones Board in Washington, D.C on March 3, 2011. The GIFTZ Board approved sponsorship for MDL on July 20, 2010.

MDL provides contract warehousing and inventory management; along with fulfillment, distribution, packaging, transportation, and global freight forwarding services. MDL also provides complete customs brokerage services through their strategic partnership with SEKO Worldwide.

### Scope

The GIFTZ Board is requesting the IAA Board approve MDL Minor Boundary Modification Application to allow the continued use of FTZ benefits, at their sites, once permanent approval of their application has been granted in Washington, D.C.

### Schedule

May 20, 2011: Approve MDL's Minor Boundary Modification  
June 30, 2011: Permanent approval of MDL's Minor Boundary Modification by the FTZ Board, Washington, D.C.

Revenue and/or Operating Cost Implications

Revenue:

The GIFTZ Board publishes a public rates and charges document called a Zone Schedule. Revenue for 560,000 square feet of active FTZ space is \$48,000 per annum.

Operating Costs:

The GIFTZ has no initial costs associated with the application and designation process. The GIFTZ will expend approximately \$4,900 per annum to provide established support services to MDL.

Supplier Diversity Participation

Relative to the approval of this MBM application, the section is not applicable; however, the GIFTZ will seek out diversity participation whenever applicable.

Recommendation

IAA staff recommends the IAA Board consider for approval the Minor Boundary Modification Application for MD Logistics, Inc.



Indianapolis Airport Authority

7800 Col. H. Weir Cook Memorial Dr. Suite 100  
Indianapolis, Indiana 46241  
office 317.487.9594  
fax 317.487.5034

May 20, 2011

Mr. Andrew McGilvray  
Executive Secretary  
Foreign-Trade Zones Board  
U.S. Department of Commerce  
1401 Constitution Avenue, NW  
Room 2111  
Washington, DC 20230

Re: ASF Minor Boundary Modification – FTZ #72, Site 15  
700 & 1301 Perry Road, Plainfield, Indiana

Dear Mr. McGilvray,

The Indianapolis Airport Authority, Grantee of FTZ #72, hereby requests an ASF minor boundary modification of FTZ #72, Site 15 to grant on-going permanent designation for a facility located at 700 & 1301 Perry Road, Plainfield, Indiana. Temporary designation for Site 15 was granted on November 12, 2010 by administrative action A(27f)-85-2010.

We look forward to working with you and your staff in any way needed to accommodate this request. Please contact Eric Berry with PointTrade Services, Inc. at 850-522-4108 ([eberry@pointtradeservices.com](mailto:eberry@pointtradeservices.com)) if you require further documentation concerning this ASF minor boundary modification request.

Respectfully,

Michael B. Stayton  
President



## Board Memo Amendment No. 3

To: IAA Board of Directors  
From: Marsha Stone, Chief Financial Officer  
Date: April 25, 2011  
Board Date: May 20, 2011  
Subject: Amendment No. 3 to Heliport Hangar/Office Lease with Indianapolis Police Department

### Background

The Indianapolis Police Department (IPD) has leased space at the Heliport since 1996, which supports their helicopter flying services on behalf of the City of Indianapolis. The current lease agreement, as amended, expired on April 30, 2011. IPD desires to extend their agreement with the IAA. Additionally, IPD will reduce their leasehold by 1,020 square feet, as IPD has reduced their helicopter fleet from four (4) helicopters to one (1).

### Scope

To execute Amendment No. 3 to Indianapolis Hangar, Administrative Office and Parking Lease Agreement with IPD. This amendment extends the term of the lease by five (5) years and provides for one (1) option term of two (2) additional years. This amendment also reduces the leased premises by 1,020 square feet as stated above.

### Schedule

May 20, 2011: Approval of Amendment No. 3 to Indianapolis Heliport Hangar, Administrative Office and Parking Lease Agreement with the Indianapolis Police Department.

### Revenue and/or Operating Cost – Capital Cost Implications

#### Revenue:

Annual revenue during the first year of the term will be \$30,879.60, with annual increases throughout the term. Total primary term revenue will be \$159,996.00.

#### Operating Costs:

The IAA is responsible for the operating costs of the Heliport of which such costs are built into the rental rate.

Supplier Diversity Participation

Not applicable.

Recommendation

The IAA Staff recommends the Board consider for approval Amendment No. 3 to Indianapolis Heliport Hangar, Administrative Office and Parking Lease Agreement with the Indianapolis Police Department.



## Board Memo – Bid Award

To: IAA Board of Directors  
From: Marsha Stone, Chief Financial Officer  
Date: April 28, 2011  
Board Date: May 20, 2011  
Subject: Award of CIP/Project # I-11-005, Parking Garage Relighting to Eco-Parking Lights

### Background

The IAA Energy Task Force identified potential energy savings at numerous facilities, including replacement of lighting in the parking garage. Twenty-two hundred (2,200) metal halide fixtures illuminate the parking garage. This technology is relatively inexpensive and has high quality light and was selected in 2005. Since 2005, vast improvement in lighting technology allows for up to 50% greater energy efficiency, much longer bulb life at various costs and lighting quality. Trial projects in the parking garage and additional research confirmed the likelihood of energy savings with acceptable light quality for the parking garage with a Return on Investment of about five years. Parking Garage relighting projects are now common at airports and at parking garages across the country in order to achieve operational cost and energy savings.

This project was approved for implementation by the Executive Management Team on September 23, 2010 and reaffirmed on April 25, 2011.

On January 18, 2011, IAA issued a Request for Proposal for Parking Garage Relighting. Ten (10) proposals were received on February 14, 2011. Proposals included fluorescent, induction and LED lighting systems. IAA obtained additional information from four proposers and field tested the two most favorable proposals during April 2011.

The proposals were reviewed by an IAA staff evaluation team based on technical considerations (lighting quality, lamp life, depreciation, aesthetics), cost and payback period, supplier diversity and business proposal (installation schedule, experience, references).

IAA's Evaluation Team scored the proposal from ECO Parking Lights as the best proposal to meet the project objectives. ECO Parking Lights proposes to modify and retain the existing fixtures and use induction lighting instead of the current metal halide. ECO Parking Lights will provide a 10-year warranty on parts and labor and will

guarantee the overall at least 40% energy savings associated with the more efficient lighting. Photocells will control the outer row(s) of lights to take advantage of daylight and reduce overall energy consumption. Lighting levels within the garage will continue to exceed the minimum specifications and the current high quality fixtures will remain.

The total contract amount is a not-to-exceed \$678,927 (\$515,945, if limited to Floors 2-4). The estimated payback is conservatively calculated to be 5.3 years.

The contract will provide for relighting of the first four floors of the parking garage, including the first floor which houses the rental car companies, contingent upon a satisfactory arrangement between IAA and the rental car companies. Rental car companies currently reimburse IAA for electricity costs. If IAA does not reach agreement with the rental car companies, the relighting will be limited to Floors 2 – 4 and total cost will be 25% less than the contract not-to-exceed amount.

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 relighting of the floors 1-4 of the Parking Garage with an induction light system. The contract includes a 10-year warranty on parts and labor and guarantees the energy savings.

#### Budget

This contract is within the overall project budget of \$992,000.00. The total proposed contract plus 3% construction reserve is \$699,295.00.

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

#### Schedule

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

Supplier Diversity Participation

The Director of Supplier Diversity approved the following MBE/WBE participation for this contract on April 28, 2011:

FIRM	CLASSIFICATION	AMOUNT	%
Pinnacle Equipment Company	MBE	\$ 419,577	60%
Totals	MBE	\$ 419,577	60%

Recommendation

The IAA staff has reviewed the Parking Garage Relighting proposals and recommends that the Board consider for approval an award of contract for CIP/Project # I-11-005, Parking Garage Relighting to ECO Parking Lighting in an amount not-to-exceed \$678,927 plus a 3% construction reserve of \$20,368 for a total of \$699,295. ECO Parking Lighting provided the best proposal to meet the project objectives. MBE 60% (Pinnacle Equipment Company) WBE 0%.



## Board Memo – Change Order

To: IAA Board of Directors

From: Mike Medvescek, Chief Operating Officer

Date: April 26, 2011

Board Date: May 20, 2011

Subject: Change Orders for Project # HST-0034 for Airport Fitout Project with Jungclaus-Campbell Company, Inc.

### Background

On January 18, 2008, Jungclaus-Campbell Company, Inc. (Jungclaus-Campbell) was awarded the Midfield Terminal, Airport Fitout. The work was substantially completed on July 24, 2008. The purpose of these change orders is to settle outstanding claims with Jungclaus-Campbell for that project. Jungclaus-Campbell made claims regarding five (5) items related to the Airport Fitout project:

- Previously agreed to change order for installation of fin tube (part of heating system for Police Station)
- Claims for:
  - Repair damaged concrete floor
  - General conditions (overhead related costs) associated with changes in schedules
  - Document preparation assistance
  - Labor rate increase after 7/24/2008

The total of all claims by Jungclaus-Campbell was \$307,980.00.

The Indianapolis Airport Authority (IAA) and Jungclaus-Campbell reached agreement on the change order amount (\$5,800.00) for installation of fin tube, but were unable to reach a settlement agreement on the remaining four (4) claims after sustained efforts. The Board was briefed on the issues at the April 15, 2011 meeting and the parties went to mediation on April 18, 2011, which resulted in a change order of \$180,000.00 to settle the claims.

This closes all the original midfield construction contracts.

Change Order Summary

There are two (2) change orders associated with this settlement. Change order 32 is for installation of fin tube in the previous agreed amount. Change order 33 is for the settlement of the repair of damaged concrete, general conditions, document preparation, and labor rate increase claims.

Project Budget

Original Construction Contract Amount	\$4,080,000
Previous Change Orders Amount	\$ 431,173 (10.57% of Contract)
Change Order 32	\$ 5,800 (0.14% of Contract)
Change Order 33	<u>\$ 180,000</u> (4.41% of Contract)
New Contract Total	\$4,696,973

The revised contract with the Change Orders included is within the approved project cash flow for the Midfield Terminal.

Recommendation

The IAA staff has reviewed the Change Orders and recommends that the Board consider for approval Change Orders with Jungclaus-Campbell Company, Inc. for Project #HST-0034 in an amount not-to-exceed \$185,800.00.



## Board Memo

To: IAA Board of Directors

From: John D. Clark, III  
Executive Director/CEO

Date: May 6, 2011

Board Date: May 20, 2011

### Background

At the IAA board of directors meeting held on February 18, 2011, the above-referenced IAA General Ordinance 1-2011 (the "2011 Ordinance") was introduced. Under Indiana law, the next step is for this proposed 2011 Ordinance to be considered at a public hearing where all interested parties are invited to attend and may give testimony, evidence or argument for or against this ordinance in person or by counsel. Notices of the introduction of, and public hearing on, this 2011 Ordinance have been published in two (2) area newspapers, as required by applicable law.

As noted in the board memo when the 2011 Ordinance was introduced, IAA's General Ordinance No. 9-2008 (the "2008 Ordinance") allows for union representation of certain employees for purposes of collective bargaining. Since the passage of the 2008 Ordinance, there have been significant developments and changes involving and/or affecting the IAA, including, but not limited to:

(1) severe downturn in the economy and employment over the last few years, which has negatively impacted the airport and airline industries, including the Indianapolis International Airport ("Airport") which has been affected by lower passenger and cargo landed weights and less air travel by the general public;

(2) ongoing economic uncertainty about the future due to the relatively weak economic recovery and continuing high unemployment levels;

(3) establishment of a new senior management team at the IAA;

(4) efforts by the IAA's management to develop an organizational culture based upon the core values of respect, integrity, trust and excellence;

(5) development of a new vision to create a diverse, forward-thinking and innovative organization; and

(6) development of a new five-year strategic plan, with a particular focus on customer satisfaction, business development, asset maximization, operational excellence, and competitiveness.

In addition to the foregoing, the IAA's Board and management are pursuing other initiatives and changes for improving the organization, including, but not limited to, the development and implementation of:

(1) a new Employee Relations Committee;

(2) improved retirement plans for police and firefighters which recognize the significant risks inherent in their jobs;

(3) an "IAA University", which will be an internal educational program offering courses on IAA competencies to help employees develop improved skills;

(4) a new performance management and employee evaluation system (including pay-for-performance bonus opportunities) designed to integrate the IAA's strategic plan into its management and culture;

(5) a new compensation and pay-grade structure, including assessment of all employee pay levels within that structure;

(6) a new management training program; and

(7) new policies and procedures concerning a variety of matters beneficial to the organization.

In light of these significant developments, changes, opportunities and challenges involving and affecting the IAA, IAA's management believes it is in the best interests of the IAA, its employees, and the public for the Board and IAA's management to have as much flexibility as possible in considering, developing, adopting and implementing options for improving organizational performance.

IAA's management also values the ability to interact directly with the IAA's employees without the intervention of third parties. The involvement of third parties at this time might delay, complicate or interfere with the implementation of the above-described changes and initiatives.

At this time, there are two (2) unions representing, or desiring to represent, IAA employees. The International Union of Operating Engineers, Local 399 (the "Operating

Engineers"), was recognized in 2009 and represents approximately 75 employees. The Indianapolis Professional Firefighters, Local 416 ("Firefighters"), desires to be recognized so that it may represent approximately 25 firefighters.

With respect to the Operating Engineers, collective bargaining commenced in 2009 but was suspended in June 2010 to allow IAA to conduct a Compensation & Benefit Study (the "C&B Study") of its employees. The C&B Study has been completed, and the Operating Engineers now desire to resume negotiations with the IAA in an effort to reach a collective bargaining agreement.

As for the Firefighters, they collected a sufficient number of signed "authorization cards" in 2010 to allow them to seek the IAA Board's approval to hold a secret ballot election to ascertain whether their proposed union has sufficient support among the Firefighters to be recognized by the IAA.

During the Fall, 2010, IAA's management met, on several occasions, with union representatives of the Operating Engineers, as well as employees who are part of that bargaining unit. At those meetings, IAA's management communicated its desire to obtain a two-year hiatus (or suspension) in collective bargaining in order to allow for the development and implementation of certain initiatives and other changes throughout the organization designed to improve organizational performance. Those efforts were not successful. IAA's management also met with a representative of the Firefighters on several occasions. IAA's management has kept the Board apprised of its discussions with the Operating Engineers and the Firefighters.

At the Board Human Resources Committee on January 26, 2011, the Operating Engineers discussed why they believe their union will be beneficial to the IAA and requested that the parties return to the bargaining table. At this same meeting, the Firefighters appeared and presented their case as to why they should be entitled to hold a secret ballot election to recognize their proposed union. The committee took both of these matters under advisement.

In evaluating this subject over the last few months, IAA management considered and reviewed various options internally and with the Board, including, but not limited to:

- (1) resuming negotiations with the Operating Engineers in an effort to reach a collective bargaining agreement;
- (2) holding an election as requested by the Firefighters and beginning negotiations with Local 416 provided the election results were sufficient to recognize the union;
- (3) temporarily suspending collective bargaining, as well as recognition of additional bargaining units, for a period of two-years;

- (4) consolidating with City of Indianapolis Police and Fire Departments;
- (5) withdrawing recognition of the Operating Engineers' union and not proceeding with an election for the Firefighters, but keeping the 2008 Ordinance in effect; and
- (6) repealing the 2008 Ordinance in its entirety, which would eliminate collective bargaining as an option for IAA employees.

### Recommendation

Based on its thorough review, analysis and discussion of this subject, the various options and the overall situation during the last few months, and given the significant strategic initiatives being implemented, IAA's management believes that it is in the IAA's best interests to repeal the 2008 Ordinance, and has prepared the attached 2011 Ordinance (providing for the repeal of the 2008 Ordinance) for the Board's review, consideration and approval.

### Schedule

February 18, 2011:	Introduction of General Ordinance No. 1-2011
May 20, 2011:	Public Hearing/Consideration for Adoption of General Ordinance No. 1-2011

GENERAL ORDINANCE NO. 1-2011  
OF THE INDIANAPOLIS AIRPORT AUTHORITY

WHEREAS, the Indianapolis Airport Authority (hereinafter referred to as "IAA" or "Authority") was established as a municipal corporation by the Indiana General Assembly in 1962 to own and operate public airports and facilities known as Indianapolis International Airport, Eagle Creek Airport, Downtown Heliport, Mount Comfort Airport, Gordon Graham Field, Metropolitan Airport, and such other facilities that may be established or maintained by the Authority from time to time pursuant to law (hereinafter referred to individually as an "IAA Airport" or collectively as the "IAA Airports"); and

WHEREAS, the IAA is empowered, by virtue of Indiana Code § 8-22-3-11, with the power to, *inter alia*: (i) adopt administrative procedures, rules and regulations; (ii) determine matters of policy regarding internal organization and operating procedures not specifically provided for otherwise; and (iii) employ personnel necessary to carry out the duties, functions and powers of its board; and

WHEREAS, the IAA's Board (the "Board") is empowered, pursuant to Indiana Code § 8-22-3-3, to exercise the executive and legislative powers of the Authority; and

WHEREAS, IAA General Ordinance No. 9-2008 (hereinafter referred to as the "2008 Ordinance") allows for union representation of certain employees for purposes of collective bargaining; and

WHEREAS, since the passage of the 2008 Ordinance, there have been significant developments and changes at and affecting the IAA and the IAA Airports, including, but

not limited to: (i) a severe downturn in the economy and employment, which has negatively impacted the airport and the airline industries, including the IAA Airports which have been affected by lower passenger and cargo landed weights and less air travel by the general public; (ii) ongoing economic uncertainty about the future due to the relatively weak economic recovery and continuing high unemployment levels; (iii) establishment of a new senior management team at the IAA; (iv) efforts to develop an organizational culture based upon the core values of respect, integrity, trust and excellence; (v) development of a new vision to create a diverse, forward-thinking and innovative organization; and (vi) development of a new five-year strategic plan focused on customer satisfaction, business development, asset maximization, operational excellence, and competitiveness; and

WHEREAS, the Board and IAA management are pursuing additional initiatives and changes for improving the organization, including, but not limited to, the development and implementation of: (i) an Employee Relations Committee; (ii) improved retirement plans for employees; (iii) an "IAA University", which will be an internal educational program offering courses on IAA competencies to help employees develop improved skills; (iv) a performance management and employee evaluation system (including pay-for-performance bonus opportunities) designed to integrate the IAA's strategic plan into its management and culture; (v) a new compensation and pay-grade structure, including assessment of all employee pay levels within that structure; (vi) a new management training program; and (vi) new policies and procedures concerning a variety of other matters; and

WHEREAS, in light of these significant developments, changes, opportunities and challenges facing the IAA and the IAA Airports, the Board has determined that it is in the best interests of the IAA, the IAA's employees, the IAA Airports, and the public for the Board and IAA's management to have as much flexibility as possible in considering, developing, adopting and implementing all options for improving IAA's organizational performance; and

WHEREAS, the Board values the ability of the Board and IAA's management to interact directly with IAA's employees without the intervention of third parties, and it also wishes to encourage IAA's employees and management to further develop and work together as a team; and

WHEREAS, the involvement of third parties at this time might delay, complicate, or interfere with the implementation of the above-described changes and initiatives.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD, in and pursuant to the exercise of its powers, as follows:

SECTION 1:

The 2008 Ordinance (IAA General Ordinance No. 9-2008) concerning the establishment of a system to permit representation of certain employees by unions (employee organizations) for purposes of limited collective bargaining, is hereby repealed in its entirety.

SECTION 2:

The Board, its members and officers, and the IAA's Executive Director/CEO and his/her designee(s), are hereby authorized to take any and all actions as may be

necessary, appropriate or desirable to carry out the intent of this General Ordinance No. 1-2011 (hereinafter referred to as the "2011 Ordinance").

SECTION 3:

Any ordinances and/or policies, or parts thereof, of the IAA that are inconsistent, or in conflict, with the terms or provisions of this 2011 Ordinance, are, to the extent of such, hereby repealed.

SECTION 4:

The provisions of this 2011 Ordinance shall be severable, and, if any of the provisions hereof shall be held to be unconstitutional, invalid or illegal by a court of competent jurisdiction, such decision will not affect the validity of any of the remaining provisions of this 2011 Ordinance.

SECTION 5:

This 2011 Ordinance shall take effect immediately upon passage.

ENACTED on this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

INDIANAPOLIS AIRPORT AUTHORITY \*

By: \_\_\_\_\_  
Michael B. Stayton, President

Attest: \_\_\_\_\_  
Alfred R. Bennett, Secretary

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

STATE OF INDIANA        )  
                                  ) SS:  
COUNTY OF MARION     )

I, Alfred R. Bennett, being the duly elected, qualified Secretary of the Indianapolis Airport Authority, Indianapolis, Indiana, do hereby certify that the foregoing is a full, true and complete copy of General Ordinance No. 1-2011 adopted by the Board of the Indianapolis Airport Authority at a regular/special meeting of said Board held at its offices at Indianapolis International Airport on May 20, 2011, and that said Ordinance has not been amended, rescinded or revoked.

WITNESS MY HAND AND THE OFFICIAL SEAL OF THE INDIANAPOLIS AIRPORT AUTHORITY on this \_\_\_\_\_ day of May, 2011.

(SEAL)

\_\_\_\_\_  
Alfred R. Bennett, Secretary