

Agenda
Indianapolis Airport Authority
September 18, 2009
8:30 a.m.

- I. Call to Order
- II. Approval of Minutes of the Regular Meeting of August 21, 2009
- III. Ordinances, Resolutions and Public Hearings
 - a) Consider for approval adoption of Resolution No.12-2009 – Establishment of an Investment Policy
- IV. Board Reports
 - a) President's Report
- V. Official Actions
 - a) Introduction of the IAA Consent Calendar dated September 18, 2009.
 - b) Consider for approval each of the individual items listed on the IAA Consent Calendar Agenda dated September 18, 2009.
- VI. Staff Reports
 - a) CEO Report – John D. Clark, III
 - b) Parking Strategy – Marsha Stone
 - c) Financial Report – Marsha Stone
 - d) Passenger Activity Report – Christofer Matney
- VII. Other
- VIII. Adjourn

The Regular Meeting of the Indianapolis Airport Authority Board was called to order at 9:00 a.m. August 21, 2009 in the Airport Board Room at Indianapolis International Airport.

Present and comprising a quorum were:

Michael B. Stayton, President
Alfred R. Bennett, Secretary
Alex Azar, Member

Lacy Johnson, Vice President
Andrew Miller, Member
Kelly Flynn, Member

Advisory Members attending:

Jack Morton
Lynn Gordon

IAA staff attending:

John D. Clark III, Executive Director/CEO
Marsha Stone, Chief Financial Officer
Robert Duncan, Chief Operating Officer
Patzetta Trice, Chief Communications Officer
Jennifer Tillman, Special Projects Officer
Rex Joseph, IAA Counsel
Beverly Terlaje, Recording Secretary

APPROVAL OF MINUTES

Upon a motion by Mr. Bennett, seconded by Mr. Flynn and unanimously passed, approval was given to the Minutes of the Regular Meeting of July 17, 2009.

ORDINANCES, RESOLUTIONS AND PUBLIC HEARINGS

President Stayton opened the public hearing on General Ordinance No. 3-2009 amending General Ordinance 4-2008 concerning rates and charges. With there being no discussion, the hearing was closed.

Upon motion by Mr. Flynn, seconded by Mr. Johnson and unanimously passed, approval was given to adopt General Ordinance No. 3-2009 amending General Ordinance 4-2008 concerning rates and charges.

President Stayton asked for a motion to consider for approval the adoption of Resolution No. 11-2009 concerning delegation of authority for 2009 Terminal Food & Beverage and Retail Concessionaire Rent Relief.

President Stayton asked Marsha Stone, Chief Financial Officer to provide an overview on the proposal for Concession Rent Relief. Ms. Stone stated that under the resolution, the Authority will offer percentage-only rent relief for the period of August 2009 to December 2009, which would result in concession revenue falling. The impact on the rent relief resolution will be approximately \$370,000 below the negotiated minimum annual guarantees. Ms. Stone stated that we may continue to have issues in 2010 if we do not see a rebound in the economy and may be coming back to the board regarding options and opportunities relating to 2010. In the meantime, we are working with the concessionaires to look at other opportunities and programs to attract sales.

Upon motion by Mr. Flynn, seconded by Mr. Azar and unanimously passed, approval was given to adopt Resolution No. 11-2009 Delegation of Authority for 2009 Terminal Food & Beverage and Retail Concessionaire Rent.

Mr. Azar asked if we are exploring other steps to help the concessionaires, to which Mr. Clark stated yes, but thought was being given to these steps since there would be costs associated with them. In the meantime, this resolution will provide a relief for the concessionaires and give IAA more time to see what will happen in the market.

President Stayton opened the public hearing on Land Sale consisting of 16.497 acres and improvements at 7337 W. Washington St. to PWK Capital Investments, LLC. for the sum of \$5,600,000. With there being no discussion, the hearing was closed.

President Stayton opened the public hearing on Land Sale consisting of 17.338 acres and improvements of various parcels located along I-465 to the Indiana Department of Transportation for the sum of \$2,316,325. With there being no discussion, the hearing was closed.

BOARD REPORTS

President Stayton announced that he had no reports but moved ahead to presentations and recognized Maggie Lewis, Indianapolis City-County Council Member and thanked her for attending the board meeting. President Stayton also introduced and recognized the following individuals:

Mr. Tom Brink, President & CEO of Methodist Occupational Health presented a plaque to Mr. Clark in recognition of 36 years of partnership as the health care provider with the Indianapolis Airport Authority and recognized, Ginger Thomas, Director of Human Resources, Julene Edwards, Records/WC Administrator and Jackie Tetzlaff, Human Resources & Benefits Coordinator.

Mr. William Holland, Indianapolis ARTCC Staff Manager, presented Mr. Ty Schick, Recruitment and Professional Development Coordinator with a certificate of appreciation for his assistance in their summer internship program.

OFFICIAL ACTIONS

President Stayton announced that due to a conflict of interest, board member Mr. Miller has recused himself with respect to board papers BP2009-08 item numbers 1, 2, 15 and 20.

APPROVAL OF THE INDIANAPOLIS AIRPORT AUTHORITY CONSENT CALENDAR DATED AUGUST 21, 2009: Upon a motion by Mr. Johnson, seconded by Mr. Flynn and passed by a majority vote, approval was given to the Consent Calendar dated August 21, 2009.

APPROVAL OF INDIVIDUAL ITEMS LISTED ON THE INDIANAPOLIS AIRPORT AUTHORITY CONSENT CALENDAR DATED AUGUST 21, 2009: Upon a motion by Mr. Bennett, seconded by Mr. Azar and passed by a majority vote, approval was given to accept the individual items listed on the Consent Calendar dated August 21, 2009.

STAFF REPORTS

CEO REPORT

Mr. Clark asked Ms. Stone to provide an overview of the IMC Facility and stated that at some point he would like to have discussions with the board on general policies as it relates to the IMC and where it will go into the future. Mr. Clark also stated that he would like to provide a background of the IMC Facility to the newer board members and further stated that it is a very complex and comprehensive property that we own and operate.

Ms. Stone provided a presentation of the history and background of the IMC Facility and stated that IAA would like to continue to provide dialogue with the board and seek direction as we move forward in trying to make the most of the Facility which has been managed and operated by the IAA for over 6 years. Ms. Stone further stated that as we look back over the history of what happened with the IMC Facility, it was somewhat a balance between economic development and commercial rate of return.

President Stayton stated that the IMC Facility is a major asset that needs better utilization. Moving forward in our five year strategic planning process, this along with what we do with the old terminal, as well as dealing with what the air traffic needs are over the next five years are 3 key items that we need to figure out how to get better utilization of these assets.

Mr. Clark added that going forward; he would like to have continued dialogue with the board because this is a question of economic development and how much versus commercial rate of return on the facility.

Mr. Clark stated that he has put forth a recommendation for the board committee structure and recommended that we keep 3 of the 5 committees which are HR, Finance & Audit and the Airport Reliever Committee. Mr. Clark stated that by consolidating the three active committees, we would get the best utilization from the board in terms of further policy direction as it relates to these areas.

CFO REPORT

Marsha Stone, Chief Financial Officer provided a brief update of the Financial Report for June 2009 and year to date activity.

PASSENGER ACTIVITY REPORT

Chris Matney, Director of Air Service Development, provided a brief update on air service and passenger activity for July 2009.

OTHER BUSINESS

President Stayton recognized Wells Fargo and thanked them for the sponsorship of the refreshments provided in today's board meeting.

ADJOURN

There being no further business, the meeting was adjourned at 9:30 a.m.

INDIANAPOLIS AIRPORT AUTHORITY*

Michael B. Stayton, President

Alfred R. Bennett, Secretary

Date: _____

*Signed under authority of IAA Board Resolution 10-2009

RESOLUTION NO. 12-2009
INDIANAPOLIS AIRPORT AUTHORITY INVESTMENT POLICY

WHEREAS, the 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 8-22-3-11(11) to carry out the duties, functions, and powers of the board; and

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

- (1) Adopt the Indianapolis Airport Authority Investment Policy ("Policy"), dated September 18, 2009, which is attached hereto as Attachment I and incorporated by reference; and
- (2) Delegate to the Treasurer authority to take appropriate action concerning the deposit and investment of funds including but not limited to entering into any agreement or purchasing any investment in accordance with the Policy; and
- (3) Instruct the Treasurer to report on the performance of the Authority's investments to the Authority's Finance and Audit Committee in accordance with the Policy.

APPROVED this 18th day of September, 2009 at the regularly convened meeting of the Indianapolis Airport Authority.

INDIANAPOLIS AIRPORT AUTHORITY*

By _____
Lacy M. Johnson, Vice-President

By _____
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 the Resolution adopted by the Indianapolis Airport Authority Board on the 18th day of September, 2009.

Alfred R. Bennett, Secretary



Board Memo Investment Policy

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: August 27, 2009

Board Date: September 18, 2009

Subject: IAA Investment Policy

As part of an effort to manage the Authority's investment portfolio more efficiently and transparently, we have developed an investment policy (attached below) that includes a list of allowable investments and reporting requirements. Some of these allowable investments, specifically local government investment pools (LGIPs), require the Authority to approve agreements with each investment provider. Currently, two LGIPs exist in Indiana: TrustIndiana (administered by the State Treasurer and MBIA) and HoosierFund (administered by CRF Financial Group).

Current Status

As an example of the potential incremental earnings accessible by the Authority, the following are recent rates of return on some of the Authority's investments:

Airport System Fund	0.00%
LIBOR-based Funds	0.00%
Fannie Mae (1 month)	0.00%
MMMF (Fidelity)	0.01%
Capital Improvement Fund	0.10%
U.S. Treasury (5 month)	0.21%
MMMF (JPM)	0.22%
Fannie Mae (5 month)	0.23%
TrustIndiana	0.36%
HoosierFund	0.55%

Based on current rates, on an investment balance of \$20,000,000, the Authority could earn an additional \$110,000 in interest earnings annually by having investments in the Hoosier Fund versus the Airport System Fund.

Approving the policy and authorizing the Treasurer to implement the policy will allow the Authority to increase interest earnings through more active management of these funds.

Recommendation

The Authority staff recommends the Board take action to (1) adopt the investment policy and (2) grant authority to the Treasurer to enter into any allowable investment under the investment policy, including LGIPs.

The Treasurer has reviewed the policy with the Finance and Audit Committee, as well as several current investment and financial advisors to the Authority. Both the Finance and Audit Committee and the Authority's independent advisors have expressed an opinion that the policy is appropriate for the Authority.

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 a designated representative. 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:

Authority shall manage Authority 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.

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:

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 Finance 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)

8.2 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.

8.3 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 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 8.4, the Treasurer shall notify the Finance Committee (as established by the Authority Board) prior to engaging in securities lending.

8.5 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.

8.6 Other Investments: The Authority is authorized to make any other investment permitted by IC 5-13-9. Notwithstanding section 8.6, the Treasurer shall notify the Finance Committee prior to investing in any investment not specifically allowed in sections 8.1, 8.2, 8.3, and 8.5.

9.0 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the Authority shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Treasurer and evidenced by 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%
Investment Pools	25%

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 should 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 is effective as of the 18th of September 2009.

Signed: _____

Jeremiah Wise, Treasurer

IAA Board Meeting
Consent Calendar Agenda
September 18, 2009

Consider for approval:

A) General Business

- BP2009-09-1 To Airport Use Permit with AAR Aircraft Services, Inc. commencing September 18, 2009 and expiring December 31, 2010.
- BP2009-09-2 The delegation of authority to the Executive Director/CEO to approve and execute the Fourth Amendment to the AAR Aircraft Services Lease Agreement. The Fourth Amendment provides for language modifications and exhibit changes as well as new language associated with types of aircraft maintenance work allowable on the aircraft apron.
- BP2009-09-3 The First Amendment to Airport Use Permit with Hendricks County Aviation, LLC. This Amendment provides for a term extension of three (3) years commencing retroactive to September 1, 2009 and expiring August 31, 2012, as well as incorporating the monthly fee structure of one percent (1%) of gross revenues.
- BP2009-09-4 The Fourth Amendment to Building Lease Agreement with Marion County Urban Search & Rescue Task Force. The Amendment provides for a term extension of approximately five (5) years, commencing retroactive to June 23, 2009 and expiring June 30, 2014.
- BP2009-09-5 The First Amendment to the Concession Agreement with Host International, Inc. operating as Wolfgang Puck to increase Host's Support Space by 172 square feet at a rate of \$15 per square foot per year commencing retroactively February 1, 2009 and expiring December 31, 2018.
- BP2009-09-6 The First Amendment to the Dock Master Agreement with Langham Airport Logistics, LLC to reduce required hours worked by the authority and concurrently reduce the monthly fee paid to Langham.
- BP2009-09-7 The First Amendment to the Passenger Wi-Fi Network Agreement with In-ter Space Services, Inc. d/b/a Clear Channel Interspace Airports to extend the termination date of the agreement to December 31, 2009.

BP2009-09-8 The delegation of authority to the Executive Director/CEO to approve and execute the First Amendment to the Chautauqua Airlines Lease Agreement or if an affiliate airline of Chautauqua Airlines, the delegation of authority to execute a lease agreement with the affiliate airline. The First Amendment or Lease Agreement provides for language modifications and exhibit changes related to leasehold expansion and leasehold improvements.

B) Capital Program

BP2009-09-9 Plans and Specifications for Bid Package No. B-19 - Terminal Departures Level Curbside Check-in Weather Enclosures as prepared by AeroDesign Group and authorize the public bidding process.

BP2009-09-10 An award of contract for CIP/Project# I-09-033, Belly Cargo/GSE Maintenance Building - Grading Package to Culy Construction and Excavating, Inc. in an amount not-to-exceed \$216,920. Culy Construction and Excavating, Inc. was the lowest responsive and responsible bidder. MBE 9.54% (VS Engineering and Henry Trucking) and WBE 5.99% (Slussers Green Thumb, Inc.)

BP2009-09-11 An amendment to the contract with R. W. Armstrong & Associates, Inc. for completion of design services and construction administration services to complete the Belly Cargo/GSE Maintenance Building in an amount not-to-exceed \$390,995 plus incidental expenses. MBE 11.33% (AEC Design, Shrewsberry, and Parsons, Cunningham and Shartle Engineers) and WBE 3.31% (Claire Bennett Associates, Inc. and Urban Design).

BP2009-09-12 The rejection of Davis & Associates bid for Parking Garage Stair Enclosure, Level 5 Interior Stairwells, IAA Project No. B-02, as non-responsive because their bid included the price for only one (1) stairwell enclosure as opposed to the minimum of three (3) enclosures in the bid documents. Also, consider for approval an award of contract for Parking Garage Stair Enclosure, Level 5 Interior Stairwells, IAA Project No. B-02, to Harmon Construction, Inc. in a lump sum amount of \$204,550. Harmon Construction, Inc. was the lowest responsive and responsible bidder. MBE 98.8% (Harmon Construction, Inc.) and WBE 1.2% (CT Enterprises Inc.).

- BP2009-09-13 An award of contract CIP/Project # I-09-009 – Taxiway ‘N’ Rehabilitation to Huff Sealing Corporation in an amount not-to-exceed \$342,430.41. Huff Sealing Corporation was the lowest responsive and responsible bidder. DBE 12.45% (Brook Hayden and Michael Harris), MBE 23.72% (Fox Contractors, Brook Hayden, and Michael Harris), and WBE 21.03% (Protection Plus).
- BP2009-09-14 The rejection of all bids received for CIP/Project# I-09-11 - Pavement Repair on Runway 14-32.
- BP2009-09-15 An award of contract for Project #I-60 for Terminal Bird Control to United Bird & Bat Control in an amount not-to-exceed \$92,400. United Bird & Bat Control had the lowest responsive and responsible quote. M/WBE 0%. United Bird & Bat Control has applied for certification.
- BP2009-09-16 Eleven (11) Change Order Requests - Midfield
- BP2009-09-17 Five (6) Change Order Requests



Board Memo – Airport Use Permit

To: IAA Board of Directors
From: Marsha Stone, Chief Financial Officer
Date: August 27, 2009
Board Date: September 18, 2009
Subject: Airport Use Permit AAR Aircraft Services, Inc.

Background

AAR Aircraft Services, Inc. (AAR) has executed a contract with Southwest Airlines to dismantle and recycle aircraft being retired from their fleet. The Authority has negotiated and will enter into a Permit allowing AAR to utilize aircraft apron space at the old Terminal for this process. The dismantling process will include removal of engines, avionics and other valuable parts with the remainder of the aircraft being cut up for recycling purposes. AAR will recycle approximately 9 to 15 aircraft with the process taking roughly 45 to 60 days per aircraft to complete.

Scope

This Permit will allow AAR to dismantle and recycle retired Southwest Airlines aircraft utilizing the aircraft apron at the old Terminal. All services performed under this Use Permit will also be covered under the liability insurance requirements with the AAR Aircraft Services Lease Agreement.

Schedule

September 18, 2009: Execution of Airport Use Permit with AAR Aircraft Services, Inc.

Revenue and/or Operating Cost Implications

Revenue: The Authority will obtain revenue for the parking of the aircraft at \$200 per day, per aircraft. Total estimated minimum revenue: \$81,000.

Operating Costs: There are no operating costs associated with this Permit other than internal labor to open and close the aircraft apron fencing around the old Terminal.

Diversity Participation

Not applicable.

Recommendation

Consent to Airport Use Permit with AAR Aircraft Services, Inc. commencing September 18, 2009 and expiring December 31, 2010.



Board Memo – Signature Authority

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: August 27, 2009

Board Date: September 18, 2009

Subject: Executive Director/CEO Signature Authority – AAR Aircraft Services, Inc. /
Fourth Amendment to Lease Agreement

Background

During the August 21, 2009 Board Meeting, Marsha Stone, IAA CFO, presented background information and financial history of the Indianapolis Maintenance Center (IMC). Included in this presentation was the aspect of renegotiating the AAR Aircraft Services, Inc (AAR) Lease Agreement. The progression of this renegotiation has made it clear the renegotiation should be handled in two Phases, with “quick wins” that benefit both entities being addressed in Phase 1, followed by Phase II initiatives, which will address the Leased Premises and Rental Structure aspects of the Agreement. Phase 1 initiatives are time sensitive to address immediate critical operational and financial needs of IAA and AAR.

This Board Memo provides a synopsis of the “quick wins” currently anticipated for inclusion within the Fourth Amendment as Phase 1 initiatives, and seeks a delegation of authority to the Executive Director/CEO for the execution of the Fourth Amendment. The objectives of the Fourth Amendment noted below in the Scope Section do not hinder the ongoing or future renegotiations of the Lease Agreement nor does the Fourth Amendment inhibit the ability for the IMC to become profitable.

The Authority Board will be briefed in detail during the September 18th Executive Session regarding this subject matter.

Scope

The Fourth Amendment, consisting of “quick wins”, currently includes the following aspects:

- Hangar Bay 6B
Currently deactivated, Hangar 6B is a widebody Bay that has seen little use by AAR. Since Lease inception (June 2004), AAR has utilized the Bay a total of seven (7) months. IAA Staff is seeking to return Bay 6B to IAA control. IAA is in negotiations with another potential tenant for this hangar bay.

- **Hangar Bay Activation/De-Activation Process**
The Lease Agreement allows AAR to activate/deactivate Hangar Bays at will, provided that a notice period is provided to the IAA. Currently, AAR provides IAA a thirty (30) day activation and a sixty (60) day deactivation notification period. AAR is now requesting a reduced notification period of ten (10) days for both activation and deactivation of Bays. Approval of this request provides flexibility for AAR's scheduling of customer aircraft and has no cost impact to the IAA.
- **AAR's Expansion Area space**
The Lease Agreement designates that AAR has the option to expand operations to one or more of the spaces known as "Back Shops" consisting of Interior, Composite and Machine Shops. These areas are the former leasehold of Indianapolis Diversified Machining (IDM) who vacated the IMC at the end of March 2009. The IAA subsequently terminated the IDM Lease Agreement in April 2009.

This "Expansion Area" space has been an option area for AAR from lease inception. AAR's current proposal is to lease both the Machine Shop (40,830 sq ft) and Composite Shops (127,323 sq ft) for a total square footage of 168,153 sq. ft. Per lease terms, AAR is to accept the Expansion Area in "AS-IS" condition, including all machinery and equipment. AAR desires to renegotiate the rental rate for this Expansion Area. IAA and AAR have not yet reached agreement on the rental rate or potentially, the exact square footage for rental, and will be finalizing these amounts over the next several days. IAA is also asking that AAR relinquish their right to the Interior Shop (41,050 sq. ft.) or other un-leased space in the "BackShops", thereby allowing the IAA to be able to lease this area to another party.

- **Issuance of Rental Credits verses IAA annual expenditures**
Per lease terms, should the IAA fall below this \$9.9M annual expense figure, AAR is entitled to "rental credits" issued over the next twelve month budget cycle. A reforecast of the 2009 Expense Budget notes an estimated annual expenditure of approximately \$9,957,000. Therefore, under this scenario, the IAA would owe AAR rental credits approximating \$12,500. The rental credit language within the Lease Agreement has a crippling effect in that, any further efficiency derived by IAA Staff will create a rental credit scenario for AAR.

IAA and AAR conceptually agree to remove the rental credit language in its entirety. Removal of this language provides an opportunity to further reduce IAA operating expenses. Initial estimated annual savings to the IAA is \$200,000; however, maximizing savings will be sought in all facets of the IMC.

- **Environmental Language - Voluntary Remediation Program (VRP)**
A Lease Agreement term as defined in Article XVII requires the IAA to enter into the Indiana Department of Environmental Management's (IDEM) Voluntary Remediation Program (VRP) with respect to contamination or other environmental matters which

existed at the IMC prior to the AAR Lease Agreement. The end result is AAR required a covenant not to sue for matters which occurred prior to their occupancy.

Both parties are seeking to avoid IDEM's requirement of extensive core sampling through the Bay floors. As such, a reduced scope for sampling is being considered by both parties with the objective to obtain a "Site Status Letter" and/or "Comfort Letter" documenting pre-existing conditions.

- **Aircraft Maintenance on IMC Apron**
Per current lease terms, the IMC aircraft apron is designated as Common Area. Long-term storage of equipment and performing aircraft maintenance is prohibited. AAR is seeking approval to perform certain types of maintenance on the apron. Examples of types of maintenance include: pre and post flight test maintenance, preparation maintenance on aircraft that will be brought into a Bay, maintenance to damaged or inoperative aircraft from the terminal area and lastly, low man-hour type maintenance that otherwise would not occur at the IMC.

AAR is confident they could substantially shorten the timeline of an aircraft maintenance project line by overlapping the start/completion dates of aircraft, and thus better position themselves in the competitive MRO market. Typical pre/post-visit activities would involve operational checks and opening panels for observation checks. Depending on length of time available and type of visit, activities might transition into component removals such as seats, accessories, flight control surfaces.

As of this writing, language is being finalized for this subject matter. Staff is suggesting adding language approving the pre and post type checks and preparation checks for aircraft to be placed in a Bay. Regarding inoperative aircraft and low man-hour maintenance work, in the short term, IAA Staff is suggesting this be on a case-by-case basis with approval being at the discretion of the IAA while focusing the remainder of this subject matter in the renegotiation of the AAR Leased Premises and Rental Structure aspects of the Agreement.

- **Facility Signage Responsibilities**
Currently the IAA is responsible for all signage maintenance, modifications and additions and deletions throughout the facility.

The Fourth Amendment proposes to modify signage responsibilities to make AAR responsible for any AAR specific signage within their Leased Premises as well as other common areas of the IMC. IAA estimated savings is \$5,000 annually.

Schedule

August 31, 2009:

Draft of Fourth Amendment issued to AAR for review.

September 18, 2009:

Staff review of AAR amendment status with IAA Board Executive Session.

Approval of Delegation of Authority for the execution of the Fourth Amendment to Lease Agreement with AAR Aircraft Services, Inc. (to support ongoing negotiations with AAR)

Diversity Participation

Not applicable.

Recommendation

Consider for approval the delegation of authority to the Executive Director/CEO to approve and execute the Fourth Amendment to the AAR Aircraft Services Lease Agreement. The Fourth Amendment provides for language modifications and exhibit changes as well as new language associated with types of aircraft maintenance work allowable on the aircraft apron.



Board Memo – First Amendment to Airport Use Permit

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: August 27, 2009

Board Date: September 18, 2009

Subject: First Amendment to Airport Use Permit with Hendricks County Aviation, LLC

Background

The Board previously approved an Airport Use Permit with Hendricks County Aviation, LLC (HCA) at Gordon Graham Field (GGF) in 2005. HCA provides general aviation flight school and aircraft rental/sales services. Additionally, HCA manages fuel sales and the terminal building on behalf of the Authority. In exchange for managing services for the Authority and due to flight volumes not warranting a full time Fixed Based Operator, the fee structure associated with the initial Permit have been waived. Now that HCA has established their business with four (4) plus years of operations, they will begin to pay a percentage of their gross operating revenue to the Authority.

Scope

This Amendment extends the term of the Agreement; which has been operating on a month to month basis. Additionally, this Amendment now requires HCA to pay one percent (1%) fee of their gross monthly sales.

Schedule

September 18, 2009: Execution of the First Amendment to Airport Use Permit with Hendricks County Aviation, LLC

Revenue and/or Operating Cost Implications

Revenue:

HCA will pay one percent (1%) of gross monthly sales. Monthly revenues are estimated at \$50.

Operating Costs:

There are no operating costs associated with the Permit.

Diversity Participation

Not applicable.

Recommendation

Consent to the First Amendment to Airport Use Permit with Hendricks County Aviation, LLC. This Amendment provides for a term extension of three (3) years commencing retroactive to September 1, 2009 and expiring August 31, 2012, as well as incorporating the monthly fee structure of one percent (1%) of gross revenues.



Board Memo – Fourth Amendment to Building Lease Agreement

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: August 27, 2009

Board Date: September 18, 2009

Subject: Fourth Amendment to Building Lease Agreement with Marion County Urban Search & Rescue Task Force

Background

The Marion County Urban Search & Rescue Task Force (Rescue Task Force) consists of approximately 60 members that volunteer if called upon during local and national emergencies (i.e. Hurricane Katrina, Ground Zero in New York City, and more recently in Martinsville during recent floods). Their team specializes in searches, rescue missions, and providing medical services. The Rescue Task Force has occupied Building # 10, located at 7151 N. Perimeter Road since 1996; which consists of 8,146 square feet. This facility is used for training purposes and also their deployment site for these missions.

Scope

This Amendment extends the term of the Agreement allowing the Rescue Task Force to continue to occupy this space and provide an invaluable service to our community, as well as those citizens in need when called upon to help in local and national disasters.

Schedule

September 18, 2009: Execution of the Fourth Amendment to Building Lease Agreement with Marion County Urban Search & Rescue Task Force.

Revenue and/or Operating Cost Implications

Revenue:

The Rescue Task Force has specialized rescue equipment at this facility, that the Authority's Fire & Police Departments have access to in the event of a major disaster. Therefore, no revenue is associated with this Building Lease Agreement, as adequate value is received by the Authority through this access for our use of this equipment.

Operating Costs:

There are no operating costs associated with this Building Lease Agreement, as all maintenance and utility expenses are paid by the Rescue Task Force.

Diversity Participation

Not applicable.

Recommendation

Consent to the Fourth Amendment to Building Lease Agreement with Marion County Urban Search & Rescue Task Force. The Amendment provides for a term extension of approximately five (5) years, commencing retroactive to June 23, 2009 and expiring June 30, 2014.



Board Memo

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: August 26, 2009

Board Date: September 18, 2009

Subject: First Amendment to the Concession Agreement with Host International, Inc. operating as Wolfgang Puck

Background

Host International, Inc operating as Wolfgang Puck has been a Food & Beverage operator in the Terminal since November 12, 2008. Host International has determined a need for additional support space within the Terminal to facilitate their operation.

Scope

This Amendment increases Host International's Support Space by an additional 172 square feet at \$15 per square foot per year.

Schedule

Amendment reflects possession of the additional support space effective February 1, 2009.

Revenue and/or Operating Cost Implications

Revenue:

The Authority will achieve \$2,580 of incremental revenue per year.

Operating Costs:

None.

Diversity Participation

None

Recommendation

Consent to the First Amendment to the Concession Agreement with Host International, Inc. operating as Wolfgang Puck to increase Host's Support Space by 172 square feet at a rate of \$15 per square foot per year commencing retroactively February 1, 2009 and expiring December 31, 2018.



Board Memo

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: August 26, 2009

Board Date: September 18, 2009

Subject: First Amendment to the Dock Master Agreement with Langham Airport Logistics, LLC

Background

Langham Airport Logistics, LLC has operated the airport's terminal receiving dock since September 19, 2008. As the dock master, Langham provides for the receiving of third-party deliveries to the terminal, storage & handling and delivery services to all terminal tenants.

Scope

This Amendment reduces the required number of hours worked by the dock master staff each week from 427 to 360. This reduction is achieved by reducing the operating hours from 24 hours per day, seven days a week to a set daily schedule. This reduction will reduce the Authority's operating cost, while still achieving service requirements for the Authority and tenants.

Schedule

The reduced hours per week schedule is effective August 15, 2009.

Revenue and/or Operating Cost Implications

Revenue:

None.

Operating Costs:

The Authority will save \$239,094 over the remaining term of the agreement through December 31, 2011.

Diversity Participation

Langham Airport Logistics, LLC is a Woman-Owned Business Enterprise.

Recommendation

Consent to the First Amendment to the Dock Master Agreement with Langham Airport Logistics, LLC to reduce required hours worked by the authority and concurrently reduce the monthly fee paid to Langham.



Board Memo

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: August 26, 2009

Board Date: September 18, 2009

Subject: First Amendment to the Passenger Wi-Fi Network Agreement with In-ter Space Services, Inc. d/b/a Clear Channel Interspace Airports.

Background

In-ter Space Services, Inc. has been the provider of the Passenger Wi-Fi Network since November 11, 2008. Their agreement expired August 12, 2009 and they are providing this service on a month-to-month basis under the original agreement terms. A solicitation is scheduled for issuance in the fourth quarter of 2009 to select a Wi-Fi operator under a new agreement with a goal of providing free Wi-Fi to end-users and at the same time generating marketing income for the Authority.

Scope

This Amendment extends the term of the Agreement allowing In-ter Space Services, Inc. to continue providing the Passenger Wi-Fi Network through December 31, 2009. The new Wi-Fi agreement, selected under the solicitation, would begin service on January 1, 2010.

Schedule

September 18, 2009: Execution of the First Amendment to the Passenger Wi-Fi Network Agreement with In-ter Space Services, Inc. d/b/a Clear Channel Interspace Airports.

Revenue and/or Operating Cost Implications

Revenue:

The Authority shares in revenues only after In-ter Space's capital and operating expenses have been regained. Projected revenue for Authority through December 31, 2009: \$500.

Operating Cost:

None.

Diversity Participation

None.

Recommendation

Consent to the First Amendment to the Passenger Wi-Fi Network Agreement with In-ter Space Services, Inc. d/b/a Clear Channel Interspace Airports to extend the termination date of the agreement to December 31, 2009.



Board Memo – Signature Authority

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: September 11, 2009

Board Date: September 18, 2009

Subject: Executive Director/CEO Signature Authority – Chautauqua Airlines, Inc. /
1st Amendment to Lease Agreement

Background

Republic Holdings, Inc. (Republic) recently was awarded the right to purchase Frontier Airlines, a Denver based airline currently in Bankruptcy, and has also completed its purchase of Midwest Airlines, a Milwaukee based airline. During a meeting last week with IAA, State of Indiana (IEDC) and City of Indianapolis (IEDI) staff, Republic CEO, Bryan Bedford, expressed his desire to potentially relocate up to seven hundred fifty jobs as a result of their recent acquisitions and is in dialogue with the City of Indianapolis and the State of Indiana regarding this opportunity. As well, Mr. Bedford is seeking to expand their maintenance operation at the Indianapolis Maintenance Center, where they currently lease two hangar bays from the IAA through a Chautauqua Airlines lease. Republic has indicated an interest in taking on an additional hangar at the IMC to perform aircraft maintenance, should Indianapolis be selected as the site for relocation of approximately 140 aircraft maintenance positions. Other potential operations for relocation to the Indianapolis area include parts warehousing and a reservation center, among others.

Republic has informed the State, City and IAA that they are operating under a very tight timeframe for various decisions, specifically as it relates to the Frontier operation, as Frontier is scheduled to emerge from bankruptcy by the end of September. As such, this Board Memo seeks a delegation of authority to the Executive Director/CEO to negotiate and execute the First Amendment to the Chautauqua Airlines Lease Agreement or, if an affiliate airline, seeks a delegation of authority for execution related to a new Agreement with the affiliate airline and/or holding company.

The Authority Board will be briefed in detail during the September 18th Executive Session regarding this overall subject matter and its relationship to other ongoing tenant negotiations.

Scope

The following opportunities are currently under discussion with Republic:

- IMC's Hangar Bay 6B
Chautauqua Airlines (owned by Republic) currently leases Bays 7A and 7B, and Republic has indicated an interest in expanding their leasehold by leasing Bay 6B.

Hangar Bay 6B is a wide-body hangar with a mezzanine and hanging dock structure. Republic has indicated that they would require open floor space with no docking structure in Bay 6B, to maximize their utilization of this space. Initial estimates indicate that rental revenues from the lease of Bay 6B would cover the cost of this removal / demo with a payback to the Authority anticipated in approximate 1.5 years. Hangar Bay 6B is currently within another IMC tenant's leasehold option area; IAA staff is in discussions with that tenant on various lease matters.

- Additional Areas
IAA Staff has also presented other areas of the IMC that would support the ongoing operation of an airline, including "Call Center" space and additional parts storage / warehousing space to attract as many of the seven hundred and fifty jobs that will be moved or created in Republic's consolidation efforts of their airlines.
- Air Service Development
IAA has provided Republic with a copy of its current Air Service Incentive Plan, and is in discussions with Republic regarding air service opportunities at Indianapolis International.

Schedule

September 18, 2009: Staff review of Republic proposal with IAA Board – Executive Session. Approval of Delegation of Authority to Executive Director/CEO for the execution of the First Amendment to Lease Agreement with Chautauqua Airlines, Inc. (to accommodate ongoing negotiations with Republic).

Diversity Participation

Not applicable.

Recommendation

Consider for approval the delegation of authority to the Executive Director/CEO to approve and execute the First Amendment to the Chautauqua Airlines Lease Agreement or if an affiliate airline of Chautauqua Airlines, the delegation of authority to execute a lease agreement with the affiliate airline. The First Amendment or Lease Agreement provides for language modifications and exhibit changes related to leasehold expansion and leasehold improvements.



Board Memo Plans & Specs Approval

To: IAA Board of Directors
From: Robert A. Duncan, Chief Operating Officer
Date: August 26, 2009
Board Date: September 18, 2009
Subject: Approval of Plans and Specifications for Bid Package No. B-19 – Terminal Departures Level Curbside Check-in Weather Enclosures and Authorize the Public Bidding Process

Background

The Terminal at the new Indianapolis International Airport has a two (2) level roadway system. On the upper/Departures level roadway there are eight (8) skycap/curbside check-in stations for the airlines that serve IND. These stations are on the sidewalk area and mostly open to the weather.

Protection from weather for skycap agents, passengers and the general check-in process is afforded only by the slight overhang of the skycap area itself, the high overhang of the terminal roof, and indirectly by the curbside canopy over the first lane of traffic. None of these protection elements have proven to be effective at mitigating against falling and blowing rain, wind and snow given the prevailing winds from the west and southwest and the lack of direct overhead cover. No other protections were planned with the original design.

On April 17, 2009, the Board of Directors authorized additional work to add winter weather protection to the eight (8) curbside baggage check-in areas. That project was put on hold pending further review of the airlines' interest in providing curbside check in. The proposed project is to construct four (4) of the eight (8) areas, specifically for: Delta Airlines, American Airlines, Southwest Airlines and AirTran. These are the airlines currently providing curbside check-in.

Scope

The Weather Enclosures will be located on the departures level curbside of the terminal at four locations for each of the following airlines: Delta Airlines, American Airlines, Southwest Airlines and AirTran. The enclosures consist of fixed glass enclosure walls on the sides of each curbside area, with movable glass doors. The glass doors can be

manually opened and stowed when weather protection is not needed, or they can be closed to provide a protected check-in environment from the weather.

Schedule

Drawings Issued	September 22, 2009		
Pre-Bid Meeting	September 24, 2009	Time: 2:00 PM	Location: Break Room
Bid Opening	October 16, 2009	Time: 2:00 PM	Location: Break Room

Est. Bid Award (Board Mtg) November 20, 2009

Work is expected to start November 2009 with substantial completion 18 weeks later. The duration is approximately 4 ½ months due to rework at the existing shelters, fabrication of custom storefront, metal panels, and sliding glass panels. The installation of the first new check-in area will begin approximately 10 weeks from Notice to Proceed. Each location will take approximately 2 weeks to install. As an interim solution, the contractor could rework the existing overhang and install the new storefront first and install the sliding glass doors as "come-back" work at a later date. An alternate can be included in the bid package for an accelerated fabrication and installation schedule.

Diversity Participation

The Diversity Director has conferred with IAA Engineering and they estimate the opportunities for XBE% involvement on this project to be DBE 0%, MBE 9% and WBE 5%. IAA Engineering and the Diversity Director are working with the community on this upcoming package to reach or exceed these targeted goals.

Recommendation

The IAA staff has reviewed the bid documents and recommends that the Board:

Consider for approval Plans and Specifications for Bid Package No. B-19 - Terminal Departures Level Curbside Check-in Weather Enclosures as prepared by AeroDesign Group and authorize the public bidding process.



Board Memo –Bid Award

To: IAA Board of Directors

From: Robert A. Duncan, Chief Operating Officer

Date: September 15, 2009

Board Date: September 18, 2009

Subject: Update to Belly Cargo/GSE Maintenance Building – Grading Package and Award of Bid Package #I-09-033 to Culy Construction and Excavating, Inc.

Background

When the original Board Paper was provided, the bidding process was still underway for this phase of the project. It was important to award the contract at the September Board meeting in order complete this phase of work during the 2009 construction season.

On September 11, 2009, the IAA staff received seven (7) bids ranging from \$216,920 to \$298,430.

Scope

This package provides for completing the earthwork and early site work in 2009 in order to facilitate construction of the building in 2010 with overall project completion in June 2010.

Schedule

Work is expected to start September 2009 with a substantial completion date of December 31, 2009.

Diversity Participation

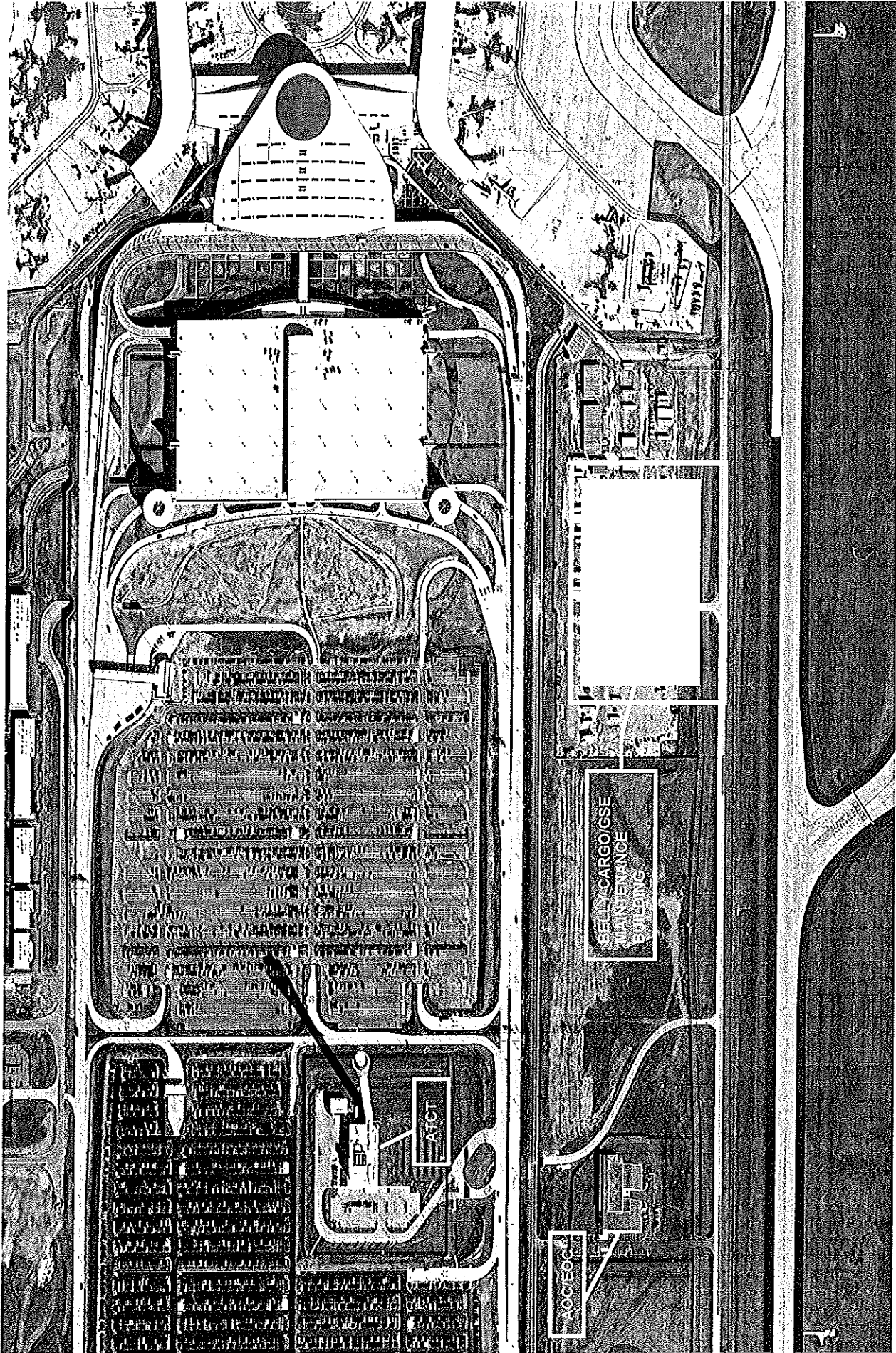
The Diversity Director has approved the following MBE/WBE participation:

FIRM	CLASSIFICATION	AMOUNT	%
VS Engineering	MBE	\$2,690	1.24
Henry Trucking	MBE	\$18,000	8.30
Slussers Green Thumb	WBE	\$13,000	5.99
Totals	MBE	\$20,690	9.54
	WBE	\$13,000	5.99

Recommendation

The IAA staff has reviewed the bids and recommends that the Board:

Consider for approval an award of contract for CIP/Project# I-09-033, Belly Cargo/GSE Maintenance Building - Grading Package to Culy Construction and Excavating, Inc. in an amount not-to-exceed \$216,920. Culy Construction and Excavating, Inc. was the lowest responsive and responsible bidder. MBE 9.54% (VS Engineering and Henry Trucking) and WBE 5.99% (Slussers Green Thumb, Inc.)





Board Memo – Amendment

To: IAA Board of Directors

From: Robert A. Duncan, Chief Operating Officer

Date: August 24, 2009

Board Date: September 18, 2009

Subject: Approval of Amendment #2 with R. W. Armstrong & Associates, Inc. for Belly Cargo/GSE Maintenance Building, I-09-033

Background

The project definition for the Midfield Terminal Project included the concept of a belly cargo building. Following discussions with the airlines to finalize the Midfield Project scope, the belly cargo building was deferred. In 2008, several airlines asked the IAA to restart the project and the signatory airlines gave formal approval last summer. In order to reduce IAA costs, the Midfield Team explored the option of a design-build-lease to own contract in accordance with the Indiana Code. The estimates received for this option were higher than expected and the project was deferred until the opening of the new terminal. The project is now proceeding using the conventional design-bid-build method.

The belly cargo building will increase airfield safety because cargo tug trains currently cross the airfield from airline cargo buildings adjacent to the old terminal from the east to the west and cross taxiways and a runway. The FAA Runway Safety Action Team recently noted this condition during its 3 day runway safety initiative this Spring. The cost of the project will be offset by lease payments made by the airline tenants.

The facility will also house ground support equipment (GSE) maintenance operations. GSE includes the airlines' belt loaders, baggage carts, tugs, push tractors, personnel transportation vehicles, lavatory trucks, ground power units, portable air-conditioning units, maintenance trucks and other vehicles that are needed to support the airline operations at the gates. Currently, light maintenance of GSE is predominantly handled by the airlines at their lease space in the terminal and for major work the equipment is hauled off airport.

In order to construct the Belly Cargo/GSE Maintenance Facility in a timely manner, the project was broken into two packages. The grading package will allow the earthwork to be accomplished in late 2009. This will be followed by a second package that will concentrate on site utilities, paving, and building construction and permit the facility to open in June 2010.

To procure a design consultant with expertise in the area of belly cargo, a Request for Design Proposals was issued on May 21, 2009. Based on this Request, eleven (11) proposals were received and evaluated on criteria of the Work Plan, Experience in this type of project, proposed project personnel, XBE participation, etc. Based on the selection criteria R.W. Armstrong and Associates was selected for the design of the Belly Cargo/GSE Facility.

In order to meet the projected construction timetable, an initial contract was issued in the amount of \$149,765 to start the preliminary scoping process. The Amendment number 1 was issued in August 2009 to continue the design process and develop plans and specifications for the first bid package to complete the site grading during the 2009 construction season. Amendment number 2 will complete the design of the final site utilities and paving package along with the building package, including construction administration.

Scope

R. W. Armstrong & Associates, Inc. has completed the work of the original contract and is nearing completion of Amendment #1 to that contract. The additional work will include final design phase services for the building package, bid phase services for the building and final site work packages, and grading package and building package construction administration.

Schedule

Work is expected to start in September 2009 and be substantially complete by December 31, 2010.

Diversity Participation

The Diversity Director has approved the following MBE/WBE participation:

FIRM	CLASSIFICATION	AMOUNT	%
AEC Design	MBE	\$17,420	4.46
Shrewsberry	MBE	\$23,855	6.10
Claire Bennett Associates, Inc	WBE	\$ 9,600	2.46
Parsons, Cunningham and Shartle Engineers	MBE	\$ 3,000	0.77
Urban Design	WBE	\$ 3,360	0.86
Totals	MBE	\$44,275	11.33
	WBE	\$12,960	3.31

Contract Summary to Date

Contract/Amendment & Execution Date	Service & Term	Amount	Minority Participation %		
			MBE	WBE	
Original Contract August 11, 2009	Professional Services Term: 8/11/09 – 12/31/09	\$149,765	10.10	20.80	
Amendment 1 August 28, 2009	Professional Services Term: 8/28/09 – 12/31/09	\$ 92,638	12.25	0	
This Amendment September 18, 2009	Professional Services Term: 9/18/09 – 12/31/10	\$390,995	11.33	3.31	
	Revised Contract NTE	\$633,398			

Recommendation

The IAA staff has reviewed the proposal and recommends that the Board:

Consider for approval an amendment to the contract with R. W. Armstrong & Associates, Inc. for completion of design services and construction administration services to complete the Belly Cargo/GSE Maintenance Building in an amount not-to-exceed \$390,995.00 plus incidental expenses. MBE 11.33% (AEC Design, Shrewsberry, and Parsons, Cunningham and Shartle Engineers) and WBE 3.31% (Claire Bennett Associates, Inc. and Urban Design).



Board Memo Bid Award

To: IAA Board of Directors

From: Robert A. Duncan, Chief Operating Officer

Date: August 20, 2009

Board Date: September 18, 2009

Subject: Award of Betterment Project No. B-02 – Parking Garage Stair Enclosure for Parking Garage Level 5 Interior Stairwell Improvements to Harmon Construction, Inc.

Background

On April 17, 2009, the IAA Board authorized additional work on the New Indianapolis Airport Project as betterments to the new facilities. The aforementioned project was one (1) of the twenty-four (24) sub-projects approved in that Board action.

As shown on the attached drawing, there are six (6) stairwells in the Parking Garage adjacent to the center or core circulation area. In order to reduce the amount of rain, snow, and ice that falls into these stairwells and to prevent further damage to the stairwells, the project team put forward designs for glass and metal enclosures around the stairwells at the top level, Level 5. On July 17, 2009, the Board approved plans and specs and authorized the public bidding process.

On August 18, 2009, the IAA staff received five (5) bids ranging from \$40,175 to \$236,321 for three (3) of the stairwells. The lowest bid from Davis & Associates was judged to be non-responsive because it included the price for only one (1) stairwell enclosure as opposed to the three (3) specified. The lowest responsive and responsible bid was from Harmon Construction, Inc. in the amount of \$109,100. Attached is the summary level and detailed bid tabulation sheet for your review.

Since bid opening, the lowest responsive and responsible bidder, Harmon Construction, Inc., has submitted a voluntary proposal to do all six (6) stair enclosures for \$204,550. This provides an additional savings over the bid price due to the increased volume. The Engineer's estimate for all six (6) enclosures was \$220,000.

Scope

The scope is for construction of six (6) interior stair enclosures on Level 5 of the Parking Garage. This includes purchase and installation of aluminum frames, tempered glass panels, aluminum panel roof and all accessory items as needed for a complete installation.

The budget amount for construction is \$200,000.

Engineer's Estimate (BSA) for this package was \$220,000.

The additional \$4,550 in the bid amount is offset by savings in the design.

Schedule

Work is expected to start October 2009 with a substantial completion date of March 2010.

Diversity Participation

The Diversity Director has approved the following MBE/WBE participation:

FIRM	CLASSIFICATION	AMOUNT	%
Harmon Construction, Inc.	MBE	\$202,150	98.8%
CT Enterprises Inc.	WBE	\$2,400	1.2%
Totals	MBE	\$202,150	98.8%
	WBE	\$2,400	1.2%

Recommendation

The IAA staff has reviewed the bids and recommends that you:

Consider the rejection of Davis & Associates bid for Parking Garage Stair Enclosure, Level 5 Interior Stairwells, IAA Project No. B-02, as non-responsive because their bid included the price for only one (1) stairwell enclosure as opposed to the minimum of three (3) enclosures in the bid documents. Also, consider for approval an award of contract for Parking Garage Stair Enclosure, Level 5 Interior Stairwells, IAA Project No. B-02, to Harmon Construction, Inc. in a lump sum amount of \$204,550. Harmon Construction, Inc. was the lowest responsive and responsible bidder. MBE 98.8% (Harmon Construction, Inc.) and WBE 1.2% (CT Enterprises Inc.)



Board Memorandum – Bid Award

To: IAA Board of Director

From: Robert A. Duncan, Chief Operating Officer

Date: August 26, 2009

Board Date: September 18, 2009

Subject: Award of CIP/Project # I-09-009 – Taxiway 'N' Rehabilitation to Huff Sealing Corporation

Background

Taxiway 'N' is a cross-field taxiway about 7,000 ft. long which runs from Taxiway 'A' to 'D'. See the attached plan showing work area at the end of this memo. The pavement was originally constructed in 2000/2001 and no significant repairs have been made since then. The pavement requires rehabilitation at this time to ensure the anticipated useful pavement life is reached.

On July 17, 2009, the Board approved plans & specifications for Project # I-09-009 – Taxiway 'N' Rehabilitation and authorized the public bidding process.

On August 18, 2009, the IAA staff received three (3) bids ranging from \$342,430.41 to \$412,031.63. An alternate for additional pavement panel repair adjacent to Taxiway 'D' was also submitted on bid date by all three bidders but is not recommended due to budget constraints.

Scope

The scope of work for rehabilitation of pavement on Taxiway 'N' includes joint sealant removal and replacement, joint repairs, panel repairs and pavement markings.

Schedule

Work is expected to start October 2009 with a substantial completion date of December 31, 2009.

Diversity Participation

The Diversity Director has approved the following DBE/MBE/WBE participation:

FIRM	CLASSIFICATION	AMOUNT	%
Protection Plus	WBE	\$72,000	21.03
Fox Contractors	MBE	\$38,600	11.27
Brook Hayden	DBE/MBE	\$ 8,620	2.52
Michael Harris	DBE/MBE	\$34,000	9.93
Totals	DBE	\$42,620	12.45
	MBE	\$81,220	23.72
	WBE	\$72,000	21.03

Recommendation

The IAA staff has reviewed the bids and recommends that the Board:

Consider for approval an award of contract CIP/Project # I-09-009 – Taxiway ‘N’ Rehabilitation to Huff Sealing Corporation in an amount not-to-exceed \$342,430.41. Huff Sealing Corporation was the lowest responsive and responsible bidder. DBE 12.45% (Brook Hayden and Michael Harris), MBE 23.72% (Fox Contractors, Brook Hayden, and Michael Harris), and WBE 21.03% (Protection Plus).





Board Memo - Rejection of Bids

To: IAA Board of Directors
From: Robert A. Duncan, Chief Operating Officer
Date: August 20, 2009
Board Date: September 18, 2009
Subject: Rejection of Bids - CIP/Project# I-09-011-- Pavement Repair on Runway 14-32

Background

On June 19, 2009, the IAA Board approved plans and specifications for Runway 14-32 Pavement Repairs and authorized the public bidding process. On July 28, 2009, only one (1) bid was received for this package from Rieth-Riley Construction Co., Inc in the amount of \$313,442. The bid significantly exceeded the Engineer's Estimate and the Project Construction Budget.

Six (6) experienced airport contractors requested and received plan sets. When asked why five of them did not bid, their most prevalent reasoning was the relatively small size of the project, the relatively high risk of the airfield work on the centerline of the runway, the work-arounds for opening and closing the runway, as well as the amount of "hand work" on the project. Contractors were also concerned that the numerous small patches could lead the airport to be dissatisfied with the end product, leading to rework by the Contractor.

The project consists of repair of bituminous pavement areas on Runway 14-32 and a section of bituminous shoulder on Taxiway "N". The repairs on Runway 14-32 shall include bituminous pavement milling and replacement, pavement marking, grooving and incidentals. The repairs on Taxiway "N" shall include bituminous pavement milling, sub-base repairs as needed, bituminous pavement replacement and incidentals.

This project will be reviewed for changes and rebid in early 2010 because trying to rebid and complete the project in 2009 would be at the conclusion of the construction season. Possible changes to the bid package include provisions for a one-time closure of the runway vs. multiple closures and openings, revisions to the plans that make it more suitable for construction automation or streamlined equipment usage, and other suggested improvements by the designer and contracting community.

Airfield maintenance personnel were consulted on the delay of this project and had no objections to the delay. Their major concern dealt with the adjacent panels on Taxiway Delta, which was not part of this project.

Recommendation

The IAA staff has reviewed the bids received and recommends that the Board:

Consider for approval the rejection of all bids received for CIP/Project# I-09-11 - Pavement Repair on Runway 14-32.



Board Memo Contract Award

To: IAA Board of Directors

From: Robert A. Duncan, Chief Operating Officer

Date: August 28, 2009

Board Date: September 18, 2009

Subject: Award of Contract to United Bird & Bat Control for Terminal Bird Control
(Project No. I-60)

Background

The nesting and presence of birds under the new terminal roof has become a problem for terminal customers and operations. During certain times of the year, significant populations of birds are using the overhang under the terminal roof in front of the terminal for nesting and perching. IAA has researched various means of mitigating the bird issue and has concluded that the installation of heavy-duty bird netting to the overhang of the terminal roof is the most economical and effective solution.

On August 21, 2009, a request for quotes for Terminal Bird Control was issued to six (6) contractors.

On August 28, 2009, the IAA staff received seven (7) quotes ranging from \$92,400. to \$369,457.32. The lowest quote was submitted by United Bird & Bat Control.

Scope

This package provides for the installation of heavy-duty bird netting to the overhang of the Terminal Roof. Work should be completed within 40 days of a notice to proceed with a contract.

Schedule

Work is expected to start September 22, 2009 with a substantial completion date of November 1, 2009.

Diversity Participation

The Diversity Director has reviewed United Bird & Bat Control's Diversity Program on August 28, 2009 and has approved the participation verification report. United Bird & Bat Control is an MBE firm which has applied for certification (application pending) with the State of Indiana. It is the Diversity Director's opinion that United Bird & Bat Control demonstrated good faith efforts in reaching the M/WBE goals of 9% and 5% respectively.

Recommendation

The IAA staff has reviewed the quotes and recommends that the Board:

Consider for approval an award of contract for Project #I-60 for Terminal Bird Control to United Bird & Bat Control in an amount not-to-exceed \$92,400. United Bird & Bat Control had the lowest responsive and responsible quote. M/WBE 0%

United Bird & Bat Control has applied for certification.

CHANGE ORDER REQUESTS - MIDFIELD

BOARD DATE:

September 18, 2009

BP2009-09-16

CONTRACTOR	ORIGINAL CONTRACT AMT	THIS CHANGE ORDER REQUEST		CUM CHANGE		NEW CONTRACT AMOUNT	Contract Description
		AMOUNT	PERCENT	PERCENT	PERCENT		
International Piping	\$ 11,500,000.00	\$ 52,719.00	0.46%	4.1%	\$ 11,976,707.18	Mechanical Systems	
Poynter Sheetmetal	\$ 9,445,000.00	\$ 21,688.00	0.23%	12.7%	\$ 10,642,612.00	Mechanical Distribution	
Purdy Masonry	\$ 5,099,000.00	\$ 95,316.00	1.87%	27.2%	\$ 6,485,867.00	Masonry & Limestone	
CL Coatings	\$ 2,768,400.00	\$ 18,514.00	0.67%	18.4%	\$ 3,277,190.11	Paint & Wall Coverings	
Gibson-Lewis	\$ 4,482,000.00	\$ 305,761.00	6.82%	22.9%	\$ 5,507,774.00	Airline Fitout	
Gradex, Inc.	\$ 12,993,347.70	\$ 171,684.42	1.32%	8.8%	\$ 14,135,101.18	Deicing Phase 2	
Gradex, Inc.	\$ 16,585,186.39	\$ 364,278.50	2.20%	12.5%	\$ 18,656,728.94	East & West Parking Lots	
Gradex, Inc.	\$ 4,454,028.85	\$ 11,918.89	0.27%	4.6%	\$ 4,658,381.16	Employee Parking Lot	
Evans Development	\$ 3,391,000.00	\$ 2,133.00	0.06%	39.4%	\$ 4,726,212.20	PARCS Building	
Amano Cincinnati	\$ 2,617,338.71	\$ 9,085.21	0.35%	25.9%	\$ 3,296,009.92	PARCS Equipment	
Milestone Contractors	\$ 11,382,951.52	\$ 500,000.00	4.39%	21.3%	\$ 13,808,211.08	Taxiway R & H	

2009-09-18 10:00 AM

IND CHANGE ORDER REQUESTS

BP2009-09-17

BOARD DATE:
September 18, 2009

COR/CO #	Project NO.	CONTRACTOR	ORIGINAL CONTRACT AMT	THIS CHANGE ORDER REQUEST		CUM CHANGE		NEW CONTRACT AMOUNT	Contract Description
				AMOUNT	PERCENT	PERCENT	PERCENT		
1	I-95-14H.8.1	Innovative Construction Services, Inc.	\$ 412,048.00	\$ 5,974.87	1.45%	1.45%	\$ 418,022.87	Residential Sound Insulation Program	
1 & Final	I-08-008	The Harper Company	\$ 267,501.49	\$ 1,202.52	0.45%	0.45%	\$ 268,704.01	Taxway N Rehabilitation	
0837-014	2238	The Harper Company	\$ 1,626,752.67	\$ 5,714.05	0.35%	29.0%	\$ 2,098,267.92	4x4x4 Utility Handhole	
0824-001	9013	Divane Brothers	\$ 860,255.00	\$ 2,770.00	0.32%	0.32%	\$ 863,025.00	Bore Casing location interference	
1	I-05-019-B.1	Maddox Industrial Contractors, Inc.	\$ 1,828,840.00	\$ 106,918.53	5.85%	5.85%	\$ 1,935,758.53	Storm Water Controls - SPCC Mitigation - Rellervers	
3	I-06-001B	The Harper Company	\$ 14,657,439.00	\$ (113,788.40)	-0.78%	0.08%	\$ 14,668,528.77	Cargo Apron Project Phase II	

DATE OF COR/CO FOR REVIEW

APPROVED

DATE OF COR/CO FOR REVIEW

APPROVED



Indianapolis Airport Authority

Board Memo Parking Strategy

To: IAA Board
From: Marsha Stone, CFO
Date: September 11, 2009
Board Date: September 18, 2009
Subject: Parking Strategy

Background

In January 2007, Authority staff presented a “revenue diversification” analysis to the Executive Director. The crux of the presentation was that, at the time, the Authority forecast 79% of 2010 Authority operating revenue would be passenger or passenger-airline dependent, and thus have a high level of variability. At the same time, 54% of the Authority’s expenses (including debt service, excluding amortization) would be debt service (i.e. fixed costs) and the other 46% would be operating expenses which were also largely fixed. This put the Authority at high risk to economic cycles, airline consolidation, and safety/security incidents with the associated changes in air service demand or increased security costs.

One of the ideas presented at the time was to lease the Authority’s parking assets to reduce debt and create a fixed revenue stream to match the Authority’s fixed-cost structure. It would also create operational benefits by (1) removing the Authority from the busing business, (2) removing the Authority from the business of direct revenue collection from passengers, and (3) removing the need to utilize Authority cash for maintenance and capital improvements to the parking facilities.

As the Authority continues to review the parking operation at IND, the Authority must decide from a policy perspective if, (1) the Authority has too much debt, (2) the Authority is too dependent on variable, passenger-dependent revenue, and (3) the Authority is (a) a property developer primarily engaged in the business of leasing and property maintenance or (b) a business operator which provides direct service to an end consumer (B2C operations).

Current Situation

Parking is the only significant passenger service that the Authority provides directly. Air travel, food and beverage service, retail stores, and rental cars are all operated by third-parties who pay the Authority a fee to provide the service and collect revenue. Additionally, a brief survey of other airports indicates that most airports have a third-party either manage or operate their on-airport parking facilities.

The Authority currently employs 100 people in its parking operation, including a staff of 42 to support shuttle operations and 58 that support the parking operation; this represents about 17% of the Authority's total workforce. The parking and shuttle operations have a combined 2010 annual operating budget of approximately \$6,100,000, including \$162,000 in fuel costs; parking represents approximately 12% of the Authority's overall operating budget, excluding the Indianapolis Maintenance Center. Also, the Authority currently pays approximately \$10 million annually in debt service related to the construction of the parking facilities and spends an estimated \$600,000 annually in capital expenditures for shuttle bus replacements. Additionally, the Authority will incur incremental future capital expenses related to the repair and maintenance of the garage and surface lots.

Parking is also the most significant generator of non-airline revenue, producing more than \$35 million of gross revenue annually.

Options

RFP for Shuttle Operations

In 2010, the shuttle bus operation will cost approximately \$3.0 million. Included in this cost is the cost of purchasing and maintaining the shuttle fleet and the cost of providing a professional chauffeur employee pool. The Authority has not recently solicited information to determine whether a third-party operator could provide service more cost effectively than the Authority. An RFP for shuttle services would allow the Authority to determine the cost effectiveness of a third-party operator.

RFQ for Parking Operations

In general the Authority acts as a property owner and derives revenue from leases and use agreements (e.g. airline use agreement, concession agreements, rental car agreements, and land leases). Parking is one of the few businesses that the airport directly operates. Many, and perhaps the vast majority of, airports (including, Minneapolis, Dallas Love, Columbus, and others) have a third-party operator manage the parking operation, including revenue collection, shuttle service, and maintenance. The Authority may be able to reduce revenue risk and operational costs by contracting with one or more third-parties to operate a portion of the Authority's parking operation or the entire operation. An RFQ for parking operators would allow the Authority to determine the effectiveness of allowing a third-party to operate the parking operations.

RFQ for P3 Sell-Side Consultant

Public-private partnerships (P3s) have been used by a number of public entities to raise capital, monetize assets, and shift operational risk. Examples of recent P3s include the

Chicago Tollway and downtown Chicago parking. In a P3, the public entity typically receives an upfront payment and/or ongoing guaranteed and variable revenue streams in exchange for an asset over a lease term of 50 or more years.

A preliminary analysis of the Authority's parking products indicates a value of between \$350 million and \$500 million which could be taken as an upfront payment or a combination of upfront payment plus ongoing revenue stream (e.g. \$300 million plus \$10 million per year). These funds could be used to reduce debt, offset operating costs, or fund a significant capital project. Engaging a sell-side P3 consultant would allow the Authority to further explore this possibility.

Recommendation

The Authority staff recommends that the Board authorize the staff to issue a solicitation for (1) firms interested in providing parking shuttle services, (2) firms interested in providing parking services (e.g. operating the entire Long-Term Lot operation including cashiering and busing), and (3) a sell-side advisor to investigate public-private partnerships for the parking facilities (i.e. a long-term lease of the Authority's parking operation).

The Authority staff does not recommend making a decision at this time to have a third-party operate any portion of the parking operations. However, by taking these steps, the Authority will be able to better analyze the benefits, financial and otherwise, of pursuing these strategies and to then making a decision on the ultimate disposition of parking operations.

Benefits of Alternative Strategies for Parking Operations

Strategy	Reduce Authority Debt	Provide Predictable Revenue Stream	Reduce Authority's Future Capital Expenditures	Reduce Authority's B2C Operations
Airport Continue Current Operation				
3 rd Party Shuttle Operation			√	* (partial impact)
3 rd Party Parking Operator		* (partial impact)	√	√
Public-Private Partnership (P3)	√	√	√	√