



Agenda  
Indianapolis Airport Authority  
October 15, 2010  
8:30 a.m.

- I. Call to Order
- II. Approval of Minutes of the Pre-Board and Regular Meeting of September 17, 2010
- III. Ordinances, Resolutions and Public Hearings
  - a) Introduction of [Ordinance 2-2010](#), a Supplemental Ordinance of the Indianapolis Airport Authority authorizing the issuance and sale of one or more series of Additional Revenue Bonds of said Authority to be designated "Indianapolis Airport Authority Airport Revenue Bonds, Series 2010B". Initial hearing to be held October 15, 2010, final hearing to be held November 19, 2010. The primary purpose of those Bonds is to refund outstanding Authority Debts.
  - b) Introduction of [Ordinance 3-2010](#), a Supplemental Ordinance of the Indianapolis Airport Authority authorizing the issuance and sale of one or more sub-series of Additional Revenue Bonds of said Authority, designated "Indianapolis Airport Authority Multi-Mode Airport Revenue Bonds, Series 2010C". Initial hearing to be held October 15, 2010, final hearing to be held November 19, 2010. The primary purpose of those Bonds is to refund outstanding Authority Debts.
  - c) Consider for approval adoption of [Resolution 12-2010](#) concerning the Grantee Resolution for a temporary minor boundary modification Foreign Trade Zone #72 on behalf of Brevini Wind USA, Inc. and a General Purpose Zone Operator Agreement with Brevini Wind USA, Inc.
  - d) Consider for approval adoption of [Resolution 13-2010](#) concerning the Grantee Resolution for a temporary minor boundary modification Foreign Trade Zone #72 on behalf of MD Logistics and a General Purpose Zone Operator Agreement with MD Logistics.



#### IV. Board Reports

##### a) Finance & Audit Committee

- i. The Finance & Audit Committee recommend the Board consider for approval adoption of [Resolution 14-2010](#) establishing a charter for the existing Finance and Audit Committee.
- ii. The Finance and Audit Committee recommends the Board consider for approval adoption of [Resolution 15-2010](#), establishing an Indianapolis Airport Authority Commodity Price Hedging Policy.
- iii. Presentation: 2011–2015 Airline Use Agreement  
*Marsha Stone, CFO and Airline Representatives*
- iv. Consider for approval the 2011 – 2015 Airline Use Agreement between the Indianapolis Airport Authority and the signatory airlines as reviewed and recommended by the Finance and Audit Committee.

##### b) Reliever Airports Committee

**BP2010-10-1** Per action taken at the Reliever Airports Committee meeting on September 17, 2010, the IAA Reliever Committee recommends that the Board consider for approval the Hendricks County Airport/Gordon Graham Field Master Plan and Airport Layout Plan, August 2010. The Board's approval is required by the FAA prior to issuing their conditional approval letter, which is the final step in this master plan/ALP update process.

##### c) President's Report

#### V. Official Actions

- a) Introduction of the IAA Consent Calendar dated October 15, 2010.
- b) Consider for approval each of the individual items listed on the IAA Consent Calendar Agenda dated October 15, 2010.



Indianapolis Airport Authority

VI. Staff Reports

- a) CEO Report – *John D. Clark, III*
- b) Financial Report – *Marsha Stone*
- c) Marketing & Communications – *Patzetta Trice*
- d) Diversity Report – *Corey Wilson*

VII. Other Reports/Update

VIII. Adjourn

## MINUTES OF PRE-BOARD MEETING

The Pre-Board Meeting of the Indianapolis Airport Authority Board took place at 8:40 A.M. on Friday, September 17, 2010, in the new Indianapolis Airport Colonel H. Weir Cook Terminal Building, fourth floor. The following members of the Indianapolis Airport Authority Board were present:

Michael B. Stayton  
Alex M. Azar, II  
Alfred R. Bennett  
Mary Moses Cochran  
Kelly J. Flynn  
Andrew D. Miller  
Jean L. Wojtowicz

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

Al Stanley made a brief report on the Compensation Study and Policy which has been presented to the Board.

Marsha Stone discussed the Travel Policy.

It was decided that the Reliever Airport Safety and Compliance Inspections for 2010 Report would be given at the regular Board Meeting.

Kelly Flynn moved and Alfred R. Bennett seconded a motion recommending the Board consider for approval the delegation of authority to the IAA Board President and to the Executive Director/CEO to approve and execute an amendment to the Signature Flight Support Land and Building Lease Agreement dated April 18, 2003. The amendment provides for language modification pertaining to required improvements to the leasehold premises. In addition, the motion provides that the Board consider for approval the delegation of authority to the IAA Board President and to the Executive

Director/CEO to approve and execute the Land & Building Lease Agreement with Comlux Completion, USA, LLC and authorize IAA's investment in the construction/purchase of the hangar in an amount not to exceed \$4,500,000. Said motion was approved.

Again, during the consideration and vote on the motion as set forth immediately hereinabove, Board member Alex M. Azar, II, asked to be recused from the discussion and the vote because of his employment with Eli Lilly and Company.

The Airport Authority Board concluded its Pre-Board Meeting at 8:59 A.M.

ALL OF WHICH IS STATED THIS \_\_\_ DAY OF OCTOBER, 2010.

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MICHAEL B. STAYON, President

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

The Regular Meeting of the Indianapolis Airport Authority Board was called to order at 9:05 a.m., September 17, 2010, in the Airport Board Room at Indianapolis International Airport.

**Present and comprising a quorum were:**

Michael B. Stayton, President  
Alfred R. Bennett, Secretary  
Alex M. Azar II, Member  
Andrew Miller, Member  
Jean Wojtowicz, Member  
Kelly Flynn, Member  
Mary Moses Cochran, Member

Advisory Members attending:

Jack Morton, Jr.  
Lynn Gordon  
Steve C. Dillinger

Rex Joseph, IAA Counsel

IAA executive staff attending:

John D. Clark III, Executive Director/CEO  
Marsha Stone, Chief Financial Officer  
Mike Medvescek, Chief Operations Officer  
Al Stanley, Chief Information Officer  
Joseph Heerens, General Counsel  
Robert Duncan, Special Advisor to the CEO  
Beverly Terlaje, Executive Assistant/Recording Secretary

**APPROVAL OF MINUTES**

Upon a motion by Ms. Wojtowicz, seconded by Mr. Bennett and unanimously passed, approval was given to the Minutes of the Pre-Board and Regular Meeting of August 20, 2010.

## **BOARD REPORTS**

### **President's Report**

Board President Stayton stated that there will be a briefing on our Land Use Study that we have been working on for the past year. President Stayton also stated that now that we have the budget submitted to City County Council for 2011, the Authority's next major order of business is to complete the Land Use Study and get the pieces in place for both policies and alternatives that will allow us to evaluate and implement the aspects thereof which will help, not only the airport, but also the community and economic development.

### **Finance & Audit Committee Report**

Finance & Audit Committee Chair Jean Wojtowicz reported that at the most recent Finance and Audit meeting, the committee reviewed a number of items related to certain parcels of our land and the Authority's ability to move those into more productive assets. In connection therewith, the committee recommended that the board consider Board Item BP2010-09-1, which provides delegated authority to the Board President and the Executive Director/CEO, on a combined basis, to enter into an Exclusive Listing Agreement through December 31, 2010, which, among other things, would authorize a capital investment of up to one million dollars on improvements to the pertinent facility in order to induce a tenant to lease the facility for a term up to 15 years based on targeted internal rates of return (IRR) and also authorize, as part of the transaction, the payment of a brokerage commission of up to \$450,000 in conjunction with a tenant lease that meets the Authority's requirements.

Upon a motion by Mr. Azar, seconded by Mr. Flynn and unanimously passed, approval was given to Board Item BP2010-09-1, as presented. President Stayton abstained from voting on this item for the stated reason that he is one of the individuals to whom such delegation of authority is being given and he believed it would not be appropriate for him to cast a vote under these circumstances.

## **OFFICIAL ACTIONS**

**APPROVAL OF THE INDIANAPOLIS AIRPORT AUTHORITY'S CONSENT CALENDAR, DATED SEPTEMBER 17, 2010:** President Stayton asked that Board Item BP2010-09-4 (with respect to FedEx) be reviewed separately, and asked the board to review and approve the Consent Calendar without said BP2010-09-4 which will be addressed later in the meeting.

Upon a motion by Mr. Miller, seconded by Mr. Azar and unanimously passed, approval was given to the Consent Calendar, dated September 17, 2010, as modified above.

APPROVAL OF INDIVIDUAL ITEMS LISTED ON THE INDIANAPOLIS AIRPORT AUTHORITY'S CONSENT CALENDAR, DATED SEPTEMBER 17, 2010: Upon a motion by Mr. Flynn, seconded by Mr. Azar and unanimously passed, approval was given to accept each of the individual items listed on the Consent Calendar, dated September 17, 2010. Due to a potential conflict of interest as to Board Item BP2010-09-4 (with respect to FedEx) disclosed by Mr. Miller prior to voting, Mr. Miller abstained from voting on this particular item.

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## **STAFF REPORTS**

### **CEO REPORT**

Mr. Clark had no reports, but publicly thanked the board for its continuing support, and he also took the opportunity to apologize to the board and to the organization for any distraction that has occurred due to the Atlanta employment opportunity, and stated that participating in that process caused a considerable distraction to the organization which was never his intent. Mr. Clark also apologized to the board and to the organization for other distractions that have occurred recently, and he acknowledged that the distractions have placed a temporary burden on the organization. Mr. Clark further indicated that whenever he conducts business on the Authority's behalf, it is always with the full spirit and intent to do what he believes is in the best interests of the Authority.

President Stayton stated to Mr. Clark that the board accepts the apology, and he also indicated that the board is very pleased and appreciates that Mr. Clark withdrew his name from further consideration for the Atlanta opportunity before a final decision was made and he continues to have the board's full support.

### **CFO REPORT**

#### **Financial Report**

Marsha Stone, Chief Financial Officer, provided a brief report on Air Service for the month of August 2010 and year-to-date, and she reported that traffic and enplanements were down 1-1/2 % in August, which puts the Authority down .5% for the year. Ms. Stone also stated that seat capacity is always an indicator of how IND traffic will perform, and, for the month of September, seat capacity increased; she stated that we are performing much closer to 2009 levels in terms of seat capacity, which is a positive because there is more seat capacity than we have seen for the first portion of 2010. Ms. Stone also announced that Branson Air Express began service to IND last Friday, with four flights each week, and Branson is pleased with the numbers so far as it continues to market that route; Branson looks forward to its continuing improvement in its load factors. Ms. Stone also stated that there is a positive trend in seat capacity at both Air Tran Airways & Southwest Airlines. American Airlines has two flights from Indianapolis to JFK and Miami.

Additionally, Ms. Stone provided a brief update on the financial report for July 2010 and year-to-date, and stated that we continue to remain strong on operating expenses and also continue to see strong performance from the Indianapolis Maintenance Center (IMC) and announced that, for the first time, all twelve hangars at that facility are being used. Ms. Stone recognized AAR for the work it is doing and its efforts to keep the IMC active, as well as Republic and its two hangars. President Stayton commended staff on the continued cost control.

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## **COO REPORT**

Mike Medvescek, Chief Operating Officer, provided a brief report from the Reliever Airports Committee, and reported that Indiana Department of Transportation (INDOT) performs an annual aeronautical inspection of the Authority's five reliever airports and was pleased to report that the following air facilities passed with a 100% grade this year: Hendricks County Airport, Metro Airport, Downtown Heliport, Eagle Creek Air Park, and Mount Comfort Airport a/k/a Indianapolis Regional. This is the ninth consecutive year that these facilities have passed the safety, security and compliance audit. Mr. Medvescek publicly recognized his staff for their efforts in this process: Superintendent Scott Lawson, Herb Tatum (who maintains all the equipment), Facilities Supervisor Kevin Unger, and James Mooney (who helps with all the compliance issues with INDOT Aviation Division). Mr. Medvescek stated that IND will be going through the eleventh consecutive FAA inspection for Indianapolis International Airport, but the date for that inspection has not yet been set by the FAA Great Lakes Regional.

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Ms. Berta Fernandez, of Landrum & Brown, provided a brief update on the progress of the Land Use Study, and stated that there are public meetings scheduled on September 28<sup>th</sup>, 29<sup>th</sup> and 30<sup>th</sup>. After further discussions, the presentation was concluded.

## **Other**

President Stayton recognized and thanked HMS Host for sponsoring today's refreshments.

**ADJOURN**

There being no further business, the meeting was adjourned at 9:49 a.m.

INDIANAPOLIS AIRPORT AUTHORITY\*

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

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Alfred R. Bennett, Secretary

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

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



## BOARD MEMO

To: IAA Board of Directors

From: Jean Wojtowicz, Chair, Finance and Audit Committee

Date: October 8, 2010

Board Date: October 15, 2010

Subject: Introduction of General Ordinance No. 2-2010 and General Ordinance No. 3-2010

The Finance and Audit Committee of the Airport Authority Board is recommending that the Board to introduce General Ordinance No. 2-2010 and General Ordinance No. 3-2010 (the "Ordinances"), supplemental ordinances authorizing the Airport Authority to issue Airport Revenue Bonds, Series 2010\_\_.

The Ordinance is a supplement to the Authority's master ordinance, initially adopted in 2002, and as later amended. The 2010\_\_ bonds are a part of the Authority's plan of finance to refund existing Authority debt for the purpose of achieving net present value savings and to fund a portion of the 2011-2015 capital program. The Authority will be using the Indianapolis Local Public Improvement Bond Bank as the conduit issuer.

A final hearing for adoption of the Ordinance will be held at the November 2010 Board meeting, at which, the Authority staff will present a summary of the anticipated financing.



## Board Memo–Brevini Application & Operator Agreement

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: September 22, 2010

Board Date: October 15, 2010

Subject: Brevini Wind USA, Inc., Temporary Minor Boundary Modification Application and General Purpose Zone Operator Agreement

### 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.

Brevini Wind USA, Inc. (Brevini) specializes in the design, manufacture and assembly of gear boxes for a variety of applications, with an emphasis on the following markets: agricultural and forest, utilities, energy, mining and marine ports. The Yorktown facility will manufacture large gears for the main drive for wind turbines. Brevini anticipates the Foreign Trade Zone operations will assist them with its supply chain and import/export efficiencies and cost savings.

Brevini requested grantee Minor Boundary Modification sponsorship on July 12, 2010, to gain access to FTZ program benefits. The GIFTZ Board approved sponsorship on July 20, 2010.

A Minor Boundary Modification is defined as “a single-purpose site for one company when the operations cannot feasibly be moved to, or accommodated in a General Purpose Zone (GPZ)”. Companies are reviewed by the GIFTZ Board to ensure granting access to the program benefits is in the public’s best interest, supports American trade policies, and does not breach any International Trade Agreements in force with the U.S.

Brevini has requested its site located at 2400 Priority Way, Yorktown, IN be established as their site:

- Brevini has a 128,000 square foot warehouse that resides on 20 acres.
- Brevini will employ approximately 400 people in Yorktown, IN and has an annual payroll of \$16 million.

### Scope

The GIFTZ Board requests the IAA Board approve Brevini's Minor Boundary Modification Application and execute their GPZ Operator Agreement to allow the use of FTZ benefits at their sites, once approval of their application has been granted in Washington, D.C.

### Schedule

October 15, 2010: Approve Brevini Wind USA, Inc. Minor Boundary Modification Application and Execute General Purpose Zone Operator Agreement.

January 1, 2011: Tentative activation date, based on approval from the Foreign-Trade Zones Board, US Department of Commerce (Washington, DC) of the Brevini application

### Revenue and/or Operating Cost Implications

#### Revenue:

The GIFTZ Board publishes a public rates and charges document called a Zone Schedule. Revenue for 128,000 square feet of active FTZ space is \$30,000 per annum.

#### Operating Costs:

The GIFTZ has no initial costs associated with the application and designation process. Once Brevini Wind USA, Inc. activates the use of the FTZ privileges, the GIFTZ will expend approximately \$4,900 per annum; which costs are mainly associated with GIFTZ staff conducting inspections and performing annual audits.

### Supplier Diversity Participation

Not applicable.

### Recommendation

Consider for approval adoption of Resolution 12-2010 concerning the Grantee Resolution for a temporary minor boundary modification Foreign Trade Zone #72 on behalf of Brevini Wind USA, Inc. and a General Purpose Zone Operator Agreement with Brevini Wind USA, Inc.

RESOLUTION NO. 12-2010  
GRANTEE RESOLUTION FOR A TEMPORARY MINOR BOUNDARY MODIFICATION  
FOREIGN TRADE ZONE # 72

WHEREAS, the Indianapolis Airport Authority, as Grantee, deems it desirable to make application to the Foreign Trade Zones Board to establish a Minor Boundary Modification of Foreign Trade Zone # 72 on behalf of Brevini Wind USA, Inc., to create new services and economic opportunities for the company;

NOW, THEREFORE, BE IT

RESOLVED, that the Indianapolis Airport Authority does hereby ratify and approve the application to establish the Minor Boundary Modification of Foreign Trade Zone # 72 as submitted to this Grantee; and

FURTHER RESOLVED, that the President of the Indianapolis Airport Authority be, and hereby is, authorized and directed on behalf of the Grantee, Indianapolis Airport Authority, to do and perform all acts and to execute and deliver all instruments and documents necessary or convenient for the submission of the Minor Boundary Modification application on behalf of Brevini Wind USA, Inc., to the Executive Secretary of the Foreign Trade Zones Board, Department of Commerce, Washington, D.C. and take such further action as deemed appropriate incident to securing the approval by the Foreign Trade Zones Board with respect to said minor boundary modification application.

APPROVED this 15<sup>th</sup> day of October, 2010, at the regularly convened meeting of the Indianapolis Airport Authority.

INDIANAPOLIS AIRPORT AUTHORITY

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

By \_\_\_\_\_  
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 of Resolution 12-2010 adopted by the Indianapolis Airport Authority Board on the 15<sup>th</sup> day of October, 2010.

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Alfred R. Bennett, Secretary  
Indianapolis Airport Authority



## Board Memo—MD Logistics Application & Operator Agreement

To: IAA Board of Directors

From: Marsha Stone, Chief Financial Officer

Date: September 22, 2010

Board Date: October 15, 2010

Subject: MD Logistics Temporary Minor Boundary Modification Application and General Purpose Zone Operator Agreement

### 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 (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. MDL commodities include a variety of consumer goods that consist primarily of electronics and accessories; while logistically serving industries from routine freight management to highly specialized life-saving medicines. More than 80% of their inventory is imported.

MDL requested grantee Minor Boundary Modification sponsorship on June 22, 2010, to gain access to FTZ program benefits. The GIFTZ Board approved sponsorship on July 20, 2010.

A Minor Boundary Modification is defined as “a single-purpose site for one company when the operations cannot feasibly be moved to, or accommodated in, a General Purpose Zone (GPZ)”. Companies are reviewed by the GIFTZ Board to ensure granting access to the program benefits is in the public’s best interest, supports American trade policies, and does not breach any International Trade Agreements in force with the U.S.

MDL has requested its sites located at 700 Perry Road and 1301 Perry Road, Plainfield IN be established as their sites:

- MD Logistics combined buildings total 560,000 square feet of warehouse space.
- MD Logistics employs 104 full time employees between 700 Perry Road and 1301 Perry Road, Plainfield, IN and has an annual payroll in excess of \$4 million.

### Scope

The GIFTZ Board requests the IAA Board approve MDL Minor Boundary Modification Application and execute their GPZ Operator Agreement to allow the use of FTZ benefits, at their sites, once approval of their application has been granted in Washington, D.C.

### Schedule

October 15, 2010: Approve MD Logistics Minor Boundary Modification Application and Execute MD Logistics General Purpose Zone Operator Agreement.

January 1, 2011: Tentative activation date, based on approval from the Foreign-Trade Zones Board, US Department of Commerce (Washington, DC) of the MD Logistics application.

### 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. Once MD Logistics activates the use of the FTZ privileges, the GIFTZ will expend approximately \$4,900 per annum; which costs are mainly associated with GIFTZ staff conducting inspections and performing annual audits.

### Supplier Diversity Participation

Not applicable.

### Recommendation

Consider for approval adoption of Resolution 13-2010 concerning the Grantee Resolution for a temporary minor boundary modification Foreign Trade Zone #72 on behalf of MD Logistics and a General Purpose Zone Operator Agreement with MD Logistics.

RESOLUTION NO. 13-2010  
GRANTEE RESOLUTION FOR A TEMPORARY MINOR BOUNDARY MODIFICATION  
FOREIGN TRADE ZONE # 72

WHEREAS, the Indianapolis Airport Authority, as Grantee, deems it desirable to make application to the Foreign Trade Zones Board to establish a Minor Boundary Modification of Foreign Trade Zone # 72 on behalf of MD Logistics, to create new services and economic opportunities for the company;

NOW, THEREFORE, BE IT

RESOLVED, that the Indianapolis Airport Authority does hereby ratify and approve the application to establish the Minor Boundary Modification of Foreign Trade Zone # 72 as submitted to this Grantee; and

FURTHER RESOLVED, that the President of the Indianapolis Airport Authority be, and hereby is, authorized and directed on behalf of the Grantee, Indianapolis Airport Authority, to do and perform all acts and to execute and deliver all instruments and documents necessary or convenient for the submission of the Minor Boundary Modification application on behalf of MD Logistics, to the Executive Secretary of the Foreign Trade Zones Board, Department of Commerce, Washington, D.C. and take such further action as deemed appropriate incident to securing the approval by the Foreign Trade Zones Board with respect to said minor boundary modification application.

APPROVED this 15<sup>th</sup> day of October, 2010, at the regularly convened meeting of the Indianapolis Airport Authority.

INDIANAPOLIS AIRPORT AUTHORITY

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

By \_\_\_\_\_  
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 of Resolution 13-2010 adopted by the Indianapolis Airport Authority Board on the 15<sup>th</sup> day of October, 2010.

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Alfred R. Bennett  
Secretary, IAA



## Board Memo Finance and Audit Committee Charter

To: IAA Board of Directors  
From: Jean Wojtowicz, Chair, Finance and Audit Committee  
Date: October 8, 2010  
Board Date: October 15, 2010  
Subject: IAA Finance and Audit Committee Charter

### Background

Currently, the Authority's Finance and Audit Committee ("FAC") meets on a scheduled basis with the Authority staff to discuss matters pertaining to the finances of the Authority, including the independent financial audit and business-development-related issues. The FAC reports on certain items discussed at Finance and Audit Committee to the Board (e.g. proposed adoption of an investment policy, proposed bond financings and refinancings) at regularly scheduled Board meetings.

On September 17, 2010, the IAA staff presented the proposed Finance and Audit Committee Charter ("Charter") to the FAC. The Charter formally establishes the powers and responsibilities of the existing Finance and Audit Committee and essentially serves as its governing document.

The Charter was drafted in a manner that is consistent with charters of similar organizations and is consistent with the powers and duties of the Authority and its Board. Having a charter for a Board committee such as the FAC is consistent with, and in furtherance of, good Board governance principles.

### Recommendation

The Finance and Audit Committee recommends the Board consider for approval adoption of Resolution 14-2010, establishing a charter for the existing Finance and Audit Committee.

RESOLUTION No. 14-2010

RESOLUTION FOR THE ESTABLISHMENT  
OF AN  
IAA BOARD FINANCE AND AUDIT COMMITTEE

WHEREAS, the Indianapolis Airport Authority (the "Authority") is a municipal corporation established under Indiana Code §8-22-3, *et seq.*; and

WHEREAS, pursuant to Indiana Code §8-22-3-11, the Authority's Board (the "Board") may do all acts necessary or reasonably incident to carrying out the purposes of Indiana Code §8-22-3 *et seq.*, including, without limitation, adopting an annual budget, incurring indebtedness, adopting administrative rules and procedures, employing personnel, and determining matters of policy regarding internal organization; and

WHEREAS, the Board previously established a Finance & Audit Committee (the "FAC") to provide assistance to the Board as the Board fulfills its oversight responsibilities with respect to the Authority's budget, financial affairs, auditing activities, policies, and related matters; and

WHEREAS, the Board now desires to establish a formal charter for the FAC, as more particularly set forth and described below.

NOW, THEREFORE, BE IT RESOLVED, by the Authority that:

- (1) The FAC shall consist of at least four (4) Board members appointed by the Board President, including:
  - a. At least three (3) voting Board members; and
  - b. At least two (2) of the voting Board members shall be experienced in financial matters, as evidenced by the following or similar experience:
    - i. Working, or having worked, for a legal entity whose primary focus is in the financial services industry; or
    - ii. Working, or having worked, in a finance function (*e.g.*, Treasurer, Controller, CFO) for a legal entity; or
    - iii. Serving, or having served, as the President, Chairman, or CEO of a legal entity; or
    - iv. Working, or having worked, as a CPA/accountant for a legal entity.
  - c. The President of the Board shall designate one of the voting Board members of the FAC to serve as the FAC's chairperson.

(2) The FAC shall have the following authority and responsibilities:

a. Independent Auditor

- i. The FAC shall have the authority to solicit for, interview and identify a financial auditor who is independent and external from the Authority ("Independent Auditor") to: (a) conduct the Authority's annual audit (the "Audit") required under IC §8-22-3-22(b); and (b) perform any non-audit engagement desired by the Authority (the "Non-Audit Engagement"). The FAC may recommend to the Board that it retain, at the Authority's expense, a particular Independent Auditor for the Audit and/or Non-Audit Engagement, and also approve any budget submitted by the Independent Auditor in connection therewith.
- ii. The FAC shall annually review, and have responsibility for approving, the scope of work submitted by the Independent Auditor.
- iii. The FAC shall oversee the independence and performance of the Independent Auditor.
- iv. The FAC shall, not less than annually, meet with the Independent Auditor and the Authority's finance and internal audit staff to review the Audit, and to recommend approval of the Audit by the Board. Such review shall include a review of financial statements, notes to financial statements, management discussion and analysis, adjustments and past adjustments, auditor's assessment of the Authority's financial reporting procedures and controls, the Authority's single audit of the federal grant program, significant changes to accounting and reporting standards, the audit management letter, and other appropriate matters as determined by the FAC.
- v. The FAC shall be responsible for recommending to the Board whether to adopt the annual financial report provided by the Independent Auditor.

b. Internal Audit

- i. The FAC shall, not less than every twelve (12) months, meet with the Authority's internal audit staff to review and approve the internal audit strategy for the upcoming twelve (12) month period. This may include, without limitation, a review of the risk assessment model, the audit schedule, audit activities, staffing, and coordination with the efforts of the Independent Auditor.

- ii. The FAC shall review the results of the internal audit staff's completed audits and corresponding audit reports, particularly as they relate to financial compliance, controls, performance and efficiency.
  - iii. The FAC may request additional audit procedures based on the results of any completed audit, or request that adjustments be made (additions/deletions) to the approved audit schedule.
  - iv. The FAC shall review information submitted by employees (anonymous or otherwise) pertaining to potential fraud and/or ethics violations within the Authority, shall work with Authority's counsel to investigate such claims, recommend appropriate policies for dealing with such fraud/violations, and recommend to the Board penalties or consequences in connection therewith.
- c. Conflicts of Interest
- i. The FAC shall oversee and, from time to time, may suggest revisions of the Authority's Conflict of Interest Policy to the Board.
  - ii. The FAC shall review any and all known potential conflicts of interest related to interactions by the Board or the Authority's staff with current or potential vendors or business partners of the Authority.
  - iii. The FAC shall oversee the completion of all conflict of interest forms required by an outside organization, including the State, City, and/or County.
- d. Investment and Debt Policy, Budget
- i. The FAC may develop policies related to the Authority's investments, debt or swap authority, and recommend the adoption of such policies by the Board.
  - ii. The FAC may recommend to the Board any and all appropriate amendments to any existing or future resolution(s) related to the Authority's investments, debt, or swap policies.
  - iii. The FAC shall review the Authority's forthcoming annual operating and capital budgets and make a recommendation to the Board as to adoption of such budget(s).
  - iv. The FAC shall review, not less than quarterly, the Authority's financial performance in comparison to the previously adopted budget.
- e. Other Policies
- i. The FAC may develop policies related to the approval and execution of contracts involving business development and the amendment thereof, and recommend the adoption of such policies by the Board.

- ii. The FAC may review, consider and recommend to the Board the purchase and/or disposal of improved or unimproved land, by auction or any other method allowed by applicable laws, for the purposes of preserving, protecting or enhancing the system of airports owned by the Authority.
  - iii. The FAC may develop policies related to the procurement of services, operating and capital items, and land, and may recommend the adoption of such policies by the Board. Such policies may include the adoption of goals related to the participation of any identified group of business enterprises (e.g. Indiana-owned businesses, veteran-owned businesses, and disadvantaged business enterprises).
- f. Other Powers and Duties
- i. The FAC shall discuss with staff, not less than annually, the Authority's policies as they relate to risk assessment and risk management, including, without limitation, environmental risk management.
  - ii. The FAC shall annually conduct a formal evaluation of the performance of the Authority's Internal Audit Director in conjunction with the CEO/Executive Director.
  - iii. The FAC shall meet at least four (4) times each year. A quorum (defined as a majority of the voting Board members of the FAC) shall be required to conduct official business. All meetings of the FAC will be conducted in compliance with Indiana's "Open Door Law", IC §5-14-1.5 *et seq.*, including, without limitation, giving public notice of the date, time, and place of any meetings and/or executive sessions.
  - iv. Meeting agendas will be prepared for each FAC meeting, and minutes of each meeting will be provided and approved at the subsequent FAC meeting or as soon as otherwise practicable.
  - v. The FAC shall have the authority to retain, at the Authority's expense, special legal, accounting, and other consultants or experts as the FAC deems necessary for the performance of its duties and responsibilities hereunder; provided, however, that the annual aggregate cost of all such consultants and experts shall not exceed \$250,000.00 without further Board approval. The FAC shall have unrestricted access, as it deems necessary, to the Authority's books, records, facilities, and personnel, as well as to the Independent Auditor.
  - vi. The FAC shall report regularly to the Board, but not less than annually. Such report shall include the FAC's goals for the upcoming year and its performance over the previous year, including the FAC's performance of all its duties under this

- Resolution and any recommendations for improvement of the FAC's effectiveness.
- vii. The FAC shall perform such other duties and responsibilities, consistent with this Resolution and state law, delegated to the FAC by the Board.
  - viii. The FAC shall review and reassess the adequacy of this Resolution annually and recommend any proposed changes to the Board for approval. This Resolution is, in all respects, subject and subordinate to the Authority's enabling statutes, including, without limitation, IC §8-22-3 et. seq., and any other applicable laws, rules and regulations.

APPROVED and effective as of this 15<sup>th</sup> day of October, 2010, at the regularly convened meeting of the Indianapolis Airport Authority.

INDIANAPOLIS AIRPORT AUTHORITY \*

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

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

\*Signed under authority provided in IAA Board Resolution #10-2009.

CERTIFICATE OF AUTHENTICITY

I, Alfred R. Bennett, Secretary of the Board of the Indianapolis Airport Authority, hereby certifies that the foregoing document is a true and correct copy of Resolution 14-2010, adopted by the Board of the Indianapolis Airport Authority on the 15<sup>th</sup> day of October, 2010.

By: \_\_\_\_\_  
Alfred R. Bennett, Secretary  
INDIANAPOLIS AIRPORT AUTHORITY



## Board Memo Commodity Price Hedging Policy

To: IAA Board of Directors  
From: Jean Wojtowicz, Chair, Finance and Audit Committee  
Date: October 8, 2010  
Board Date: October 15, 2010  
Subject: IAA Commodity Price Hedging Policy

### Background

Currently, the Authority purchases natural gas from Citizens Energy Group. In 2009, total natural gas costs were about \$2 million with annual costs varying based on usage and price. Citizen's sets prices by tariff filed with the Indiana Utility Regulatory Commission (IURC) approximately one quarter prior to the effective date of implementing the price. Because of the lack of transparency of future pricing, budgeting for the purchase of natural gas is fraught with uncertainty.

Citizens Energy Group offers a program called Citizens Energy Select which provides commercial and industrial customers a choice of competing third party marketers for the purchase of natural gas. The Authority can purchase natural gas from a third-party marketer of natural gas (i.e. not Citizen's) and hedge the delivery price of the gas in order to increase the transparency of forward pricing. This strategy would allow the Authority to better forecast and achieve its budget relative to the purchase of natural gas.

On September 17, 2010, the IAA staff presented the commodity price hedging strategy to the Finance and Audit Committee. This policy would allow the Authority staff to enter into forward pricing contracts and similar price hedge agreements relative to the purchase of natural gas or other commodities.

Prior to implementing a hedging strategy for natural gas purchases, the Authority would first issue a public solicitation for third-party suppliers of natural gas. The Authority would begin hedging natural gas prices for the 2011/2012 winter season.

### Recommendation

The Finance and Audit Committee recommends the Board consider for approval adoption of Resolution 15-2010, establishing an Indianapolis Airport Authority Commodity Price Hedging Policy.

RESOLUTION No. 15-2010  
INDIANAPOLIS AIRPORT AUTHORITY COMMODITY PRICE HEDGING POLICY

WHEREAS, Indiana Code section 8-23-3-11(4) empowers the Authority to adopt an annual budget in accordance with other sections of the authorizing chapter; and

WHEREAS, the Authority has determined that it is in the best interests in the Authority to hedge prices of commodities purchased as part of the budget; and

WHEREAS, the Authority is authorized to appoint a Treasurer under Indiana Code section 8-22-3-20; and

WHEREAS the Authority is authorized to employ a Treasurer under Indiana Code section 8-23-3-11(11) to carry out the duties, functions, and powers of the Board;

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

- (1) Adopt the Indianapolis Airport Authority Commodity Price Hedging Policy ("Policy"), dated October 15, 2010, which is attached hereto as Attachment I and incorporated by reference; and
- (2) Delegate to the Treasurer authority to take appropriate action concerning the purchase of commodity price hedging products ("Product") including but not limited to entering into any agreement or purchasing any Product in accordance with the Policy; and
- (3) Instruct the Treasurer to report on the performance of the Authority's hedging strategy to the Authority's Finance and Audit Committee and CEO in accordance with the Policy.

APPROVED this 15<sup>th</sup> day of October, 2010 at the regularly convened meeting of the Indianapolis Airport Authority.

INDIANAPOLIS AIRPORT AUTHORITY \*

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

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

\*Signed under authority provided in IAA Board Resolution #10-2009.

CERTIFICATE OF AUTHENTICITY

I, Alfred R. Bennett, Secretary of the Board of the Indianapolis Airport Authority, hereby certifies that the foregoing document is a true and correct copy of Resolution 15-2010, adopted by the Board of the Indianapolis Airport Authority on the 15th day of October, 2010.

By: \_\_\_\_\_

Alfred R. Bennett, Secretary  
INDIANAPOLIS AIRPORT AUTHORITY

# Indianapolis Airport Authority Commodity Price Hedging Policy

## 1.0 Policy:

It is the policy of the Indianapolis Airport Authority (“Authority”) to procure commodities in a manner which (1) provides for the reduction of price volatility when procuring the commodity and (2) allows the Authority to best achieve the commodity pricing levels assumed in the Authority’s budgets, rates and charges calculations, and feasibility studies. This policy shall comply with Indiana Statute and Indiana Statute overrides any conflicting information in this policy.

## 2.0 Scope:

This Commodity Price Hedging Policy Statement applies to the utilization of hedging products related to all commodities procured by the Authority or a designated representative. These commodities may include, but not be limited to (1) natural gas, (2) gasoline, and (3) oil and oil-based products. The financial instruments used to conduct hedging activity may include: (1) future purchase/delivery contracts, (2) price floors, (3) price caps, and (4) price collars.

## 3.0 Prudence:

The purchase of these financial instruments 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 purchase of these instruments for a similar type organization.

## 4.0 Objective:

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

1. Reduction of price volatility
2. Ability to meet or exceed budgetary goals
3. Ability to actively manage commodity usage

4.1 Reduction of Price Volatility: Reduction of price volatility is the foremost objective of the hedging program. Purchase of hedging instruments by the Authority shall be undertaken in a manner that seeks to ensure a stable and predictable price for procuring commodities.

4.2 Ability to Meet or Exceed Budgetary Goals: The Authority shall implement a hedging strategy that is most likely to result in meeting targeted goals as established by the Board-approved budget for any given fiscal year.

4.3 Ability to Actively Manage Commodity Usage: The Authority shall endeavor to establish future commodity prices in a way to allow the Authority to actively manage commodity utilization within a fiscal year to achieve targeted budgetary goals as established by the Board-approved budget.

5.0 Delegation of Authority:

Authority shall manage the purchase and sale of commodity hedging instruments consistent with this policy. 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 hedging program is hereby delegated to:

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

6.0 Responsibility of Authority Delegate:

The Treasurer or other authorized Authority delegate shall be responsible for:

1. Entering into agreements with financial institutions to purchase commodity price hedging products
2. Purchasing commodity price hedging products
3. Determining whether a particular commodity price hedging agreement is advantageous to the Authority
4. Formulating a detailed estimate of the expected results of each commodity price hedging agreement
5. Using best judgment to determine that proper controls and risk mitigation is being employed in purchasing commodity price hedging agreements and in selecting financial counterparties
6. Continually monitoring commodity price hedging agreements and program

7.0 Ethics and Conflicts of Interest:

Officers and employees involved in the hedging purchase process shall refrain from personal business activity that could conflict with proper execution of the hedging program, or which could impair their ability to make impartial purchase decisions.

8.0 Authorized Financial Dealers and Institutions:

[RESERVED]

9.0 Authorized & Suitable Commodity Price Hedging Products:  
The Authority is empowered by this policy to help procure commodities using the following instruments:

1. Futures contracts
2. Price caps
3. Price floors
4. Price Collars

10.0 Maximum Maturities:

To the extent possible, the Authority will attempt to match its hedging purchases with anticipated commodity purchase requirements. Unless otherwise approved by the Finance and Audit Committee or the IAA Board, the Authority shall not purchase hedging products for commodities anticipated to be procured more than twenty-four (24) months from the purchase date of the hedge.

At the first meeting of the Finance and Audit Committee, the Treasurer shall present the proposed hedging strategy for the upcoming twenty four (24) months. The hedging strategy shall include: (1) the anticipated utilization of commodities by month, (2) the percentage of commodity utilization to be hedged by month, and (3) a recommendation by an independent advisor.

11.0 Reporting and Record Keeping:

The Treasurer or the highest ranking Authority staff person acting in a Treasury capacity shall provide (1) monthly reports to the CEO or the highest ranking Authority staff person and (2) quarterly reports to the Finance and Audit Committee, which provide a clear picture of the status of the current hedging program. The management reports should include performance metrics, comments on the commodity markets and economic conditions, compliance issues, possible changes to and thoughts on the hedging strategies.

Schedules in the quarterly report should include the following:

1. A listing of hedging products held at the end of the reporting period
2. Quantity of commodities hedged by month
3. Expected utilization of hedged commodities by month
4. Performance of hedging strategy as it relates to the current-year budget

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

12.0 Definitions

[RESERVED]

*This Commodity Price Hedging Policy for the Indianapolis Airport Authority is effective as of the \_\_\_<sup>th</sup> of \_\_\_\_\_ 2010.*

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



Indianapolis Airport Authority

## Board Memo 2011 – 2015 Airline Use Agreement

To: IAA Board of Directors  
From: Marsha Stone, Chief Financial Officer  
Date: September 24, 2010  
Board Date: October 15, 2010  
Subject: Airline Use Agreement Approval 2011 - 2015

### Background

The Airport Authority's current use and lease agreement with the airlines for use of the terminal and use of the apron and airfield areas expires on December 31, 2010. This agreement defines the rental structure and operational requirements for signatory carriers. The Authority began negotiating a new use and lease agreement in November 2009 and has held meetings monthly to review the terms and negotiate a new agreement. The Authority and the current signatory airlines held the final negotiating meeting in August 2010. This lease will govern the method by which airline rates & charges are calculated through the term of the lease (2011 – 2015).

As previously shared with the Board, the Authority had the following goals in mind as it completed the negotiations:

- Maintain a rate structure which enables IAA to:
  - Fund its capital program with no additional borrowings throughout the term of the agreement
  - Maintain adequate liquidity in terms of coverage and days cash on hand
    - Coverage in range of 1.5 – 1.7 times debt service
- Charge the most competitive rates possible within the financial parameters of no new debt and adequate liquidity measures
- Maintain flexibility within the lease document which enables IAA to proceed with appropriate airport investments to deliver IAA's strategic plan
- 5 year lease term / extension through December 2015

On September 15, 2010 IAA staff held a workshop with the Board to review the proposed business terms within the AUA. A summary of the significant business terms "old" vs. "new" are shown below:

| <u>OLD</u>   | <u>NEW</u>   |
|--|--|
| <ul style="list-style-type: none"> <li>▪ 10 Year Term (2000 – 2010)</li> </ul>   | <ul style="list-style-type: none"> <li>▪ 5 Year Term (2011 – 2015)</li> </ul>  |
| <ul style="list-style-type: none"> <li>▪ Residual model</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Residual model</li> </ul>   |
| <ul style="list-style-type: none"> <li>▪ Changes to cash flow generation:                             <ul style="list-style-type: none"> <li>▪ Amortization of cash funded capital projects</li> <li>▪ 25% of Non-airline revenue</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▪ Changes to cash flow generation:                             <ul style="list-style-type: none"> <li>▪ No amortization</li> <li>▪ 12.5% of Non-airline revenue up to \$90MM</li> <li>▪ 62.5% of Non-airline revenue for any over \$90MM</li> </ul> </li> </ul> |
| <ul style="list-style-type: none"> <li>▪ Mill (Majority-in-interest) vote required for capital projects with the exception of few</li> </ul>   | <ul style="list-style-type: none"> <li>▪ No Mill vote required for capital projects which do not require the issuance of Revenue Bonds</li> </ul>  |

In addition to key business terms, Authority staff / General Counsel have reviewed and addressed all operational, environmental, and legal language within the agreement.

At the September 17, 2010 meeting of the Authority's Finance and Audit Committee, the Committee reviewed highlights of the new agreement and approved the recommendation for approval to the full Indianapolis Airport Authority Board.

Attached to this memo is a presentation that highlights several of the key forecasted financial outcomes from the approval of the AUA.

Recommendation

Consider for approval the 2011 – 2015 Airline Use Agreement between the Indianapolis Airport Authority and the signatory airlines as reviewed and recommended by the Finance and Audit Committee.

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# Indianapolis Airport Authority

## Airline Use Agreement

### Key Statistics

October 15, 2010



# Key Statistics

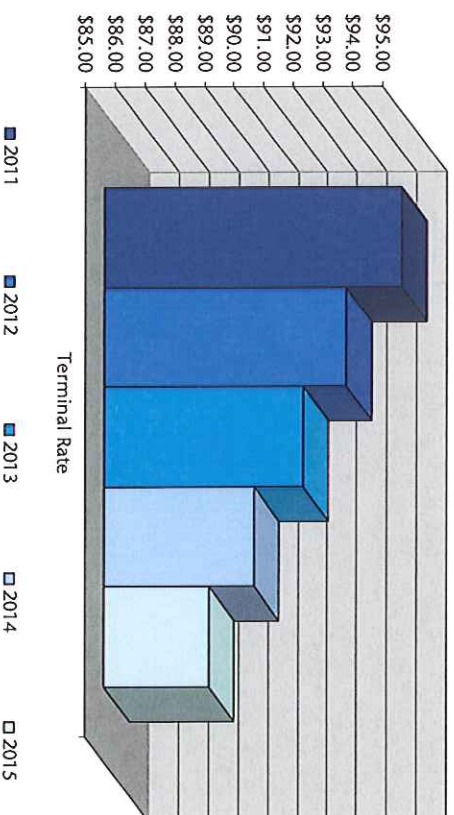
## IND Airline Use Agreement Statistics (2011-2015)

|                            | 2011       | 2012       | 2013       | 2014       | 2015       | CAGR  |
|----------------------------|------------|------------|------------|------------|------------|-------|
| <u>Business Statistics</u> |            |            |            |            |            |       |
| Enplaned Passengers        | 3,872,310  | 3,954,116  | 4,018,820  | 4,087,140  | 4,115,750  | 1.5%  |
| Landing Weight (LW)        | 9,307,019  | 9,509,942  | 9,676,620  | 9,806,825  | 9,832,300  | 1.4%  |
| Passenger LW               | 4,562,019  | 4,654,942  | 4,716,620  | 4,773,825  | 4,769,300  | 1.1%  |
| Cargo LW                   | 4,745,000  | 4,855,000  | 4,960,000  | 5,033,000  | 5,063,000  | 1.6%  |
| <u>Business Statistics</u> |            |            |            |            |            |       |
| Total Airline Cost         | 47,958,000 | 47,486,000 | 47,023,000 | 46,533,000 | 45,644,000 | -1.2% |
| Cost per Enplanement       | \$9.98     | \$9.64     | \$9.37     | \$9.09     | \$8.86     | -2.9% |
| Nonairline Revenue (NAR)   | 88,257,000 | 90,197,000 | 92,157,000 | 94,256,000 | 95,645,000 | 2.0%  |
| NAR per Enplanement        | \$22.79    | \$22.81    | \$22.93    | \$23.06    | \$23.24    | 0.5%  |
| O&M Expense                | 64,048,000 | 65,727,000 | 67,131,000 | 68,602,000 | 69,429,000 | 2.0%  |
| O&M per Enplanement        | \$6.88     | \$6.91     | \$6.94     | \$7.00     | \$7.06     | 0.6%  |
| <u>Debt Statistics</u>     |            |            |            |            |            |       |
| Debt Service (DS)          | 88,178,000 | 87,219,000 | 87,354,000 | 87,370,000 | 87,390,000 | -0.2% |
| DS per Enplanement         | \$22.77    | \$22.06    | \$21.74    | \$21.38    | \$21.23    | -1.7% |
| DS Coverage Ratio          | 1.56       | 1.57       | 1.60       | 1.62       | 1.65       |       |



# Airline Rental Rates

IND Rates & Charges  
2011-2015

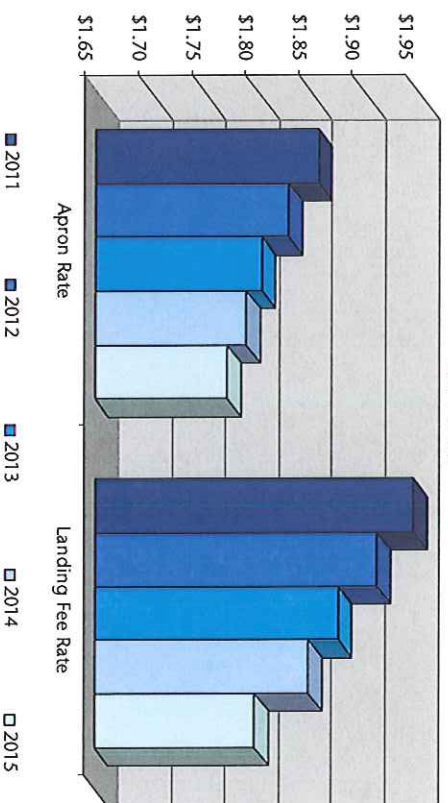


● As a result of the declining rent structure, cost per enplaned passenger declines from more than \$10 in 2010 to below \$9 in 2015.

● Terminal, Apron, and Airfield rental rates steadily decline over the term of the agreement.

● 2011 rental rates are either equal to or below 2010 rental rates.

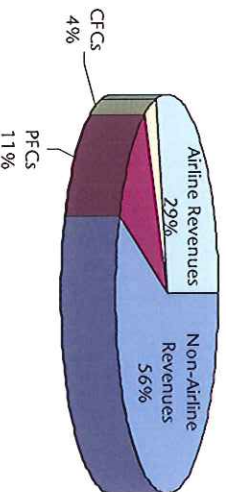
IND Rates & Charges  
2011-2015



# Sources and Uses

## IND Sources of Revenue

2011-2015 (\$821.3MM) excluding grants, asset sales, and interest



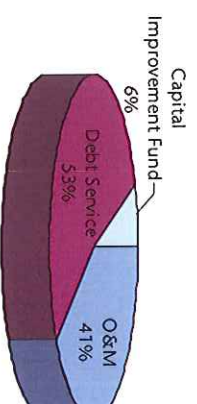
Non-Airline Revenues   
  PFCs   
  CFCs   
  Airline Revenues

- Gross debt service payments account for almost 60% of uses under the AUA rate model.
- PFC and CFC revenue offset more than 25% of gross debt service costs.

- Less than 30% of revenue in the Airline Use Agreement (AUA) rate model comes directly from AUA airline rental payments.

## IND Uses of Revenue

2011-2015 (\$821.3MM)

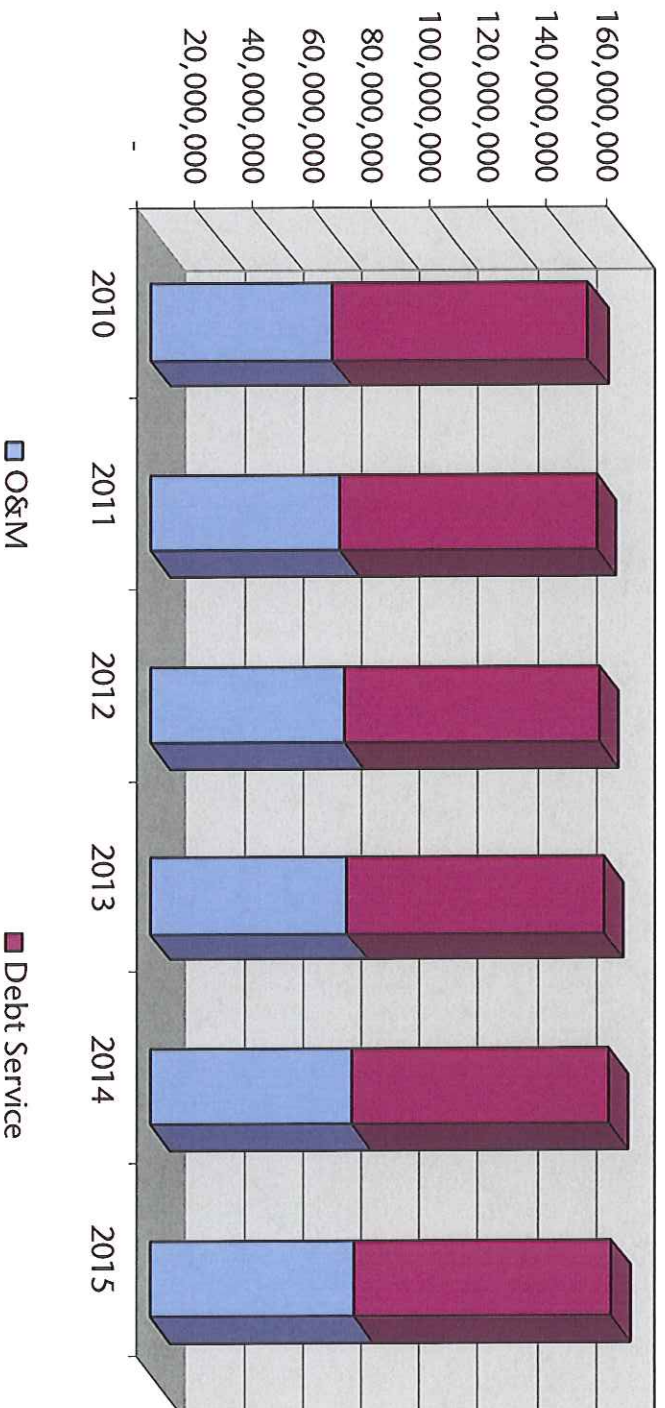


O&M   
  Debt Service   
  Reserve Funds   
  Capital Improvement Fund



# O&M Expenses and Debt Service

IND Operating Expenses and Debt Service  
2011-2015 (O&M Growth Rate = 2.0%)



- No additional new money debt is forecast to be needed over the 2011-2015 period to fund the IAA capital program.
- IAA forecasts \$58 million balance in the capital improvement fund at the end of 2015.



# Operating Cash Projection

## 2010 Operating Reserves (Year End)

- Airport System Fund Balance = \$52.3MM
- O&M Reserve Fund = \$12.0MM
- TOTAL Operating Balances = \$64.3MM
- ~366 days of 2011 operating expenses (12 months)

## 2015 Operating Reserves (Year End)

- Airport System Fund Balance = \$52.3MM
- O&M Reserve Fund = \$12.0MM
- TOTAL Operating Balances = \$64.3MM
- ~338 days of 2015 operating expenses (11 months)

- IAA currently targets 8 -12 months of operating reserves.





## Board Memo - Airport Layout Plan Approval

To: IAA Board of Directors

From: Alfred R. Bennett, Reliever Committee Chair

Date: September 17, 2010

Board Date: October 15, 2010

Subject: Board Approval of Hendricks County Airport/Gordon Graham Field Airport Layout Plan and Master Plan

### Background

The Reliever Committee recommends for approval the Airport Master Plan and the Airport Layout Plan (ALP) prepared for the Hendricks County Airport/Gordon Graham Field. A master plan update process was initiated in 2007 and has been completed in 2010. The Gordon Graham Field master plan update was needed as the original master plan and ALP used to develop the airport are substantially completed. Primary recommendations in this 20 year master plan include:

- Future extension of runway to 5,500 feet (support business jets);
- Improved instrument approaches, with approach light system from south;
- Terminal area expansion south of existing terminal; and
- Property acquisition to support proposed development.

While the master plan identified anticipated timeframes for development based on the master plan forecasts, the actual development timing will be driven by justification of need based on activity and available grant funding.

Significant milestones in the planning process include:

- April 3, 2007 – Kick-off meeting
- November 2007 – Forecast submitted to Federal Aviation Administration (FAA)
- May 14, 2008 – FAA approval of revised forecasts
- July 2008 – Alternatives coordination with the IAA staff
- February to April 2009 – Seven community outreach meetings

- March 24, 2009 – Public information workshop at Hendricks County Fairgrounds
- April to September 2009 – Complete study and ALP and IAA review
- September 2009 – Submit draft ALP and master plan to FAA
- November 2009 – Receive FAA comments on draft documents
- December 2009 - IAA responded to FAA comments
- March 2010 – Submit final ALP and master plan to FAA and Indiana Department of Transportation (INDOT)
- March 18, 2010 – Receive INDOT comments
- July 27, 2010 – Receive FAA comments
- August 2010 – Finalize documents with FAA and INDOT comments
- September 17, 2010 – IAA Reliever Committee approved master plan and ALP with recommendation to full Board for approval

The Board's approval of the ALP will allow the FAA to issue its conditional approval letter for the ALP. The FAA's approval is conditioned on appropriate environmental review and justification of need prior to implementation of proposed development with federal funding. An approved ALP is considered a "Plan on File" by the FAA and the proposed airport development on the plan is considered by the FAA when conducting airspace reviews of proposed structures around the airport.

#### Recommendation

Per action taken at their September 17, 2010 meeting, the IAA Reliever Committee recommends that the Board consider for approval the Hendricks County Airport/Gordon Graham Field Airport Master Plan and Hendricks County Airport/Gordon Graham Field Airport Layout Plan. Both documents are dated August 2010. The Board's approval is required by the FAA prior to issuing their conditional approval letter, which is the final step in this master plan/ALP update process.

IAA Board Meeting  
Consent Calendar Agenda  
October 15, 2010

Consider for approval:

A) Capital Program

BP2010-10-2 -----PULLED-----

BP2010-10-3 An amendment to the contract with Shrewsberry & Associates, LLC for preparation of plans and specifications for Cargo Apron Expansion Phase IV in amount not-to-exceed \$372,000. MBE 41.00% (Shrewsberry & Associates, LLC) and WBE 4.78% (The Schneider Corporation, Protection Plus, and Repro Graphix, Inc.)



## Board Memo – Amendment

To: IAA Board of Directors

From: Mike Medvescek, Chief Operating Officer

Date: September 17, 2010

Board Date: October 15, 2010

Subject: Approval of Amendment with Shrewsberry & Associates, LLC for Cargo Apron Expansion Phase IV, Project # I-11-014

### Background

In recent years, FedEx and the IAA have completed three (3) expansion projects of the FedEx Hub apron, known as Phase I, II and III; which accommodated FedEx's growth at IND. FedEx is now seeking approval to embark on Phase IV of their apron expansion; which will net approximately 400,000 additional square feet of apron space and accommodate four (4) additional parking positions for widebody aircraft and a 10,000 square foot snow pad. The expanded apron development includes drainage improvements, site preparation, concrete pavement construction, pavement marking, hydrant fueling system expansion, high mast apron lighting, and ground power units and nose tethers at the parking positions.

Due to the internal approval process within FedEx, versus the required operational date of the apron expansion being November 2011; design of Phase IV apron expansion must proceed in advance of the execution of a lease amendment with FedEx. FedEx signed, and the Board approved on September 17, 2010 a Pre-Development Service Agreement. FedEx agreed to reimburse the IAA up to \$1,000,000 for costs related to the design of Phase IV. Under his delegated authority, Mr. Clark signed a \$250,000 contract with Shrewsberry & Associates, LLC enabling the design process to begin September 20, 2010 to meet the critical path timeline.

This amendment funds the remainder of the design and preparation of the bid documents.

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

Scope

Complete design plans and specifications (bid documents) for Cargo Apron Expansion Phase IV Project.

Budget

|  |              |
|--|--------------|
| Soft Costs (design, construction administration, etc.) | \$ 1,338,600 |
| Geotechnical, testing, inspection, survey              | \$ 320,000   |
| Construction estimate*                                 | \$ 9,700,000 |
| Construction contingency*                              | \$ 970,000   |
| Total Project Cost                                     | \$12,493,600 |

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

\* FedEx retains the right to defer or discontinue the project during or at the completion of the design process. Should FedEx decide to move forward with the construction, the terms and conditions will be embodied in a lease amendment signed by FedEx and submitted to the Board on or about January 2011.

Schedule

The term of this amendment is expected to begin October 15, 2010 and conclude January 31, 2012.

Supplier Diversity Participation

The Director of Supplier Diversity approved the following MBE/WBE participation on September 23, 2010:

| FIRM                      | CLASSIFICATION | AMOUNT    | %      |
|---------------------------|----------------|-----------|--------|
| Shrewsberry & Associates  | MBE            | \$244,811 | 41.00% |
| The Schneider Corporation | WBE            | \$ 18,520 | 3.10%  |
| Protection Plus           | WBE            | \$ 1,000  | 0.17%  |
| Repro Graphix             | WBE            | \$ 9,000  | 1.51%  |
| Totals                    | MBE            | \$244,811 | 41.00% |
|                           | WBE            | \$ 28,520 | 4.78%  |

Contract Summary to Date

| Contract/Amendment<br>& Execution Date  | Service & Term   | Amount    | Minority<br>Participation % |       |
|---|--|-----------|-----------------------------|-------|
|   |  |           | MBE                         | WBE   |
| Original Contract<br>September 17, 2010 | Professional Services &<br>Expenses<br>Term: 9/17/10 – 1/31/12 | \$250,000 | 41.00%                      | 4.78% |
| Amendment 1<br>October 15, 2010         | Professional Services<br>Term: 10/15/10 – 1/31/12              | \$372,000 | 41.00%                      | 4.78% |
|   | Revised Contract NTE   | \$622,000 |                             |       |

Recommendation

The IAA staff has reviewed the proposal and recommends that the Board consider for approval an amendment to the contract with Shrewsberry & Associates, LLC for preparation of plans and specifications for Cargo Apron Expansion Phase IV in amount not-to-exceed \$372,000. MBE 41.00% (Shrewsberry & Associates, LLC) and WBE 4.78% (The Schneider Corporation, Protection Plus, and Repro Graphix, Inc.)