

## ST. LOUIS AIRPORT COMMISSION

Wednesday, November 5, 2008 - 2:00 P.M.

JoAnne Wayne Conference Room

- Members Present: Mr. Bales, Mr. Esterline, Mr. Lipman, Mr. McKinney, Mr. McNutt, Ms. Morrell-Charles, Ms. Osborn, Mr. Schembre, Mr. Vaccaro, Ms. Young and Chairman Hrabko
- Members Absent: Ms. Green, Mr. Nash, Mr. Reed, Mr. Saracino, Mr. Sauget, Mr. Sonderegger
- Airport Staff: Bernich, Bradley, Graves, Kinsey, Kopinski, Korte, Lazarus, Lea, Mason, Mays, Putnam, Salarano, Slay, Snider, Spencer, Ware and Zell
- Legal Department: Niemann & Pandolfo
- Guests: Marilyn Bush, Bank of America; Ollie Dowell, Ollie Dowell & Associates, Candace Gordon, Comptroller's Office; Audrey Jones, PCA, Inc.; Reverend Joseph Parisi; Ivy Neyland-Pinkston, Comptroller's Office; Mike Reid, Senator John Loudon's Office; Terri Smalinsky, Stern Brothers & Company, and Judie Wise, Bookmark-Inmotion
- News Media: Ken Leiser, St. Louis Post Dispatch; Kevin Killeen, KMOX Radio; Rachel Lippmann, KWMU Radio

The Meeting was called to order at 2:05 P.M.

1. Approval is requested for the Minutes of the Wednesday, October 1, 2008 Airport Commission Meeting.

A motion for approval was made by Mr. Vaccaro and seconded by Mr. Schembre and the motion carried unanimously.

Chairman Hrabko informed the Airport Commission that Kathleen Verret, Airport Properties Manager, left the Airport to accept a position in Washington, D.C., with the Washington Airport Authority, where she will be in charge of concessions and development for Dulles and Reagan Airports. Rob Salarano was recognized for his efforts in agreeing to serve as the Acting Properties Manager until the position is filled.

### 2. ORDINANCES

Approval is requested for the following draft Ordinance:

- A) Authorizing the City to enter into an agreement with the State of Missouri and St. Louis County, Missouri to form the MIDWEST/CHINA HUB COMMISSION (the "Commission") which agreement provides for: the Commission to further

assess the potential for and support an Air Freight Hub Initiative and a Commercial Hub Initiative between China and the Midwest region of the United States; the appointment of Commissioners; and funding of the Commission.

A motion for approval was made by Mr. Vaccaro and seconded by Mr. McNutt.

Airport Commissioner Morrell-Charles arrived.

Mr. Kinsey provided the details of the draft Ordinance as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

He explained that the purpose of the legislation is to permit the City to participate as an initial party to an agreement establishing the MIDWEST/CHINA HUB COMMISSION (“the Hub Commission”) to assess the potential for and support of two initiatives: i) the Airport as a Chinese air freight and passenger hub; and ii) the St. Louis region as a commercial hub for two-way trade, exchange and investment between China, Missouri and the Midwest region. The draft Ordinance also provides that the Airport Director is to be the City’s representative on the Hub Commission’s Board of Commissioners (the “Board”).

Mr. Kinsey said that the formation of the Hub Commission is a continuation of many months of effort by a number of individuals who have been working on a Chinese air cargo initiative, which he detailed from the summary, Chinese Cargo Initiative: Notable Events, he presented to the Commission and which is attached as a part of these minutes.

The Hub Commission is being formed to serve as the region’s central point of initial contact pertaining to working with China on air freight and passenger service and commercial hub matters.

Ms. Morrell-Charles asked what parties would comprise the Commission. Mr. Kinsey stated that the Hub Commission is to be formed by three signatories, St. Louis County, the City of St. Louis and the State of Missouri. Following the Hub Commission’s formation, other parties are to be: the Missouri Partnership, the Missouri Chamber of Commerce & Industry, the St. Louis Regional Chamber & Growth Association, the World Trade Center of St. Louis and Partners for Progress. Additional parties may also be added to the group as the work on the Hub Commission progresses.

Ms. Young asked whether the purpose of the Hub Commission was to be primarily making an assessment to see what the economic benefits would be; and she also asked whether a budget for the Hub Commission has been set as yet. Mr. Kinsey replied that a feasibility study is currently being conducted. After the study is completed and reviewed by the Hub Commission, he anticipates that representatives from the Hub Commission and the Chinese counterpart to the FAA would meet and work with a Chinese carrier at a China airport to develop flights between the Airport and China. The Board is expected to establish a budget for the Hub Commission at the first meeting of the Board after it is formed.

Ms. Osborn then asked how the feasibility study was being funded. Mr. Kinsey replied that the Airport has already funded the feasibility study and that the City is to be credited for these costs

as part of the City's share of the Hub Commission's budget when it is established by the Board. Chairman Hrabko explained that Airport funds or grants may be used to fund future studies or hire consultants for the Hub Commission's work, but when that is the case, the City is to receive credits for these payments which are to be applied to the City's share of the costs for being a member of the Hub Commission.

Mr. Lipman asked how the Hub Commission would be funded. Chairman Hrabko explained that each member of the Hub Commission is to pay a proportionate share of the budget established by the Board. The Hub Commission has not as yet been established, nor has its budget been set. The purpose of the Ordinance is to enable the City to become a party to the agreement forming the Hub Commission and for the City's Airport Director to be a member of the Board.

Mr. Lipman also asked whether the Airport's share of the Hub Commission budget would be brought before the Airport Commission for approval. Chairman Hrabko stated that the Airport's share of costs for the Hub Commission would be a part of the Airport's annual budget which the Airport Commission approves. Additional items concerning the Hub Commission to be brought before the Airport Commission would be some consulting contracts and grant agreements pertaining to the Airport's work on behalf of the Hub Commission on air freight and passenger hub matters.

Mr. McNutt inquired about the timeline for the project and for the first China flight. Mr. Kinsey stated the approval for the City to form and be a member of the Hub Commission should be by the end of 2008, but after that occurs there was still a great deal of work to be accomplished before any flights from China begin arriving at the Airport.

Mr. McNutt asked whether the airlines were still owned by the Chinese government. Mr. Kinsey explained that for the most part they are no longer owned nor controlled by the government. While the government has partial ownership of some of the companies, many of the larger companies are privately owned and are able to make decisions outside of the government.

Mr. McNutt asked whether Chicago's O'Hare Airport would be our closest competitor for this business. Mr. Kinsey and Chairman Hrabko explained that while there are a number of Chinese and Asian flights in and out of O'Hare, because of St. Louis' geographic location, there are distinct advantages for the air freight carriers and the freight forwarders to ship out of St. Louis as opposed to Chicago.

Ms. Young asked as to the amount of the funding from the Airport thus far for the feasibility study and whether it will be reimbursed. Mr. Kinsey stated that the costs are approximately \$40,000 and the majority of that amount should be credited back to the Airport by the Hub Commission.

Ms. Osborn suggested that every effort should be made to include Illinois airports in future plans. Chairman Hrabko assured her that was already being planned.

There being no further discussion, a vote was taken and the motion carried unanimously.

3. **ELECTRICAL MAINTENANCE**

Approval is requested for the following item:

- A) Award and approval of the Service Agreement with Aschinger Electric Company to provide Electrical Systems Services for the Airport. The Agreement will commence January 1, 2009 and will end on December 31, 2011. The total Not-To-Exceed Contract Amount will be \$2,100,000.00.

A motion for approval was made by Mr. Schembre and seconded by Mr. Esterline.

Mr. Slay provided the details of the Service Agreement as set out in the Executive Summary included with the agenda materials and recommended approval.

In response to a question from Mr. Schembre, Mr. Slay reported that Aschinger Electric is a union contractor and performs work under the contract on a T&M (time and material) basis.

There being no further discussion, a vote was taken and the motion carried unanimously.

4. **POLICE**

Approval is requested for the following item:

- A) Award and approval of the Service Agreement with Nelson Systems, Incorporated to provide Eventide Recorder Equipment and Software Maintenance Services for the Airport. The Agreement commenced on October 1, 2008 and will end on September 30, 2011. The total Not-To-Exceed Contract Amount will be \$11,593.08.

A motion for approval was made by Mr. Vaccaro and seconded by Mr. Esterline.

Chief Mason provided the details of the Service Agreement as set out in the Executive Summary included with the agenda materials and recommended approval.

There being no further discussion, a vote was taken and the motion carried unanimously.

5. **PLANNING & DEVELOPMENT**

Approval is requested for the following item:

- A) Award and approval of the Service Agreement with T & L Tree Service, Incorporated to provide Tree Cutting & Removal Services for the Airport. The Agreement will commence on November 11, 2008 and will end on November 10, 2011. The total Not-To-Exceed Contract Amount will be \$150,000.00.

A motion for approval was made by Mr. Esterline and seconded by Mr. Schembre.

Mr. Mays provided the details of the Service Agreement as set out in the Executive Summary included with the agenda materials and recommended approval.

Mr. McNutt asked why, if the expenditure amount for the last twelve months is \$17,422.50, this Agreement is for so much more. Mr. Mays explained that as this was a 3-year contract, the \$50,000 per year allocated under the contract is intended to provide some flexibility. However, the money would not be spent if not needed.

Mr. Vaccaro asked about the DBE/WBE participation and whether this was reached by ownership in the company. Mr. Salarano explained that while each of the subcontractors involved in the contract are separate companies, they have all been through the required certification process entitling them to act as an MBE or WBE participant on Airport contracts.

There being no further discussion, a vote was taken and the motion carried unanimously.

6. **PROPERTIES**

Approval is requested for the following item:

- A) Lease Agreement with Community America Credit Union AL-348.

A motion for approval was made by Ms. Young and seconded by Mr. Vaccaro.

Ms. Kopinski provided the details of the Lease Agreement as set out in the Executive Summary included with the agenda materials and recommended approval.

Ms. Osborn asked for information regarding Community America Credit Union. Ms. Kopinski explained it has 16 offices in its system, mainly based in Kansas City and Topeka, with about 118,000 members and it is solvent.

Ms. Osborn asked whether there were any local credit unions that expressed an interest in renting the space in which this company will be housed. Mr. Salarano explained that this credit union has been located on this site, which is not part of the Airport terminal, for a number of years and no other business has approached the Airport about renting this space.

There being no further discussion, a vote was taken and the motion carried unanimously.

- B) Award and approval of the Public Communication Services Concession Agreement AL-434 to Power Station LLC.

A motion for approval was made by Mr. Lipman and seconded by Mr. Schembre.

Ms. Kopinski provided the details of the Concession Agreement as set out in the Executive Summary included with the agenda materials and recommended approval.

This is a five-year lease with Power Station, LLC for public pay phone services. Power Station, LLC will also provide pre-paid phone cards, internet services and laptop rentals and the Airport will receive a percentage of all these services.

Mr. Schembre asked whether the concessionaire would be selling international pre-paid phone cards. Mr. Lazarus stated that it would not.

Mr. Lipman asked how the internet services offered by this company would affect or combine with the WiFi offered at the Airport. Mr. Lazarus explained that typically a WiFi user has his/her own computer. The services offered by Power Station would be for users who do not have a wireless device. Under this agreement, passengers will be purchasing internet service by the minute at a kiosk.

Mr. McNutt asked why this is a five-year term instead of a three-year term. Ms. Kopinski indicated that the longer term is due to the size of the investment that the company is putting into the equipment and is typical for a concession agreement.

There being no further discussion, a vote was taken and the motion carried unanimously.

- C) The Third Amendment to the Restated and Amended Lease Agreement AL-154 with McDonnell Douglas Corporation.

A motion for approval was made by Mr. Vaccaro and seconded by Ms. Osborn.

Mr. Salarano provided the details of the Third Amendment to the Restated and Amended Lease Agreement as set out in the Executive Summary included with the agenda materials and recommended approval.

There being no further discussion, a vote was taken and the motion carried unanimously.

- D) First Amendment to the On-Airport Passenger Vehicle Rental Concession Agreement AL-251 with C&J Rental, Inc. d/b/a Thrifty Car Rental, Inc.

A motion for approval was made by Mr. Vaccaro and seconded by Mr. Bales.

Ms. Kopinski provided the details of the First Amendment to the Rental Concession Agreement as set out in the Executive Summary included with the agenda materials and recommended approval.

This agreement extends the termination date of the agreement and requires the lessee to adhere to the City's Living Wage Ordinance.

There being no further discussion, a vote was taken and the motion carried unanimously.

6. **OTHER BUSINESS**

Chairman Hrabko recognized two Airport employees for outstanding service.

Tina Graves, of the Materials Management Division, was honored for implementing a change by the Airport to significantly more cost-effective and environmentally acceptable paper products in all Airport restrooms, along with the change to green-certified foam hand soap.

Mike Bernich, of the Auto Shop & Fleet Services, was honored for creating a website listing surplus Airport equipment for sale, thereby making money for the Airport instead of the Airport having to pay for the disposal of these surplus parts.

Chairman Hrabko announced that Southwest Airlines has started service from Lambert Airport to Fort Myers, Florida. Southwest Airlines is now the largest carrier at Lambert Airport, in terms of seats, with 80 non-stop flights daily.

Bookmark/Inmotion will be opening a new store on the A-Concourse this week and on the E-Concourse on November 17, 2008.

The Pasta House opened in the Main Terminal on Monday, November 3, 2008. There is a full-service bar in the Pasta House, and customers have the choice of dining in or carry-out for food items.

The Airport Experience Program is on schedule. The refinishing of the dome in the Main Terminal is currently underway. The baggage carousel work is on schedule, construction should begin shortly on those. The signs and monuments have been put out for bid.

The new Lambert Advantage Newsletter was passed out at the meeting, as well as an article that appeared in the Airport Revenue News about the Airport's initiatives.

Chairman Hrabko stated that for the cost of domestic fares in the 2<sup>nd</sup> quarter of 2008, Lambert ranked 64<sup>th</sup> out of 100, which makes St. Louis very competitive in the airline market. Much of this was due to attracting more low-cost airlines to St. Louis.

American Airlines did pull 19 flights on November 1, 2008 which was expected, however, this should be the last of the flight losses.

7. **NEXT MEETING**

Wednesday, December 3, 2008 at 2:00 P.M.

8. **ADJOURNMENT**

There being no further business, the meeting adjourned at 2:50 p.m.