

ST. LOUIS AIRPORT COMMISSION

Wednesday, March 4, 2009 - 2:00 P.M.

JoAnne Wayne Conference Room

Members Present: Mr. Bales, Mr. Esterline, Ms. Green, Mr. McKinney, Mr. McNutt, Ms. Morrell-Charles, Ms. Osborn, Mr. Reed, Mr. Sauget, Mr. Sonderegger, Ms. Teitelbaum, Mr. Vaccaro, Ms. Young and Chairman Hrabko

Members Absent: Mr. Lipman, Mr. Nash, Mr. Saracino

Airport Staff: Ebert, Edwards, Kinsey, Korte, Lazarus, Lea, Mays, Salarano, Slay, Spencer, Titus, Ware, White, Wright, Yochum and Zell

Legal Department: Niemann & Pandolfo

Guests: Fatima Adegboye, AFRAM Corp.; Victor Alito, AFRAM Corp.; Marvin Anderson, Stern Brothers & Co; Lorenzo Boyd, Stifel, Nicolaus; Gary Brown, Engineering Dynamics, International; Kevin Cahill, Edward Jones; Vince Corbisiero, Era Systems, Corp.; Ollie Dowell, Ollie Dowell & Assoc.; Candace Gordon, Comptroller's Office; Clyde Jeans, Critique Personnel; Ivy Neyland-Pinkston, Comptroller's Office; Chuck Reitter, Unison; Tom Shepard, Board of Aldermen; Jerry Tinnea, Airport Management Systems, Inc. and Judie Wise, Bookmark-InMotion

News Media: Ken Leiser, St. Louis Post Dispatch; Kevin Killeen, KMOX Radio

The Meeting was called to order at 2:04 p.m.

Chairman Hrabko congratulated Commissioners Green, Vaccaro and Young on their respective victories in the primary election.

Chairman Hrabko then introduced and welcomed the newest Airport Commissioner, Marilyn Teitelbaum, who was recently appointed by Mayor Slay.

1. Approval is requested for the Minutes of the Wednesday, January 7, 2009 Airport Commission Meeting.

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

2. OPERATIONS/MAINTENANCE

- A. Award and approval of a Service Agreement with Custom Furniture Works, Inc. to provide Chair Reupholstery Services for the Airport. The Agreement will commence April 1, 2009 and will end March 31, 2012. The total Not-To-Exceed Contract Amount will be \$50,000.00.

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

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

Previously, repairs were performed on an as-needed basis, but due to the volume of repairs being performed, a contract is necessary and prudent.

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

3. **MARKETING & BUSINESS DEVELOPMENT**

- A. Award and approval of the Professional Service Agreement to Sabre, Inc. to provide Air Service Development Consulting Services for the Airport. The Agreement will begin on the first day of the first month following execution by the City and shall end thirty-six (36) months thereafter. The Not-To-Exceed Contract Amount is \$1,300,000.00.

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

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

Mr. Kinsey explained that the consulting services under this contract are potentially eligible for reimbursements of up to 90% by grants from the State of Missouri. Sabre, Inc. represents numerous airports nationwide and has extensive knowledge in marketing of both large and small airports. The proposal for the consulting services included a requirement that the consultant represent no competing airports located within 250 miles of Lambert Airport.

Ms. Teitelbaum inquired whether the radius should be increased to 350 miles as Chicago falls within the 250-mile radius and could conceivably be a competitor in the future.

Mr. Kinsey responded that while Chicago is considered more of an international competitor than a domestic competitor, the 350-mile radius would be considered the next time the proposal is let out for bids.

Mr. Reed inquired whether there were any local or regional companies capable of performing the type of work that Sabre, Inc. will be performing.

Mr. Kinsey stated that none of the companies that responded were located within the St. Louis region. The closest competitor was based in Kansas City.

Mr. McNutt questioned as to why a large portion of the total contract amount is to be spent during the 2008-2009 Fiscal Year.

Mr. Kinsey responded that during the first year of the Agreement the Airport intends to develop a comprehensive marketing program, which the Airport did not have in the past. An initial

program began with contributions from Civil Progress and the Regional Business Council. However, a great deal more work needs to be accomplished and significant amounts will be spent on a one-time basis for the development of a website, and collateral material and on other items that the Airport will then use for a number of years.

Chairman Hrabko explained that this amount would cover not only the marketing efforts of Sabre, Inc., but also the consultant accompanying the Airport's marketing team on visits to air carriers, which had not been done in the past.

Ms. Green inquired whether there would be opportunities for Sabre, Inc. to participate in and promote the China Hub project.

Chairman Hrabko responded that while Sabre, Inc. will be involved in many projects to market the Airport, they would not be used to a great degree on the international dealings with China.

Ms. Osborn stated that the Regional Business Council, along with Civic Progress, funded the initial stage of the analysis of other airports to identify potential opportunities, which would benefit the Airport. Previously, there was no marketing plan in effect at the Airport. Ms. Osborn also expressed that Sabre, Inc. was very impressive in its efforts and responses, and that it has the expertise to market the Airport effectively.

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

4. **PLANNING & DEVELOPMENT**

- A. Approval of the Second Amendment to the Professional Service Agreement for Airport Noise Management Maintenance Services with Era Systems Corporation. This Second Amendment extends the term 32 months. The Agreement commenced on June 6, 2006 and will now end on February 5, 2012. The total Not-To-Exceed Contract Amount will be increased by \$336,681.00, from \$323,603.00 to \$660,284.00.

A motion for approval was made by Mr. Reed and seconded by Ms. Morrell-Charles.

Mr. Mays provided the details of the Second Amendment as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This program is a web-based system for monitoring and reporting noise data and flight track data. It collects and stores information from 20 permanent and seven temporary sites. This data will be used to develop the 2010 and 2015 noise contours as part of the new Part 150 noise study.

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

- B. Approval of the First Amendment to the Professional Service Agreement for Airport Noise Management and Monitoring Services with Airport Management Services, Inc. This First Amendment extends the term 34 months. The Agreement commenced on May 1, 2006 and will now end on February 28, 2012.

The total Not-To-Exceed Contract Amount will be increased by \$941,439.00, from \$962,169.00 to \$1,903,608.00.

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

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

This program monitors noise from 20 permanent sites as well as flight tracks, noise violation management and noise complaints. This will also be used to develop the 2010 and 2015 noise contours as part of the new Part 150 noise study.

Mr. Tinnea, a representative of Airport Management Services, Inc. ("AMS"), distributed a handout explaining the types of data it collects for the Airport (attached to the original minutes).

Ms. Osborn asked Mr. Tinnea if AMS had contracts with other airports, to which Mr. Tinnea replied that the company also represents Spirit of St. Louis Airport on similar matters.

Chairman Hrabko inquired as to the length of time that the company had been doing this type of work. Mr. Tinnea replied that AMS had been monitoring the noise data for twenty years at Lambert and seven years at Spirit of St. Louis Airport.

Mr. McNutt questioned the reason for the increase in the amount of the contract.

Chairman Hrabko explained that it is an amendment to the original contract, extending the contract by 34 months and increasing the compensation amount provided in the original contract.

Ms. Young asked about the significance of both of the noise contracts ending in 2012.

Mr. Mays explained that the two noise contracts provide information required to complete the Part 150 noise compatibility study which will last for approximately 2 ½ years, at which time the contracts will be reissued for a competitive bid.

Mr. Bales advised that Spirit of St. Louis Airport also utilizes the services of AMS and commended the firm on its work.

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

5. **PROPERTIES**

- A. Space Permit with American Airlines Federal Credit Union AL-436.

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

Mr. Salarano provided the details of the Space Permit as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

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

B. Lease Agreement with Continental Commercial Products, LLC AL-225.

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

Mr. Salarano provided the details of the Lease Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This Lease Agreement provides a parking lot for the guests and tenants of the lessee. This property provides an annual rental of \$9,498.00 to the Airport.

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

C. First Amendment to the Airport Spa Concession Agreement AL-431 with XpresSpa St. Louis Airport, LLC.

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

Mr. Salarano provided the details of the First Amendment as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This amendment will reduce the number of locations operated by XpresSpa St. Louis Airport LLC (“XpresSpa”) from two to one, with the operating location being located in the East Terminal. It also extends the build-out period from 6 months to 11 months and reduces the minimum annual guarantee to \$26,158.20 or a percentage fee of 10% of gross receipts, whichever is greater. Between April 1, 2009 and June 30, 2009, XpresSpa will pay one-half of the reduced guaranteed amount, with the complete amount taking effect on July 1, 2009. This amendment also reduces the bond amounts due.

Chairman Hrabko stated that this matter was brought before the Commission several months ago. XpresSpa expressed concerns that the location operated on the C-Concourse would be neither effective nor profitable. The East Terminal was a preferable location and the Airport agreed to this compromise in order to maintain the business. XpresSpa has expressed an interest in opening a location in the Main Terminal if the East Terminal location does well.

Ms. Young asked about the reasoning for the length of time for the build-out period.

Mr. Salarano explained that XpresSpa only recently had the drawings approved and the construction permits should be received shortly. Construction should begin within the next month.

Mr. Sauget inquired as to how much money will be spent on rehabbing the location.

Mr. Lazarus responded it would be approximately \$350,000.

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

6. **PUBLIC RELATIONS**

Approval of a Film/Photography Permit with DW Studios Productions, LLC and authorization for the Director to grant other applicants similar Permits for not more than thirty days.

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

Mr. Lea provided the details of the Film/Photography Permit (the "Permit") as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This Permit allows DW Studios Productions, LLC (the "Studio") to use parts of the Airport to film portions of the movie entitled "Up In The Air," that the Studio is shooting in the St. Louis area. The Permit is for less than 30 days use of the Airport. The per diem fee is to be \$1,000, plus reasonable reimbursable expenses. The Airport is working with the City of St. Louis and the Missouri Film Commission, which hope to make St. Louis more appealing for other film companies to use as a site for additional productions. Because there is typically a short turnaround time between requests from film companies to use the Airport, and the need to start filming, included in this agenda item is a request that the Airport Commission grant the Airport Director the authority to issue other applicants film/photography permits of not more than 30 days duration, under terms similar to this Permit, and which are in the best interests of the Airport, without additional Airport Commission approval. The Airport Director will periodically submit a report to the Airport Commission regarding permits issued.

Mr. McNutt allowed as how approving this request provides a template for what the terms for future film/photography permits are to be and negates the need for Airport Commission approval of each permit.

Mr. Lea responded that the Airport's rates and guidelines for film/photography permits would be posted on the Airport's website to advise potential interested parties of the requirements.

Chairman Hrabko added that as there are times when the turnaround time between initial contact and filming is so short, the Airport would not be able to make an agreement with a production company to use the Airport for a filming/photography project without this additional authorization.

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

7. **OTHER BUSINESS**

Chairman Hrabko advised the Commissioners that Pino, an Airport Police dog who retired in 2008, has passed away. She was 15 years old and had been working for the Airport for 11 years.

Chairman Hrabko then recognized the Airport's Outstanding Employee and Outstanding Supervisor for the last quarter of 2008.

Mr. Slay presented the Outstanding Employee of the Quarter award to Melvin Edwards, Airport Housekeeping Department. Mr. Edwards won the award due to his excellent customer service skills and work ethic.

Ms. White presented the Outstanding Supervisor of the Quarter award to Mr. Brian Yochum, Airport Accounting and Finance Department. Mr. Yochum won the award due to his success with the state audit. He closed out the audit for the fiscal year ending June 2008 with no significant disclosures in the management letter issued.

8. **NEXT MEETING**

Wednesday, April 1, 2009 at 2:00 p.m.

9. **ADJOURNMENT**

There being no further business, the meeting adjourned at 2:45 p.m.