

ST. LOUIS AIRPORT COMMISSION

Wednesday, June 3, 2009 - 2:00 P.M.

JoAnne Wayne Conference Room

Members Present: Mr. Bales, Ms. Green, Mr. Kennedy, Mr. Lipman, Mr. Nash, Ms. Osborn, Mr. Reed, Mr. Sauget, Mr. Sonderegger, Mr. Stelzer, Ms. Teitelbaum and Chairman Hrabko

Members Absent: Mr. Clark, Mr. Esterline, Mr. McKinney, Mr. McNutt, Ms. Morrell-Charles

Airport Staff: Bradley, Brown, Kopinski, Korte, Lazarus, Lea, Mason, Mays, Salarano, Slay, Spencer, Taylor, Waddle, Ware, and Zell

Legal Department: Niemann & Pandolfo

Guests: Ron Browning-Smith, Backstrom, McCarley, Berry; Marilyn Bush, Bank of America; Ollie Dowell, Ollie Dowell & Assoc.; Pepe Finn, Stern Brothers, Candice Gordon, Comptroller's Office; Harry Kennedy, Board of Aldermen; Sandra Marks, Marks & Associates; Ivy Neyland-Pinkston, Comptroller's Office; Sandy Pae, Goldman Sachs; Mary Ellen Ponder, Mayor's Office; Rich Ryffel, Edward Jones; David Thomson, Siebert, Brandford, Shank; Bryan Tournier, Stern Brothers; Robert Walsh, Loop Capital; and Jeff Wise, Bookmark-InMotion

News Media: Elisa Crouch, St. Louis Post Dispatch; Kevin Killeen, KMOX Radio

The Meeting was called to order at 2:07 p.m.

1. Approval is requested for the Minutes of the Wednesday, May 6, 2009 Airport Commission Meeting.

A motion for approval was made by Mr. Nash and seconded by Ms. Green.

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

2. ORDINANCES

- A. Draft Ordinance, which amends and supplements Ordinance 68197, providing for the issuance by the City of St. Louis, Missouri of: i) its Airport Revenue Bonds, Series 2009A, Lambert St. Louis International Airport, in an aggregate principal amount not to exceed Two Hundred Fifty Million Dollars (\$250,000,000) to finance capital improvements for Lambert St. Louis International Airport; and ii) its Airport Refunding Bonds, Series 2009B, Lambert St. Louis International Airport, in an aggregate principal amount not to exceed One Hundred Twenty-

Five Million Dollars (\$125,000,000), to refund a portion of the City's outstanding Airport Revenue Bonds; and iii) to enter into an amended and restated indenture (the "Restated Indenture") to reflect prior amendments and current amendments to and certain clarifications of the Revised Indenture presently in effect.

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

Ms. Neyland-Pinkston provided the details of the Ordinance and recommended approval of the motion.

Ms. Neyland-Pinkston distributed to the Commission an exhibit setting out an overview of the projects to be financed from the sale of the Series 2009A revenue bonds and financial information with regard to the Series 2009B refunding bonds. This exhibit is attached to, and made a part of, these minutes. The 2009A bonds, which are to be used for capital improvements at the Airport, are currently expected to total \$125 million.

The American Recovery and Reinvestment Act of 2009 Stimulus Plan offers municipal bond issuers, through a tender offer, up to two years to replace Alternative Minimum Tax (AMT) bonds issued between 2004 and 2008 with non-AMT bonds. In essence, this would replace a portion or all of the Airport's \$107 million worth of 2007B AMT bonds with new 2009B bonds, which are more attractive to investors and will result in a potential savings to the Airport by reducing the amount paid in interest on the bonds. The amount of savings would not be known until the day before, or the day of, the bond issuance. However, any savings on the 2009B bonds would reduce the amount of the 2009A bonds sold.

If the bonds are insured, the bond interest rate would be approximately 5.8%. If uninsured, the rate would be approximately 6%. This is a desirable rate for the Airport, which has a current credit rating of BBB+, with a negative outlook. The negative outlook rating is quite common among airports this year.

Ms. Osborn asked for an explanation of the process for handling the bond deal. Ms. Neyland-Pinkston responded that the deal would be handled through the Comptroller's Office, with assistance from financial institutions. The firm of Siebert, Brandford, and Shank has been advising the Airport for almost 20 years. In addition, this particular transaction would be handled by Goldman Sachs and Stifel, Nicolaus.

Chairman Hrabko stated that the sale of these bonds would ensure the ability to perform some capital improvements and the continuation of the Airport Experience renovations.

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

- B. Draft Ordinance establishing a program for the short-term rental of kiosk space at the Airport by adopting the Policy and Criteria for the Letting of Kiosks at Lambert-St. Louis International Airport® set out in ATTACHMENT "1" thereto; authorizing the Director of Airports to fully implement the provisions of the

Kiosk Program and, with the Airport Commission's approval, to issue, enter into and execute Airport Kiosk Space Permits as provided in the Kiosk Program

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

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

This Ordinance would establish the policies and procedures for the letting of retail sales kiosks at the Airport. All permits allowed under the Kiosk Program would be brought before the Airport Commission for approval. The space for each kiosk would be 150 sq. feet with a guaranteed monthly minimum of \$2,000 per kiosk.

Ms. Teitelbaum asked whether permits would be issued to companies providing their own kiosks or only City-owned kiosks. Mr. Salarano explained that at present the City's Kiosk Program entails two (2) City-owned kiosks.

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

3. **OPERATIONS/MAINTENANCE**

- A. Approval and award of a Service Agreement to Weather Or Not, Incorporated to provide Weather Advisory Services for the Airport. The Agreement will commence September 1, 2009 and will end August 31, 2012. The total Not-To-Exceed Contract Amount will be \$89,347.00.

A motion for approval was made by Mr. Nash and seconded by Ms. Green.

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.

This Service Agreement provides the weather advisory services for the Airport. Out of 10 bid packages sent, Weather Or Not, Inc., the incumbent for this service, was the only bid received.

Ms. Teitelbaum inquired about the low response to the bid packages sent out. Mr. Slay responded that for some companies the security requirements at the Airport, as well as some of the City's contractual requirements including, for example, the City's DBE/MBE Programs and its Living Wage requirements prevent them from bidding.

Ms. Teitelbaum then inquired whether it would be advisable to issue a survey with the bid packages inquiring as to the reasoning for the low responses.

Chairman Hrabko responded that Ms. Teitelbaum's suggestion would be considered on future bid packages.

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

4. **DBE PROGRAM**

- A. Award of the First Amendment to the Professional Services Agreement with Sandra Marks, d/b/a Marks & Associates, to provide a Consultant to the DBE Office at the Airport. This First Amendment extends the term of the Agreement by two (2) months. The Agreement commenced January 15, 2009 and will now end September 15, 2009. The total Not-To-Exceed Contract Amount is being increased by \$16,667.00 from \$50,000.00 to \$66,667.00.

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

Ms. Kopinski provided the details of the First Amendment to the Professional Services Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

Ms. Kopinski then explained to the Commissioners that the process by which the Airport can hire an Assistant Airport Director to run the DBE Office has taken longer than anticipated. In following the policy and regulations of the Department of Personnel, the candidates that have been interviewed will be ranked. Then, after further interviews of the top six candidates, a decision can be made.

Ms. Kopinski commended Marks & Associates for the work they have been performing at the Airport, which has consisted of reviewing all internal policies and procedures and implementing standard operating procedures, assisting the IT Department in enhancing and implementing quality assurance software and assisting the Airport staff in developing policy language for the local MBE/WBE program. The contributions by Marks & Associates will be of great assistance to the new Assistant Director.

Mr. Lipman inquired about the reasoning for the length of time to hire a new Assistant Director. Ms. Kopinski advised the Commission that while the Airport was prepared to interview recently, the City's Department of Personnel required that additional names be added to the interview list. This process extended the period by more than one month.

Ms. Osborn made a request that Sandra Marks of Marks & Associates return at an upcoming Commission meeting to advise the Commissioners of the work she has been doing, changes made by her company and her analysis of the DBE office. Ms. Kopinski indicated that a presentation would be scheduled in the near future.

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

5. **PROPERTIES**

- A. Airport Use and Lease Agreement (AL-674) with Federal Express Corporation.

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

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

The terms of the Use and Lease Agreement require that Federal Express report and pay landing fees, carry the proper insurance and be exempt from the fuel flowage fee. This is a two-year agreement, ending June 30, 2011, which is when the Use and Lease Agreements with the other airlines at the Airport end.

Mr. Nash asked what precipitated the decision for Federal Express to sign this Use and Lease Agreement other than saving the 6% fuel fee. Chairman Hrabko explained that even though Federal Express has been at the Airport for many years, they were never a signatory airline. Even though Federal Express will save money under this Use and Lease Agreement, it also commits them to share in the overall operational costs of the Airport and shows good faith on the part of Federal Express in the future of the Airport.

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

B. Cargo City Lease Agreement (AL-412) with Integrated Airline Services, Inc.

A motion for approval was made by Mr. Nash and seconded by Ms. Teitelbaum.

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 grants Integrated Airline Services, Inc. the right to utilize parts of Cargo City Building 2B for air cargo operations. The Lease Agreement is for three years and will generate estimated revenue of \$40,313.22 annually.

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

C. Leasehold Agreement (AL-303) with the General Services Administration (on behalf of the Transportation Security Administration)

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

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

This Leasehold Agreement provides for the rental of space for security screening of passengers and luggage. It is to be a three-year lease. The only rental payments made would be for non-screening areas, as the Transportation Security Administration (TSA) does not pay rent for the spaces used for screening passengers.

Mr. Nash posed a question about the rental rate being equivalent to \$75 per square foot. Mr. Salarano explained that the revenue is not determined only on a square footage calculation. The

payment amount is based on a number of factors, which are set out in Table 1 to the Leasehold Agreement. These include the Airport's non-airline square footage rate for the rental of space used in the Main Terminal and East Terminal, utility charges, and garage parking charges for 27 parking spaces.

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

D. Mobile Lift Device Operating Permit (AL-403) with Continental Airlines, Inc.

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

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

This Operating Permit establishes policies and procedures for Continental Airlines' use of an Airport-provided mobile life device. This Permit is a two-year permit and runs concurrent with Continental Airlines' Use & Lease Agreement.

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

E. Consent to Assignment of Space Permit (AL-429) from International Ram Associates to Air Serv Security, Inc.

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

Mr. Salarano provided the details of the Consent to Assignment of Space Permit AL-429 as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This Permit covers office and break room space for the employees providing services to Southwest Airlines passengers. International Ram Associates (the "Assignor") sold its assets to Air Serv Security, Inc. and is requesting the City's approval of the assignment of the Permit to Air Serv Security, Inc. (the Assignee).

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

- F. First Amendment to Lease Agreement (AL-542) with Airport Terminal Services, Inc.

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

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

The only change to the Agreement is the ramp area being rented from the Airport. The current ramp space blocks entrance to the former Boeing building known as Building 2 and the ramp space is being relocated to avoid this.

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

- G. Display Advertising Restated and Amended Concession Agreement (AL-22) with Clear Channel Outdoor

This item removed from the agenda. It will be introduced at a later meeting.

6. **OTHER BUSINESS**

Chairman Hrabko made the following announcements:

Jack Stelzer, the newest Commissioner, was welcomed to the Airport Commission.

Henrietta Brown, new Assistant Director of Finance and Accounting, previously of the City of St. Louis Health Department, was introduced and welcomed to the Airport.

Assistant Director of Engineering and Planning, Richard E. Bradley, was congratulated on his appointment by the Mayor to the position of President of the Board of Public Service.

The USO reopened after a major renovation. Marc Bulger of the St. Louis Rams and Dave Glover of KFTK 97.1 FM Talk Radio raised a major portion of the funds for the renovation. The USO was dedicated to Rocky Sickman, a Missouri Marine who was held hostage in 1980 in Iran and now works for Anheuser-Busch as a military liaison.

The Brioche Doree and Missouri Vineyards have opened for business on the main level of the Main Terminal.

Ms. Osborn inquired about the media announcement regarding the retirement of Chairman Hrabko. Chairman Hrabko announced that he would remain until a suitable replacement is located, which should happen within the next year.

8. **NEXT MEETING**

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

9. **ADJOURNMENT**

There being no further business, the meeting adjourned at 2:43 p.m.