

A RESOLUTION

BY TRANSPORTATION COMMITTEE

04-*r*-1675

A RESOLUTION AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE AMENDMENT NO. 9 TO THE CPTC LEASE WITH ATLANTIC SOUTHEAST AIRLINES, INC., ("ASA") WHICH SHALL PROVIDE FOR THE LEASE AND RENOVATION OF THE FORMER EASTERN AIRLINES IONOSPHERE CLUB AND THE LEASE AND RENOVATION OF ADDITIONAL SPACE IN CONCOURSE C NORTH APRON LEVEL FOR LOWER LEVEL PASSENGER HOLDROOM SPACE, THE REIMBURSEMENT TO ASA BY THE CITY OF THE CONCOURSE C NORTH RENOVATION PROJECT COSTS INCURRED BY ASA AND MEMORIALIZING THE INCREASE IN RENTAL FOR THAT REIMBURSEMENT FOR A CITY INVESTMENT NOT TO EXCEED \$20,000,000, TO BE CHARGED TO AND PAID FROM FUND ACCOUNT CENTERS NO. 2H30 574001 R21E012993CK (2004 GARB FUND) AND NO. 2H30 574001 R21E012993CL (2004 GARB FUND); AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta and Atlantic Southeast Airlines, Inc., ("ASA") are parties to an Agreement and Lease of Premises covering the occupancy and use by ASA of certain premises and facilities in Concourse C-North of the Central Passenger Terminal Complex ("CPTC") at the Hartsfield-Jackson Atlanta International Airport (which, as heretofore amended by Amendments No. 1 through 8, is referred to herein as the "CPTC Lease"); and

WHEREAS, ASA desires to lease and renovate the former Eastern Airlines Ionosphere Club located on the Boarding and Third Levels of Concourse C and comprises approximately 8,623 square feet, to be used as a Delta Crown Room Club, and to lease and renovate approximately 2,630 square feet of Concourse C North Apron Level premises for the purpose of expanding the northern end of Concourse C for lower level passenger hold room space, and

WHEREAS, ASA proposes to make certain other facility improvements under this Concourse C North Renovation Project ("ASA Project") including, but not limited to, modifications and improvements to all exclusive break rooms, offices and meeting rooms; replacement/upgrade of existing lighting fixtures; required adjustments to fire suppression and life safety equipment; expansion of technical support premises; renovation of the Ground Support Equipment maintenance bay; renovation of the Operations Control Center, Flight Operations and Cabin Services facilities and other support areas; and

WHEREAS, it is necessary to amend said CPTC Lease to reflect the changes to the Leased Premises resulting from the ASA Project, and to provide that the costs incurred by ASA to construct the ASA Project shall be reimbursed to ASA by the City up to a maximum City investment of Twenty Million dollars (\$20,000,000). The City shall fund the ASA Project costs from proceeds of the June 2004 Airport Revenue Bond Issue; and

WHEREAS, commencing upon execution of this proposed amendment, ASA shall pay to the City a Facilities Rental allocable to the ASA Project additional leased



areas based on applicable CPTC Lease rates. The total estimated increase in Facilities Rental (other than the Additional Facilities Rentals discussed below) is approximately \$50,584 per annum; and

WHEREAS, commencing on the Date of Beneficial Occupancy of the ASA Project, ASA shall pay to the City an Additional Facilities Rental allocable to the reimbursed ASA Project costs. The additional rentals shall be determined by multiplying the amount of reimbursed ASA Project cost, plus related capitalized interest and bond issuance cost but less accrued interest income, by the factor for amortizing such costs over the bond period and at the net interest rate. All of the foregoing shall be in accordance with the Term Sheet attached hereto as Exhibit A; and

WHEREAS, the Atlanta City Council previously adopted Resolution 98-R-2023 on November 16, 1998, and the Resolution was approved by the Mayor on November 20, 1998, authorizing the Mayor to execute an Amendment No. 9 to the CPTC Lease with Atlantic Southeast Airlines, Inc. Prior to execution of the previously approved Amendment No. 9, the amendable conditions contemplated in the Resolution were overcome by circumstances and the proposed amendment was no longer required. Resolution 98-R-2023 must now be rescinded so that the City can authorize the Mayor to execute simultaneously that alternate Amendment No. 9 as a replacement for the amendment contemplated under Resolution 98-R-2023.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA, that the Mayor or her designee be and is hereby authorized to execute on behalf of the City of Atlanta an Amendment No. 9 to the CPTC Lease with Atlantic Southeast Airlines, Inc., which shall (i) modify the Exclusive Leased Premises and Joint Leased Premises in accordance with the changes resulting from the leasing of additional Concourse C premises, (ii) provide for the reimbursement to ASA by the City of the ASA Project costs for a City investment not to exceed \$20,000,000 to be paid from the proceeds of the June 2004 Airport Revenue Bond issue, and (iii) provide for the payment by ASA to the City of Additional Facilities Rentals which will allow the City to recover the reimbursement amount over the term of the June 2004 Airport Revenue Bonds.

BE IT FURTHER RESOLVED that the cost to the City under said Amendment No. 9 shall be charged to and paid from Fund Account Centers No. 2H30 574001 R21E012993CK (2004 GARB Fund) and No. 2H30 574001 R21E012993CL (2004 GARB Fund).

BE IT FURTHER RESOLVED that the City Attorney be and hereby is directed to prepare said Amendment No. 9 for execution by the Mayor.

BE IT FURTHER RESOLVED that Resolution 98-R-2023 is hereby rescinded.

BE IT FINALLY RESOLVED that said Amendment No. 9 shall not become binding upon the City, and the City shall incur no obligation or liability thereunder until the same has been signed by the Mayor and delivered to ASA.

A true copy,

Rhonda Daughlin Johnson
Municipal Clerk, CMC

ADOPTED by the Council
APPROVED by the Mayor

October 4, 2004
October 8, 2004

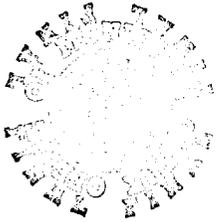


EXHIBIT A

**Term Sheet for Atlantic Southeast Airlines ("ASA")
Concourse C North Renovation Project**

Following are proposed terms for an Amendment No. 9 to the CPTC Lease between the City of Atlanta and Atlantic Southeast Airlines, Inc. ("ASA") for the leasing of additional CPTC Leased Premises, for the renovation and refurbishment of existing ASA Leased Premises and other associated improvements. Each party acknowledges that the term sheet is not intended to create or constitute any legally binding obligation between the City and ASA, and neither the City nor ASA will have any liability to the other with respect to this term sheet. Should one or more fully integrated, definitive written agreements be duly executed by the parties (the "Definitive Agreements"), the parties' rights and obligations with respect to the matters described in the term sheet shall be governed by the Definitive Agreements without reference to the term sheet. If the Definitive Agreements are not prepared, authorized, executed or delivered for any reason, neither the City nor ASA will have any liability to the other based upon, arising from, or relating to the term sheet.

Proposed Lessee:

Atlantic Southeast Airlines, Inc.
100 Hartsfield Centre Parkway
Suite 800
Atlanta, Georgia 30354-1356

Authorized Contact:

David Sellers
(404) 766-1400, ext. 2270

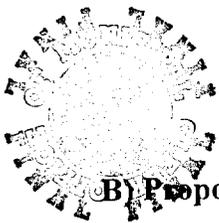
State of Incorporation:

Georgia

Scope of Project:

A) Additional CPTC Leased Premises:

- 1) Lease and renovation of the former Eastern Ionosphere lounge on the Boarding and Third Level of Concourse C North, approximately 8,622.87sf, to be used as a Delta Crown Room designed to increase customer service.
- 2) Lease and renovation of approximately 2,629.68sf of Concourse C North Apron Level premises as part of this proposed Amendment No. 9, requiring the relocation of Airport Group International (AGI). All reasonable expenses, not to exceed \$25,000.00, related to AGI relocation (including the cost of moving AGI furnishings and equipment) will be the responsibility of ASA.



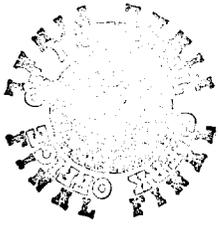
B) Proposed Facilities Improvements:

Certain facilities improvements will be accomplished by ASA and the costs of such improvements will be funded by the City in accordance with Section C hereinbelow under the Concourse C North Renovation Project (as hereinafter defined) and this proposed Amendment No. 9, subject to prior approval of plans and specifications by the Aviation General Manager, which consent shall not be unreasonably withheld, conditioned or delayed. The facilities improvements to be funded by the City (the "Concourse C North Renovation Project") are:

- 1) Modification and improvements to all exclusive break rooms, offices and meeting rooms, replacement/upgrade of existing lighting fixtures and lighting patterns, required adjustments for fire suppression and life safety equipment. Modification and renovation of approximately 2,629.68 square feet of Concourse C North Apron Level premises previously occupied by AGI;
- 2) Expansion of Technical support premises; renovation of Ground Support Equipment maintenance bay, renovation of Operations Control Center, Flight Operations and Cabin Services and other support items;
- 3) Renovation of space on Boarding Level and Third Level originally designed and constructed as an Eastern Airlines Ionosphere Club to accommodate a Delta Crown Room Club; and
- 4) Expansion of the northern end of C Concourse for lower level passenger hold room space. Construction of enclosed passenger walkways on the east and west sides of the concourse with preconditioned air and power at each aircraft parking position.

In addition to the facilities improvements comprising the Concourse C North Renovation Project, ASA will construct certain additional improvements (the "Tenant Finish Improvements") using ASA funds, subject to the prior approval of plans and specifications by the Aviation General Manager, which consent shall not be unreasonably withheld, conditioned or delayed. The Tenant Finish Improvements are:

- 1) Modification and improvements to the existing Concourse C gate holdrooms, including replacement of all holdroom passenger seating with Delta standard Chromecraft furniture (identical to Concourses A and B) and replacing carpet with Delta standard gate/boarding area carpeting (identical to Concourses A and B);
- 2) Furniture, fixtures, carpet and finishes in the Delta Crown Room Club typical of Delta standard equipment for Crown Room Club installations;



- 3) Delta standard Chromecraft furniture (identical to Concourses A and B), Delta standard gate/boarding area carpeting (identical to Concourses A and B) and Delta standard millwork for the new passenger holdroom areas; and
- 4) Delta standard furniture and fixtures for any new support spaces developed as a part of the renovation and expansion project.

Amendment Term:

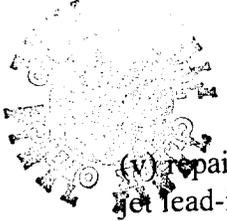
The term of this proposed Amendment No. 9 shall commence on the first day of the month following the month in which the Mayor signs said amendment on behalf of the City and continue thereafter for the remainder of the term of ASA's CPTC Lease.

C) Facilities Improvements Funding:

The Concourse C North Renovation Project costs incurred by ASA, an estimate of which is attached hereto for reference purposes only, shall be reimbursed to ASA by the City up to a maximum City investment of Twenty Million Dollars (\$20,000,000). ASA will submit invoices to the City on a completion of construction basis to be agreed upon by and between the parties, and the City will reimburse ASA on a monthly basis for the amount indicated on the invoice upon receipt of applicable supporting documentation reasonably satisfactory to the Aviation General Manager and attested to by a registered architect or engineer.

Subject to the provisions of the CPTC lease, as it may be extended or amended, or any replacement agreement governing the existing premises, for such time after September 20, 2010 as ASA continues to lease or occupy the premises improved by the Concourse C North Renovation Project, the portion of the Additional Facilities Rental (as determined hereinafter) allocable to the Concourse C North Renovation Project shall continue until the earlier of: (i) the expiration of the applicable amortization period on which such rental is based; or (ii) the premises improved by the Concourse C North Renovation Project, or some portion thereof, are occupied by another tenant, in which case the new tenant shall be obligated for such rentals allocable to the portion of such premises they lease or occupy.

Upon the expiration of the CPTC Lease on September 20, 2010, in the event the City in its sole discretion decides to establish a regional jet concourse, or concentrate regional jet activity elsewhere on the Airport, and in connection with such action requires ASA to relocate from the premises improved by the Concourse C North Renovation Project to another concourse and/or terminal, in such event ASA shall, at its sole cost and expense: (i) remove the north hold room and boarding corridors on the ramp level, (ii) make repairs to the original building envelope consisting of adding metal clad weather enclosures and standard steel stairs off of boarding platforms, (iii) remove point-of-use air back to the face of the existing building, (iv) dismantle boarding canopies to ramp level,



(v) repair concrete at points of attachment of boarding canopies, and (vi) strip all regional jet lead-in lines, gate numbers, equip zones and safety envelopes, all in accordance with Airport standards then in effect. In this case, ASA will no longer lease or occupy the premises improved by the Concourse C North Renovation Project and all rentals or other charges with respect to the vacated premises and related improvements shall terminate effective as of the date such premises are vacated.

Facilities Rental:

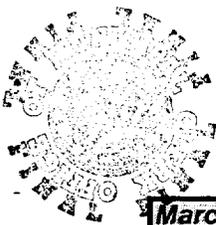
Upon execution of this proposed Amendment No. 9, ASA shall pay Facilities Rental (other than Additional Facilities Rental allocable to the Concourse C North Renovation Project which is addressed below) monthly in advance for additional CPTC Leased Premises based on applicable CPTC Lease rental rates as specified herein. Additional Upper Level CPTC Leased Premises is approximately 8,622.87 square feet @ the current rental rate of \$4.68 per square foot. Additional Apron Level CPTC Leased Premises is approximately 2,629.68 square feet @ the current rental rate of \$3.89 per square foot. The total estimated increase in Facilities Rental (other than Additional Facilities Rental allocable to the Concourse C North Renovation Project) is \$50,584.49 per annum.

Additional Facilities Rental Allocable to the Concourse C North Renovation Project:

Commencing on the Date of Beneficial Occupancy, which shall be the date on which ASA occupies the Concourse C North Renovation Project improved premises with all renovations substantially complete and available for use, the Additional Facilities Rental allocable to the Concourse C North Renovation Project payable by ASA to the City shall be determined by multiplying the amount of the Concourse C North Renovation project cost reimbursed to ASA by the City, up to a maximum of \$20 million, plus related capitalized interest and bond issuance cost, less accrued interest income, by the factor for amortizing such project costs over a twenty-five (25) year period and at the net interest rate of 5.24%, in accordance with the City of Atlanta General Airport Revenue Bonds Series 2004A, times one hundred twenty percent (120%) coverage factor. The annual Additional Facilities Rental allocable to the Concourse C North Renovation Project shall be paid in equal monthly installments on the first day of the month.

Obligations of Parties:

Neither party shall incur any obligation or liability with respect to any terms and conditions as proposed herein unless and until (i) incorporated in proposed Amendment No. 9 to the CPTC Lease of ASA and (ii) such amendment has been approved by the City Council, signed by an authorized representative of ASA, the Mayor of the City and delivered to each party.



C-Concourse

Conceptual Budget Estimate

(Key elements)

March 19, 2004

March 19, 2004

Item No.	Description /Includes:	Not Included:	Conceptual Estimate
01.	Base contract scope of renovation:		
	a. 90% reconfiguration of ramp areas	1. Ramp work	
	b. Minor reconfigurations on boarding level	2. Aircraft utilities	
	c. Enlargment of north end hold room		Base Constr \$ 5,000,000.00
02.	North Hold Room & Boarding Corridors:		
	a. Exterior wall demo	1. Gate house millwork	
	b. Apron demo for foundations	2. FIDS /GIDS /RIDS	
	c. Foundations /slabs	3. Branding	
	d. Structural Frame	4. Ramp Lighting	
	e. New exterior wall materials		
	f. Aluminum & glass ribbon window		
	g. Glass art		
	h. High bay curtain wall		
	i. Carpet /Paint /Wall Covering		
	j. Concourse suspended ceilings		
	k. Board'g Corridor accent ceilings		
	l. General lighting /Accent lighting		
	m. Building HVAC		
	n. Built-up roofing and insulated translucent panel		
	o. Public Address system		
	p. Doors /Hardware		
	q. Airport Security (Prox card readers)		\$ 6,800,000.00
03.	Delta Crown Room Club		
	a. Build-out including MEP/FP (No Electronics or FF&E)		\$ 2,000,000.00
04.	Aircraft support:		\$ 2,800,000.00
	a. Point-of-use air (25 units)		
	b. 400 hertz		
05.	Vertical Circulation:		
	a. Elevators (6 locations) Includes shafts and equipment		\$ 600,000.00
	b. Metal Stairs (7 locations)		\$ 100,000.00
06.	Boarding Canopies:		
	a. Final Design To-be-determined		\$ 2,500,000.00
7	Aircraft parking paint scheme:		
	a. Based on two (2) design aircraft		\$ 30,000.00
8	A/E Design fees		\$ 100,000.00
	a. Adjustment to CO #1 (max)		

Conceptual Capital Budget Estimate \$ 19,930,000.00

		10-04-04 Council Meeting
ITEMS ADOPTED ON CONSENT	ITEMS ADVERSED ON CONSENT	ITEMS ADVERSED ON CONSENT
1. 04-O-1418	38. 04-R-1683	60. 04-R-1705
2. 04-O-1441	39. 04-R-1684	61. 04-R-1706
3. 04-O-1565	40. 04-R-1685	62. 04-R-1707
4. 04-O-1567	41. 04-R-1686	63. 04-R-1708
5. 04-O-0438	42. 04-R-1687	64. 04-R-1709
6. 04-O-1507	43. 04-R-1688	65. 04-R-1710
7. 04-O-1559	44. 04-R-1689	66. 04-R-1711
8. 04-O-1572	45. 04-R-1690	67. 04-R-1712
9. 04-O-1582	46. 04-R-1691	68. 04-R-1713
10. 04-O-1728	47. 04-R-1692	69. 04-R-1714
11. 04-O-1732	48. 04-R-1693	70. 04-R-1715
12. 04-R-1655	49. 04-R-1694	71. 04-R-1716
13. 04-R-1421	50. 04-R-1695	72. 04-R-1717
14. 04-R-1668	51. 04-R-1696	
15. 04-R-1719	52. 04-R-1697	
16. 04-R-1487	53. 04-R-1698	
17. 04-R-1624	54. 04-R-1699	
18. 04-R-1673	55. 04-R-1700	
19. 04-R-1674	56. 04-R-1701	
20. 04-R-1675	57. 04-R-1702	
21. 04-R-1491	58. 04-R-1703	
22. 04-R-1659	59. 04-R-1704	
23. 04-R-1660		
24. 04-R-1661		
25. 04-R-1662		
26. 04-R-1663		
27. 04-R-1664		
28. 04-R-1665		
29. 04-R-1613		
30. 04-R-1676		
31. 04-R-1677		
32. 04-R-1678		
33. 04-R-1679		
34. 04-R-1680		
35. 04-R-1681		
36. 04-R-1682		
37. 04-R-1718		

04-1675

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A RESOLUTION

BY TRANSPORTATION COMMITTEE

A RESOLUTION AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE AMENDMENT NO. 9 TO THE CPTC LEASE WITH ATLANTIC SOUTHEAST AIRLINES, INC., ("ASA") WHICH SHALL PROVIDE FOR THE LEASE AND RENOVATION OF THE FORMER EASTERN AIRLINES IONOSPHERE CLUB AND THE LEASE AND RENOVATION OF ADDITIONAL SPACE IN CONCOURSE C NORTH APRON LEVEL FOR LOWER LEVEL PASSENGER HOLDROOM SPACE, THE REIMBURSEMENT TO ASA BY THE CITY OF THE CONCOURSE C NORTH RENOVATION PROJECT COSTS INCURRED BY ASA AND MEMORIALIZING THE INCREASE IN RENTAL FOR THAT REIMBURSEMENT FOR A CITY INVESTMENT NOT TO EXCEED \$20,000,000, TO BE CHARGED TO AND PAID FROM FUND ACCOUNT CENTERS NO. 2H30 574001 R21E012993CK (2004 GARB FUND) AND NO. 2H30 574001 R21E012993CL (2004 GARB FUND); AND FOR OTHER PURPOSES.

ADOPTED BY

OCT 04 2004

- CONSENT REFER COUNCIL
- REGULAR REPORT REFER
- ADVERTISE & REFER
- 1st ADOPT 2nd READ & REFER
- PERSONAL PAPER REFER

Date Referred

Referred To:

Date Referred

Referred To:

Date Referred

First Reading

Committee _____
 Date _____
 Chair _____
 Referred To _____

TRANSPORTATION

Date 9/24/04

Chair [Signature]

Action

(Fav) Adv, Hold (see rev. side)
Other

Members

[Signature]

[Signature]

[Signature]

Refer To

Committee

Date

Chair

Action

Fav, Adv, Hold (see rev. side)
Other

Members

Committee

Date

Chair

Action

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Other

Members

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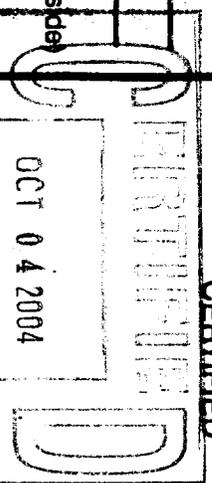
Fav, Adv, Hold (see rev. side)
Other

Members

FINAL COUNCIL ACTION

- 2nd
- 1st & 2nd Readings
- Consent
- V Vote
- RC

CERTIFIED



[Signature]

CERTIFIED

OCT 04 2004

[Signature]
MUNICIPAL CLERK

MAYOR'S ACTION

[Signature]
OCT 08 2004

MAYOR