CITY COUNCIL
ATLANTA, GEORGIA

**A RESOLUTION BY**

**04-R-2198**

**BY TRANSPORTATION COMMITTEE**

**A RESOLUTION AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE A CONSOLIDATED RENTAL CAR FACILITY AGREEMENT WITH THE RENTAL CAR COMPANIES OPERATING AT HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT, FOR CAR RENTAL SERVICES AT THE CONSOLIDATED RENTAL CAR FACILITY; AND FOR OTHER PURPOSES.**

**WHEREAS**, the City of Atlanta (the "CITY") has undertaken the Consolidated Rental Car Facility project, for construction of a new rental car facility, to provide growth for the rental car companies and their patrons at Hartsfield-Jackson Atlanta International Airport (H-JAIA); and

**WHEREAS**, a new agreement setting forth the business arrangements and financing terms for the CONRAC facility is required; and

**WHEREAS,** the Department of Aviation recommends that the City enters into a new agreement with the rental car companies on substantially the terms and conditions set forth in Exhibit A hereto.

**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 appropriate contractual agreement with the rental car companies at the Airport, which shall contain substantially the terms and conditions set forth in Exhibit A hereto.

**BE IT FURTHER RESOLVED**, that the City Attorney be and is hereby directed to prepare said Agreement for execution by the Mayor.

**BE IT FINALLY BE RESOLVED**, that said Agreement shall not become binding upon the City, and the City shall incur neither obligation nor liability thereunder until the same has been executed by the Mayor and delivered to the rental car companies.

A true copy,

Municipal Clerk, CMC

ADOPTED by the Council DEC 06, 2004
APPROVED by the Mayor DEC 10, 2004

City of Atlanta
Department of Aviation
Hartsfield-Jackson Atlanta International Airport
**Term Sheet for Consolidated Rental Car Facility**

November 5, 2004

**Construction of Facilities Improvements:** City to design and construct CONRAC Facility, APM, and Access Roadway.

**Maximum Investment:** $ 479.5 Million (estimated)

**Lease Term:** Start: Date of contract execution/Rentals begin on Date of Beneficial Occupancy of the Facility.
Termination: Coterminous with the maturity of the Bonds.

**Financing:** The Facility is expected to be financed with a combination of the following:

- Issuance of special purpose taxable facility bonds (Bonds) secured by Customer Facility Charges (CFCs) and rentals to fund capital costs of APM Maintenance Facility and Rental Car Facilities
- Passenger Facility Charges (PFCs) to fund capital costs of the APM (except the maintenance facility) and Airport Access Roadway
- CFCs to be charged and collected by Operator **beginning on date of Bond issuance**, based on an Ordinance to be passed by Atlanta City Council

**Recapture at City's Option**
The City reserves the right to develop the Airport as it may see fit and has the right to terminate the Agreement at any time during the Term by giving at least **three hundred and sixty-five (365) days notice** prior to the effective date of such termination.

**Rentals:** Payable monthly in advance, subject to a **late payment charge of 1.5% a month**. A perfomance bond, cash deposit, or an irrevocable letter of credit shall be posted to guarantee payments in the amount of three (3) months rentals and charges.

- **Operator's Facility Share =** Operator's Assigned square footage / Total CONRAC Assigned Square footage

- **Base Rent:** Operator shall pay a base rental of Operator's Facility Share X Annual Base Rental; increasing every 5 years at the lesser of 4% per annum or the CPI rate. The initial Annual Base Rental will be determined at DBO and will be calculated as:

  The amount equivalent to the annual payment amount calculated based on a 30 year period, level annual payments, and a rate that will be determined utilizing the most recent weekly Average Municipal Bond Yield for Thirty (30) Year Treasuries, as published in the Bond Buyer Index at DBO, plus two percent (2%) based on an initial investment amount equal to the CONRAC land acquisition costs plus the CONRAC site preparation and development costs.

**Example of Facility Rent Calculation**

| | |
|---|---|
| A # Acres in CONRAC Site | 73 |
| B Number of Sq. Ft. (A X 43,560) | 3,179,880 |
| C Interest Rate | 7% |
| D Number of Payments (Years) | 30 |
| E Estimated Land Acquisition Costs/Site Prep Costs | $50,000,000 |
| **Estimated Inital Base Rent in sq. ft. = PMT(C,D,E)/B** | $1.27 |

- **Additional Rent:** Imposed only if the **initial** CONRAC Facility capital costs exceed the reasonable costs secured by CFCs and allocated based on Operator's Facility Share.

- **Contingent Rent:** Imposed based on Operator's Facility Share only if 3 events occur:
  1) CFCs are at **$4.00**;
  2) CFC revenues are estimated to be less than CFC cost for Contract Year; and
  3) Facility Reserve Fund contains less than one half of the current Contract Year anticipated Annual CFC Cost.

- **Facility Operating and Maintenance Fees:** All costs, expenses, and taxes for operating and maintaining the common areas of the CONRAC Facility, allocated based on Operator's Facility Share

- **Intra-Airport Transportation Fees:** In order to transport Operator's Customers between the CONRAC Facility and the MHJIT, the City will operate an Intra-Airport Transportation System beginning upon the later date of beneficial occupancy of both facilities. This will allow Operator's arriving and departing international Customers convenient access to and from the new international terminal. All Intra-Airport Transportation System capital, operating, and maintenance costs shall be allocated to the users of the Intra-Airport Transportation System on a prorata basis based on usage of the Intra-Airport Transportation System. The CONRAC Facility's prorata share of the total cost of the Intra-Airport Transportation System will be prorated between the Operators based on Operator's Facility Share. To the extent that there are available CFC funds, based on the priority of Annual CFC Costs (illustrated below), a portion or all of such Intra-Airport Transportation System costs will be aid with CFCs.

**Annual CFC Costs (inclusion and priority):**

1. Actual annual debt service payments on the Bonds and any amortized capital improvement expenditures authorized by the Aviation General Manager that are attributable to the development and construction of the Consolidated Rental Car Facility;
2. Annual deposits to any debt service coverage account, capitalized interest account, debt service reserve fund, or other account or fund required with respect to the Bonds or to satisfy requirements with respect to any additional CONRAC Facility financing, if any;
3. CONRAC Facility infrastructure renewal and replacement reserve;
4. The CONRAC Facility's prorata share, based on ridership, of Intra-Airport Transportation System costs to provide Operator's Customers' access to and from the Airport's Maynard Holbrook Jackson, Jr. International Terminal;
5. Legal, administrative and environmental costs associated with the CONRAC Facility, if any; and

6. Additional CONRAC Facility related costs as approved by the Aviation General Manager, if any.

- **CONRAC Transportation Fees:** All maintenance and operation costs associated with the Interim and Permanent Transportation system allocated to the users of the system based on usage of the system.

- **Use of Customer Facility Charges to Cover CONRAC Transportation System Fees**
  To the extent that the estimated CFC to be imposed does not exceed $4.00 per Rental Car Transaction Day, the City will impose a $4.00 CFC per Rental Car Transaction Day and utilize any excess, after covering all Annual CFC Costs above, to pay for a portion or all of the CONRAC Transportation System Fees allocable to the Operators.

  Per the January 8, 2004 Draft Preliminary Financial Analysis for CONRAC from Unison-Maximus, Table 4, the current estimate of required CFC level to cover the CONRAC capital costs ranges from $2.91 to $3.21. Based on this information, the range of CFCs that would be utilized to cover Intra-Airport Transportation Fees and CONRAC Transportation System Fees per tranaction day would initially be $.79 - $1.09.

- **Privilege Fees:** On a monthly basis, the greater of One-twelfth of the MAG or the applicable Percentage Fee.

  **MAG:** Adjusted every year to the greater of 85% of privilege fees paid the previous year or a specified minimum **($25,000).** If origination and destination passenger traffic declines by more than fifteen percent (15%), the Aviation General Manager shall have the option, but not the obligation, to temporarily suspend or reduce the MAG, or permanently adjust the MAG.

  **Percentage Fee:** The percentage fee for each of the first ten years of the Term will be ten percent (10%), subject to adjustment by the City thereafter.

**Annual Budget Process:**

- 120 days before new contract year – City delivers draft budget
- 90 days before new contract year - Operators provide comments to City on draft budget
- 60 days before new contract year – City finalizes budget

**Annual Reconciliation:** No later than (180) days after close of each Contract Year the City provides a statement of actual expenses to Operators. Operator's expense allocation will be adjusted by any overpayment or underpayment from the previous year's allocation.

**Responsibility for Maintenance of the Leased Premises**

- Operators responsible for maintenance and repairs of their Assigned Areas
- Common areas of the Facility operated and maintained by the City and all O&M expenses will be prorated and billed to the Operators on a monthly basis.
- APM system operated and maintained by the City and all O&M expenses will be prorated and billed to all users of the system on a monthly basis.
- Expense prorations based on annual budget for costs and market share, in advance, each year.

**Periodic Reinvestment Requirement**

Every 5 years, Operator is required to invest an additional $50 per sq/ft of Assigned Area, escalated by CPI.

**Space Allocation Methodology**

The Airport will establish an initial minimum space allocation and location for each Operator and allocate the remainder prorata based on Operator's Market Share.

**Future Reallocation of Space**

General Manager's option to reallocate space at every five (5) years or any time in order to:

1) Accommodate changes in market share;
2) Accommodate new entrants;
3) Reallocate space that is surrendered; or
4) For any other purpose the General Manager deems appropriate.

**Accommodation of New Entrants**

The City reserves the right to advertise for New Entrants every five (5) years.

**On-Airport Customer Transactions**

- All Airport rental car transactions shall be performed at the CONRAC Facility.
- The City will adopt Ordinance requiring:
  (1) All rental car companies to pick up and drop off their respective Airport customers only at the CONRAC Facility; and
  (2) Prohibiting all rental car companies from making arrangements for their customers to be picked up or dropped off at the Airport.
- All customers shall be transported to/from the CPTC via an Automated People Mover (APM) System or interim common busing.
- No Operator buses will be allowed on the CPTC roadways.

**Off Airport Rental Car Operators**

The City will adopt an Ordinance that restricts access of car rental courtesy vehicles to the CONRAC as their sole point of entry into the Airport upon the opening of CONRAC.

RCS# 6363
12/06/04
8:19 PM

Atlanta City Council

Regular Session

04-R-2198 CONSOLIDATED RENTAL CAR FACILITY AGRMNT
CO OPERATING AT HARTSFIELD-JACKSON
ADOPT

| | |
|---|---|
| YEAS: | 14 |
| NAYS: | 0 |
| ABSTENTIONS: | 0 |
| NOT VOTING: | 1 |
| EXCUSED: | 1 |
| ABSENT | 0 |

| | | | |
|---|---|---|---|
| Y Smith | Y Archibong | Y Moore | Y Mitchell |
| Y Starnes | Y Fauver | Y Martin | E Norwood |
| Y Young | Y Shook | Y Maddox | Y Willis |
| Y Winslow | Y Muller | Y Sheperd | NV Borders |

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**BY TRANSPORTATION COMMITTEE**

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ADOPTED BY

DEC 0 6 2004

COUNCIL

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

Date Referred

Referred To:

Date Referred

Refferred To:

Date Referred

First Reading

Committee

Date

Chair

Referred To

| Committee | Committee |
|---|---|
| TRANSPORTATION | |
| Date | Date |
| 12/6/4 | |
| Chair | Chair |
| Action | Action |
| Fav, Adv, Hold (see rev. side) | Fav, Adv, Hold (see rev. side) |
| Other | Other |
| Forward w/no Recommendation | |
| Members | Members |
| Refer To | Refer To |

| Committee | Committee |
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| Date | Date |
| Chair | Chair |
| Action | Action |
| Fav, Adv, Hold (see rev. side) | Fav, Adv, Hold (see rev. side) |
| Other | Other |
| Members | Members |
| Refer To | Refer To |

FINAL COUNCIL ACTION

☐ 2nd ☐ 1st & 2nd ☐ Readings

☐ Consent ☐ V Vote ☑ RC

CERTIFIED

CERTIFIED

DEC 0 6 2004

MAYOR'S ACTION