**10-R-1579**

(Do Not Write Above This Line)

First Reading

Committee TRANS

Date

Chair CA

Referred To

FINAL COUNCIL ACTION

☐ 2nd ☐ 1st & 2nd ☐

Readings

☐ Consent ☐ V Vote ☒ RC \

**A RESOLUTION BY TRANSPORTATION COMMITTEE**

**A RESOLUTION AMENDING RESOLUTION 10-R-1326 TO INCORPORATE THE TERMS FOR SUPPLEMENTAL RENTAL PAYMENTS TO BE MADE TO THE CITY OF ATLANTA BY UNITED AIRLINES, INC., AMERICAN AIRLINES, INC., CONTINENTAL AIRLINES, INC. AND US AIRWAYS, INC. FOR THEIR OCCUPANCY AND USE OF CERTAIN PREMISES LOCATED AT HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT; AND FOR OTHER PURPOSES.**

ADOPTED BY

SEP 07 2010

COUNCIL

☐ CONSENT REFER

☐ REGULAR REPORT REFER

☐ ADVERTISE & REFER

☐ 1st ADOPT 2nd READ & REFER

☐ PERSONAL PAPER REFER

Date Referred

Referred To:

Date Referred

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Date Referred

| Committee | Committee |
|---|---|
| TRANSPORTATION | |
| Date 9-1-10 | Date |
| Chair CA | Chair |
| Action (Fav, Adv, Hold (see rev. side) Other) Fav | Action (Fav, Adv, Hold (see rev. side) Other) |
| Members K Bottoms, Felicia A. Moore, Carla Smith, A.J. Wan | Members |
| Refer To | Refer To |

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

CERTIFIED

SEP 07 2010

ATLANTA CITY COUNCIL PRESIDENT

CERTIFIED

SEP 07 2010

Municipal Clerk

MUNICIPAL CLERK

MAYOR'S ACTION

APPROVED

SEP 1 - 2010

MAYOR

CITY COUNCIL
ATLANTA, GEORGIA

10-R-1579

**A RESOLUTION BY**
**TRANSPORTATION COMMITTEE**

**A RESOLUTION AMENDING RESOLUTION 10-R-1326 TO INCORPORATE THE TERMS FOR SUPPLEMENTAL RENTAL PAYMENTS TO BE MADE TO THE CITY OF ATLANTA BY UNITED AIRLINES, INC., AMERICAN AIRLINES, INC., CONTINENTAL AIRLINES, INC. AND US AIRWAYS, INC. FOR THEIR OCCUPANCY AND USE OF CERTAIN PREMISES LOCATED AT HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT; AND FOR OTHER PURPOSES.**

**WHEREAS**, the City owns and operates Hartsfield-Jackson Atlanta International Airport ("Airport"), located in the Counties of Fulton and Clayton, Georgia, on which there exists certain terminal and concourse buildings and related facilities (collectively, "CPTC") for the use of airlines engaged in the transportation of persons and property by scheduled and unscheduled aircraft service; and

**WHEREAS**, the City is a party to various Agreements and Leases of Premises (collectively, the "CPTC Leases") with United Air Lines, Inc., American Airlines, Inc., Continental Airlines, Inc. and US Airways, Inc. (collectively, the "Spoke Airlines") dated June 1, 1984, June 21, 1985, May 6, 1985, and March 22, 1977, covering the occupancy and use by the Spoke Airlines of certain premises and facilities in the CPTC; and

**WHEREAS,** on July 19, 2010, the Atlanta City Council approved Resolution 10-R-1325 ("Resolution") which granted authority to amend and extend the Spoke Airlines' CPTC Leases; and

**WHEREAS**, the amendments ("Amendments") authorized by the Resolution have not been executed; and

**WHEREAS**, the City now seeks approval to accept supplemental rental payments from the Spoke Airlines under terms outlined in Exhibit A attached and desires to amend the Resolution to reflect that approval.

**THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA, HEREBY RESOLVES,** that the Resolution is amended to authorize the receipt by the City of supplemental rental payments from the Spoke Airlines under the same or substantially similar terms set forth in Exhibit A attached.

**BE IT FINALLY RESOLVED,** that the Amendments be prepared by the City Attorney to reflect the terms of the Resolution, as amended by this legislation.

**A true copy,**
Rhonda Dauphin Johnson
**Municipal Clerk**

**ADOPTED** by the Atlanta City Council **SEP 07, 2010**
**APPROVED** by Mayor Kasim Reed **SEP 14, 2010**

# EXHIBIT A

## 25 August 2010

## Terms for Amendment to CPTC Lease Agreement

1. Beginning in Fiscal Year 2013 through Fiscal Year 2016, the CPTC Lease Signatory Airlines and other airlines ("airlines") will pay, in addition to all other rentals, charges, and credits due from/to such airlines, a Supplemental Terminal Rental in each Fiscal Year, as scheduled below, in a not-to-exceed aggregate amount of $30.0M as defined below:

    - FY 2013: $12.0M
    - FY 2014: $8.0M
    - FY 2015: $5.0M
    - FY 2016: $5.0M

2. Supplemental Terminal Rental due in each Fiscal Year shall be paid in equal monthly installments by each airline. The portion of the Supplemental Terminal Rental due from each airline shall be calculated pursuant to Joint Lease Formula No. 1 as historically applied by City.

3. For Fiscal Years 2015, 2016 and 2017, the City will pay to the airlines certain amounts ("Contractual Payments") as calculated below, if any are due, from its Renewal and Extension ("R&E") Fund, in accordance with the following terms:

    - 30 days prior to the end of each of FY 2015, 2016 and 2017, the City shall compute the projected Net Revenues, as defined in the Master Bond Ordinance, including without limitation Section 5.02, as supplemented, inclusive of Supplemental Terminal Rentals.

    - Projected Net Revenues for the Fiscal Year shall then be divided by the General Airport Revenue Bond ("GARB") debt service as determined by the City in accordance with the applicable provisions of the Master Bond Ordinance (which excludes from the calculation PFC revenues and debt service for other types of bonds, such as PFC backed bonds) for the same Fiscal Year to determine the projected GARB Debt Service Coverage Ratio ("DSCR").

    - Contractual Payments in any Fiscal Year shall equal the greater of:
        i. Zero, or
        ii. The sum of projected Net Revenues as calculated above minus 150% of the General Airport Revenue Bond debt service due in the

same Fiscal Year.

- The City shall not be obligated to make any Contractual Payment that would result in payment of a cumulative amount of Contractual Payments exceeding $30M.

Example Calculation Shown Below:

**($'s in millions)**

| | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|---|---|---|---|---|---|
| Operating Income Before Depreciation and Amortization | $ 194.2 | $ 243.3 | $ 265.4 | $ 269.3 | $ 271.8 | $ 274.3 |
| Airline Supplemental Terminal Rental Payment | $ - | $ 12.0 | $ 8.0 | $ 5.0 | $ 5.0 | $ - |
| Investment Income on the Operating Fund and R&E Fund | $ 9.0 | $ 9.0 | $ 9.0 | $ 9.0 | $ 9.0 | $ 9.0 |
| Net Revenues | $ 203.2 | $ 264.3 | $ 282.4 | $ 283.3 | $ 285.8 | $ 283.3 |
| Estimated General Airport Revenue Bond (GARB) Debt Service | $ 117.8 | $ 184.7 | $ 190.2 | $ 185.1 | $ 185.1 | $ 185.0 |
| Estimated GARB Debt Service Coverage Ratio | 1.73 | 1.43 | 1.48 | 1.53 | 1.54 | 1.53 |
| 150% of the Estimated GARB Debt Service Coverage Ratio | $ 176.7 | $ 277.0 | $ 285.3 | $ 277.7 | $ 277.7 | $ 277.5 |
| Contractual Payments (amount in excess of 150% of DSCR) | - | - | - | $ 5.65 | $ 8.15 | $ 5.80 |

- The City shall make Contractual Payments to the airlines prior to the end of each respective Fiscal Year with a true-up 30 days, up or down, after release of audited financial statements for such Fiscal Year. The Contractual Payments shall be made based upon Joint Lease Formula No. 1.

- Contractual Payments shall not be paid to any airline that is no longer serving the Airport, or to any airline that has failed to pay in full amounts due under, or is in default of their CPTC Lease Agreement, airport use agreement, or any other CPTC Permits, leases or operating agreements (unless and until such payment failure or default is cured).

- This Supplemental Terminal Rental shall terminate on June 30, 2017, and City shall make the final Contractual Payments to the airlines in accordance the terms above, but in no case shall the final Contractual Payments be paid later than September 1, 2017. The parties will have no further obligations under this Amendment.

4. No party shall have any obligation with respect to this arrangement until all necessary and desirable agreements have been fully negotiated, drafted and approved by all requisite corporate and government action.

5 The City shall have the right to terminate this Amendment at any time prior to June 30, 2017, effective immediately upon City's repayment to each Airline of the amount that such Airline previously has paid as Supplemental Terminal Rental. Thereafter, the parties will have no further obligations under this arrangement.

RCS# 523
9/07/10
2:48 PM

Atlanta City Council

REGULAR SESSION

CONSENT I

10-R-1577

ADOPT EXCEPT

| | |
|---|---|
| YEAS: | 12 |
| NAYS: | 0 |
| ABSTENTIONS: | 0 |
| NOT VOTING: | 4 |
| EXCUSED: | 0 |
| ABSENT | 0 |

| | | | |
|---|---|---|---|
| Y Smith | NV Archibong | Y Moore | Y Bond |
| NV Hall | Y Wan | Y Martin | Y Watson |
| Y Young | Y Shook | Y Bottoms | NV Willis |
| Y Winslow | Y Adrean | Y Sheperd | NV Mitchell |

CONSENT I

| | | 09-07-10 |
|---|---|---|
| **ITEMS ADOPTED ON CONSENT** | **ITEMS ADOPTED ON CONSENT** | **ITEMS ADVERSED ON CONSENT** |
| 1. 10-O-1464 | 38. 10-R-1579 | 59. 10-R-1507 |
| 2. 10-O-1470 | 39. 10-R-1580 | 60. 10-R-1508 |
| 3. 10-O-1397 | 40. 10-R-1581 | 61. 10-R-1509 |
| 4. 10-O-1398 | 41. 10-R-1374 | 62. 10-R-1510 |
| 5. 10-O-1465 | 42. 10-R-1491 | 63. 10-R-1511 |
| 6. 10-O-1467 | 43. 10-R-1492 | 64. 10-R-1512 |
| 7. 10-O-1373 | 44. 10-R-1493 | 65. 10-R-1513 |
| 8. 10-R-1462 | 45. 10-R-1494 | 66. 10-R-1514 |
| 9. 10-R-1463 | 46. 10-R-1495 | 67. 10-R-1515 |
| 10. 10-R-1480 | 47. 10-R-1496 | 68. 10-R-1516 |
| 11. 10-R-1481 | 48. 10-R-1497 | 69. 10-R-1517 |
| 12. 10-R-1482 | 49. 10-R-1498 | 70. 10-R-1518 |
| 13. 10-R-1483 | 50. 10-R-1499 | 71. 10-R-1519 |
| 14. 10-R-1484 | 51. 10-R-1500 | 72. 10-R-1520 |
| 15. 10-R-1485 | 52. 10-R-1501 | 73. 10-R-1521 |
| 16. 10-R-1558 | 53. 10-R-1502 | 74. 10-R-1522 |
| 17. 10-R-1559 | 54. 10-R-1503 | 75. 10-R-1523 |
| 18 10-R-1560 | 55. 10-R-1504 | 76. 10-R-1524 |
| 19. 10-R-1561 | 56. 10-R-1505 | 77. 10-R-1525 |
| 20. 10-R-1562 | 57. 10-R-1506 | 78. 10-R-1526 |
| 21. 10-R-1563 | 58. 10-R-1541 | 79. 10-R-1527 |
| 22. 10-R-1564 | | 80. 10-R-1528 |
| 23. 10-R-1565 | | 81. 10-R-1529 |
| 24. 10-R-1568 | | 82. 10-R-1530 |
| 25. 10-R-1537 | | 83. 10-R-1531 |
| 26. 10-R-1538 | | 84. 10-R-1532 |
| 27. 10-R-1539 | | 85. 10-R-1533 |
| 28. 10-R-1540 | | 86. 10-R-1534 |
| 29. 10-R-1543 | | 87. 10-R-1571 |
| 30. 10-R-1544 | | 88. 10-R-1572 |
| 31. 10-R-1545 | | |
| 32. 10-R-1546 | | |
| 33. 10-R-1547 | | |
| 34. 10-R-1548 | | |
| 35. 10-R-1549 | | |
| 36. 10-R-1551 | | |
| 37. 10-R-1578 | | |