

12-1331

(Do Not Write Above This Line)

A RESOLUTION
BY TRANSPORTATION COMMITTEE

A RESOLUTION AUTHORIZING THE
MAYOR TO EXECUTE A LEASE
AGREEMENT WITH SOUTHWEST
AIRLINES, INC. ("SOUTHWEST")
COVERING THE LEASE OF
APPROXIMATELY 7.5 ACRES OF
CITY OF ATLANTA OWNED LAND
LOCATED IN COLLEGE PARK,
GEORGIA FOR THE CONSTRUCTION
AND OPERATION OF A VEHICLE
PARKING LOT TO SUPPORT
SOUTHWEST'S AIRPORT
CORPORATE CENTER LOCATED ON
ADJACENT LAND; AND FOR OTHER
PURPOSES.

ADOPTED BY

OCT 15 2012

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

Date Referred

Referred To:

Date Referred

Referred To:

Date Referred

Referred To:

First Reading

Committee _____
Date _____
Chair _____
Referred to _____

Transportation
Date 10-18-12

Chair

Action

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

Members

Robert Taylor
William G. Brown
Carla Smith
Johnathan King

Refer To

Committee

Date

Chair

Action

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

Members

Committee

Date

Chair

Action

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

Members

Refer To

Committee

Date

Chair

Action

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

Members

- FINAL COUNCIL ACTION
- 2nd
 - 1st & 2nd
 - 3rd
 - Consent
 - V Vote
 - RC Vote

CERTIFIED

CERTIFIED
OCT 15 2012

W. Messersmith
MAYOR PRESIDENT PRO TEM

CERTIFIED
OCT 15 2012

Ronald Douglas Johnson
MUNICIPAL CLERK

MAYOR'S ACTION

APPROVED

OCT 24

WITHOUT SIGNATURE
BY OPERATION OF LAW



CITY COUNCIL
ATLANTA, GEORGIA

12-*R*-1331

**A RESOLUTION
BY TRANSPORTATION COMMITTEE**

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A LEASE AGREEMENT WITH SOUTHWEST AIRLINES, INC. ("SOUTHWEST") COVERING THE LEASE OF APPROXIMATELY 7.5 ACRES OF CITY OF ATLANTA OWNED LAND LOCATED IN COLLEGE PARK, GEORGIA FOR THE CONSTRUCTION AND OPERATON OF A VEHICLE PARKING LOT TO SUPPORT SOUTHWEST'S AIRPORT CORPORATE CENTER LOCATED ON ADJACENT LAND; AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta ("City") owns and operates Hartsfield-Jackson Atlanta International Airport and owns a 155.6+/- acre tract of undeveloped land located near the intersection of Godby Road and Old National Highway in College Park, Georgia (the "Godby Road Tract"); and

WHEREAS, Resolution 06-R-0162, which was adopted by Council on January 17, 2006 and approved by the Mayor on January 24, 2006, authorized the lease of approximately 3.5 acres of the Godby Road Tract to MDG Development Group, LLC ("MDG"), for the construction and operation of a facility to be used by AirTran Airways for Flight Attendant Training (the "Facility"); and

WHEREAS, Resolution 07-R-1696, which was adopted by Council on September 4, 2007 and approved by the Mayor on September 12, 2007, authorized the lease of an additional and approximately 2.0 acres of the Godby Road Tract to MDG, to further the appropriate development of the Facility; and

WHEREAS, MDG executed a ground lease with the City of Atlanta on March 25, 2008 for the lease of land contemplated by Resolutions 06-R-0162 and 07-R-1696 subject to the following terms and conditions:

- (1) The Facility will be constructed at no cost to the City, but will be subject to prior approval by the City's Aviation General Manager.
- (2) Title to the Facility and related leasehold improvements will pass to and be vested in the City upon termination or earlier expiration of the Lease Agreement.
- (3) The term of the Lease Agreement will be thirty six (36) years, commencing on the date of beneficial occupancy
- (4) During the first five (5) years of the Lease Agreement, Lessee shall pay an annual rental for land of \$40,124.66, which has been computed by multiplying 3.5 acres times the land value of \$152,857 per acre, multiplied by 7.5%, for a monthly rental payment of \$3,344. The land rental rate for the remainder of the term of the Lease shall be increased by the lesser of 4% per



annum or the rate of increase in the CPI over the previous (5) years, compounded annually in each instance during the applicable five-year period.

- (5) During the first five (5) years of the Lease Agreement, AirTran Airways will have the right to expand the Facility, at its cost, a total of 10,000 – 15,000 square feet. Should the expansion occur, the lease term will be extended to its original 36-year term.

WHEREAS, MDG constructed and leased the Facility to AirTran Airways; and

WHEREAS, Southwest has purchased AirTran Airways and has assumed the ground lease with the City; and

WHEREAS, Southwest desires to expand employee parking (the “Parking Improvements”) at the Facility to accommodate its operations and desires to enter into a ground lease with the City for land immediately adjacent to the facility to construct such parking; and

WHEREAS, the Aviation General Manager recommends that the City enter into a ground lease with Southwest to meet the objectives set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA that the Mayor is authorized to execute on behalf of the City, a Lease Agreement with Southwest for approximately 7.5 acres of land for the construction of Parking Improvements subject to substantially the following terms and conditions:

- (1) The Parking Improvements will be constructed at no cost to the City, but will be subject to prior approval by the City’s Aviation General Manager.
- (2) Title to the Parking Improvements and related leasehold improvements will pass to and be vested in the City upon termination or earlier expiration of the Lease Agreement.
- (3) The Initial Lease Term shall commence on October 1, 2012 and end on February 1, 2024.
- (4) Southwest will have the option to extend the Initial Lease Term beyond February 1, 2024 by exercising two renewal options, the first of which consists of an optional term of ten (10) years (“Option One”) and the second of which consists of an optional term of eleven (11) years (“Option Two”). Option One will extend the Initial Lease Term through February 1, 2034 and Option Two will extend the Initial Lease Term through February 1, 2045.
- (5) During the first fourteen (14) months of the Lease Agreement, Lessee shall pay an annual rental rate for land of \$0.12 per square foot, which has been



computed by using the market value of the land's fee simple interest of \$70,000 per acre or \$1.60 per square foot, multiplied by 7.5%.

- (6) Effective February 2, 2014, the land rental rate for the remainder of the term of the Lease shall be increased by the greater of 4% per annum or the rate of increase in the CPI-U as measured by the Bureau of Labor Statistics over the previous (5) years, compounded annually in each instance during the applicable five-year period.

BE IT FURTHER RESOLVED, that the City Attorney be and hereby is directed to prepare the Lease Agreement for execution by the Mayor containing substantially the terms set forth in this Resolution and any other terms or conditions as are customarily included in lease agreements of similar nature.

BE IT FINALLY RESOLVED, that the Lease Agreement will not become binding on the City and the City will incur no obligation or liability under it until it has been approved as to form by the City Attorney, executed by the Mayor, attested to by the Municipal Clerk and delivered to Southwest Airlines, Inc.

A true copy,

A handwritten signature in black ink, appearing to be "K. L. ...", is written over a horizontal line. Below the signature is the printed text "Deputy Municipal Clerk".

Deputy Municipal Clerk

ADOPTED by the Atlanta City Council
APPROVED as per City Charter Section 2-403

October 15, 2012
October 24, 2012

RCS# 2360
10/15/12
2:53 PM

Atlanta City Council

12-R-1331

LEASE AGREEMENT W/SOUTHWEST AIRLINES
COVERING 7.5 ACRES IN COLLEGE PARK
ADOPT

YEAS: 14
NAYS: 0
ABSTENTIONS: 0
NOT VOTING: 0
EXCUSED: 0
ABSENT 2

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

12-R-1331