

(Published by the Authority of the City Council of the City of Chicago)

COPY

**JOURNAL of the PROCEEDINGS
of the
CITY COUNCIL
of the
CITY of CHICAGO, ILLINOIS**

Special Meeting--Monday, April 17, 1995

at 10:00 A. M.

(Council Chambers--City Hall--Chicago, Illinois)

OFFICIAL RECORD.

RICHARD M. DALEY
Mayor

ERNEST R. WISH
City Clerk

ALDERMAN LORRAINE L. DIXON, PRESIDENT
PRO TEMPORE IN CHAIR.

In the absence of The Honorable Richard M. Daley, Mayor, Alderman Lorraine L. Dixon, President Pro Tempore, assumed the chair.

Attendance At Meeting.

Present -- Aldermen Mazola, Haithcock, Tillman, Preckwinkle, Bloom, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Fary, Olivo, Burke, Jones, Coleman, Streeter, Rugai, Troutman, Evans, Munoz, Laski, Miller, Medrano, Ocasio, Watson, E. Smith, Burrell, Bialczak, Suarez, Gabinski, Mell, Austin, Wojcik, Banks, Giles, Laurino, Doherty, Natarus, Bernardini, Hansen, M. Smith, Moore.

Absent -- Aldermen Murphy, Allen, O'Connor, Levar, Shiller, Schulter, Stone.

Call To Order.

On Monday, April 17, 1995 at 10:20 A.M. (the time set for the meeting was 10:00 A.M.) Alderman Lorraine L. Dixon, President Pro Tempore, called the City Council to order. The clerk called the roll of members and it was found that there were present at that time: Aldermen Mazola, Haithcock, Tillman, Preckwinkle, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Fary, Olivo, Burke, Jones, Coleman, Streeter, Rugai, Troutman, Evans, Munoz, Laski, Miller, Medrano, Ocasio, Watson, E. Smith, Burrell, Bialczak, Suarez, Gabinski, Mell, Austin, Wojcik, Banks, Giles, Laurino, Doherty, Natarus, Bernardini, Hansen, M. Smith, Moore -- 42.

Quorum present.

Invocation.

Reverend Walter Lemons, Jr., Interim Pastor of Greater Metropolitan Baptist Church, opened the meeting with prayer.

Placed On File -- CALL FOR SPECIAL MEETING.

Mr. Ernest R. Wish, City Clerk, informed the City Council that the following call for a Special Meeting was filed in his office on Saturday, April 15, 1995, at 9:33 A.M.:

**OFFICE OF THE MAYOR
CITY OF CHICAGO**

April 15, 1995.

*Honorable Ernest R. Wish
City Clerk
City Hall, Room 107
121 North LaSalle Street
Chicago, Illinois 60602*

DEAR MR. WISH -- I hereby call a Special Meeting of the City Council of the City of Chicago, to be convened at 10:00 A.M. on Monday, April 17, 1995, in the City Council Chambers, City Hall, Chicago, Illinois, for the following purposes and for no other purpose whatsoever:

To consider and take appropriate action regarding an ordinance authorizing the establishment of a Compact between the City of Chicago and the City of Gary, Indiana, to create the Chicago -- Gary Regional Airport Authority for the purpose of jointly overseeing and supporting existing airports within those two cities, jointly evaluating the region's need for additional airport capacity, jointly coordinating and planning the continued development, enhancement and operation of those existing airports and the development of any new regional airport serving the area, and to assure the continued autonomous management and operation by the City of Chicago and the City of Gary of existing airports within their respective cities.

To consider and take appropriate action regarding an ordinance providing for appointments of directors of said Authority.

Very truly yours,

(Signed) RICHARD M. DALEY,
Mayor.

Rules Suspended -- EXECUTION OF INTERSTATE
COMPACT WITH CITY OF GARY, INDIANA
FOR CREATION OF CHICAGO -- GARY
REGIONAL AIRPORT AUTHORITY.

Alderman Burke moved to *Suspend the Rules Temporarily* for the immediate consideration of and action upon a proposed ordinance approving the execution of an interstate compact with the City of Gary, Indiana for the creation of the Chicago -- Gary Regional Airport Authority. The motion *Prevailed* by yeas and nays as follows:

Yeas -- Aldermen Mazola, Haithcock, Tillman, Preckwinkle, Bloom, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Fary, Olivo, Burke, Jones, Coleman, Streeter, Rugai, Troutman, Evans, Munoz, Laski, Miller, Medrano, Ocasio, E. Smith, Burrell, Bialczak, Suarez, Gabinski, Mell, Austin, Wojcik, Banks, Giles, Laurino, Doherty, Natarus, Bernardini, Hansen, M. Smith, Moore -- 42.

Nays -- Alderman Watson -- 1.

Thereupon, on motion of Alderman Burke, the said proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Mazola, Haithcock, Tillman, Preckwinkle, Bloom, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Fary, Olivo, Burke, Jones, Coleman, Streeter, Rugai, Troutman, Evans, Munoz, Laski, Miller, Medrano, Ocasio, E. Smith, Burrell, Bialczak, Suarez, Gabinski, Mell, Austin, Wojcik, Banks, Giles, Laurino, Doherty, Natarus, Bernardini, Hansen, M. Smith, Moore -- 42.

Nays -- Alderman Watson -- 1.

Alderman Beavers moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, The City of Chicago (the "City") is a home rule unit of local government under Section 6 of Article VII of the Illinois Constitution of 1970, and as such may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, Pursuant to (i) the provisions of the Interstate Airport Authorities Act, 70 ILCS 10/0.01 et seq., as amended, (ii) the City's home rule powers under the Illinois Constitution of 1970, (iii) Article 7, Section 10 of the Illinois Constitution of 1970, (iv) the Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., as amended, and (v) 49 USCS §44502(e), as amended, the City has the power and authority to enter into an interstate compact (the "Compact") with the City of Gary as further described herein; and

WHEREAS, The City owns and operates airports commonly known as Chicago O'Hare International Airport and Chicago Midway Airport and the City operates Merrill C. Meigs Field (collectively, the "Chicago Airports"); and

WHEREAS, The purpose of the Compact is to create the Chicago -- Gary Regional Airport Authority (the "Authority") as an interstate body politic and corporate under the Compact with the powers set forth in the Compact to jointly oversee and support the Chicago Airports and Gary Regional Airport and to jointly evaluate the need of the Bi-State Region (as defined in the Compact) for additional airport capacity, including any new airport serving the Chicago Bi-State Region; and

WHEREAS, It is necessary, essential and in the best interest of the inhabitants of the City that the City enter into the Compact with the City of Gary in order to assure the continued management and operation of the Chicago Airports by the City of Chicago and to achieve the other purposes set forth therein; and

WHEREAS, The City and the City of Gary desire to enter into the Compact; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Findings. The City Council adopts as legislative findings the recitals contained in the preambles to this ordinance and the findings contained in Section 5-10 of the Compact included as Exhibit A to this ordinance and incorporates them into this ordinance by this reference.

SECTION 2. Approval and Execution of Compact. The Compact, in the form included as Exhibit A to this ordinance, is hereby approved and enacted and made a part of this ordinance and the Mayor is hereby authorized to enter into and execute the Compact in substantially the form included as Exhibit A hereto.

SECTION 3. Financial Support. The City shall pay the sums described in Sections 25-5(a) and 25-10(a) of the Compact to be allocated by the Budget Director of the City from any legally available funds appropriated by the City Council, including but not limited to the City of Chicago's allocable share of legally available Net Revenues of the Land Support Area (as defined in the Chicago O'Hare International Airport Amended and Restated Use Agreement and Terminal Facilities Lease dated as of January 1, 1985), for purposes described in such sections of the Compact.

SECTION 4. Authorized Officers. This ordinance is adopted in accordance with the powers of the City enumerated in the preambles to this ordinance. The appropriate officers of the City are authorized to take such actions and do such things as shall be necessary to perform, carry out, give effect to and consummate the transactions contemplated by this ordinance and the Compact. In particular, the Commissioner of Aviation and all other City officials, employees and agents are authorized to take such steps as may be necessary or desirable to fulfill the City's obligations under the Compact, including the actions described in Section 25-10 of the Compact with respect to the Federal Aviation Administration (the "F.A.A."); and to prepare and execute, subject to the approval of the Comptroller and the Corporation Counsel as to form and legality, such instruments, reports, assurances and other documents as may be required by the F.A.A. or needed to implement the objectives stated herein or in the Compact.

SECTION 5. Supremacy; Severability. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part of it, is in conflict with the provisions of this ordinance, the provisions of this ordinance and the Compact shall be controlling. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 6. Effectiveness. This ordinance shall be in full force and effect immediately upon its passage and approval. The Compact shall take effect as provided therein.

Exhibit "A" referred to in this ordinance reads as follows:

Exhibit "A".

*Compact
Between The
City Of Chicago
And The
City Of Gary.*

Article 1.

Title And Definitions.

Section 1-1 Short Title.

This Compact may be cited as the Chicago -- Gary Regional Airport Compact.

Section 1-5 Definitions.

As used in this Compact, the following terms have the following meanings:

"Airport" means a facility for passenger, general aviation, cargo or military air service, including, without limitation, landing fields, taxiways, aprons, runways, runway clear areas, hangars, aircraft service facilities, approaches, terminals, inspectional facilities, parking, internal transit facilities, fueling facilities, cargo facilities, concessions, rail, rapid transit and roadway access, land and interests in land, public waters, submerged land under public waters and reclaimed land located on previously submerged land under public waters, and all other property and appurtenances necessary or useful for development, ownership and operation of any such facilities. It further includes commercial or industrial facilities located on the site of the airport.

"Authority" means the Chicago -- Gary Regional Airport Authority established by this Compact.

"Bi-State Region" has the meaning set forth in Section 5-10(a).

"Board" means the Board of Directors of the Authority.

"Bonds" means any obligations of the Authority with respect to borrowed money, including, without limitation, bonds, notes, certificates of participation, leases, and installment or conditional purchase agreements.

"Capital Plan" means the five (5) year capital plan of the Authority then in effect with respect to each Existing Airport adopted from time to time by the Board as described in Section 25-5(e), including the Initial Capital Plan.

"Capital Project" means a capital improvement undertaken by a Signatory at or related to an Existing Airport or the acquisition of land beyond the then-current boundaries of an Existing Airport for use as part of such Existing Airport, including but not limited to planning, design, development, construction, implementation, financing, equipping, consulting, legal and insurance costs related thereto.

"Chicago Airports" means Chicago O'Hare International Airport, Chicago Midway Airport and Merrill C. Meigs Field, including as they may be developed, improved, expanded or modified.

"Compact" means this interstate compact authorized by the City of Chicago and the City of Gary.

"Effective Date" means the date this Compact takes effect, as set forth in Section 45-5.

"Existing Airports" means the Chicago Airports and Gary Regional Airport.

"Existing Airport Agreements" means the Existing Chicago Airport Agreements and the Existing Gary Regional Airport Agreements.

"Existing Chicago Airport Agreements" means the City of Chicago's contractual obligations relating to the Chicago Airports existing as of the Effective Date, including but not limited to airline use agreements, special facility use agreements, bond ordinances and trust indentures, collective bargaining agreements, leases, pension obligations, grant agreements, approved passenger facility charge programs, including assurances thereunder, and approvals, licenses, concessions and architectural, engineering, construction, consulting, management and procurement contracts, and any other agreements, in each case as amended or supplemented after the Effective Date.

"Existing Gary Regional Airport Agreements" means the Gary Regional Airport Authority's contractual obligations relating to the Gary Regional Airport existing as of the Effective Date, including but not limited to airline use agreements, special facility use agreements, bond ordinances and trust indentures, collective bargaining agreements, leases,

pension obligations, grant agreements, approved passenger facility charge programs, including assurances thereunder, and approvals, licenses, concessions and architectural, engineering, construction, consulting, management and procurement contracts, and any other agreements, in each case, as amended or supplemented after the Effective Date.

"F.A.A." means the Federal Aviation Administration, or any successor agency.

"Gary Regional Airport" means Gary Regional Airport, including as it may be developed, improved, expanded or modified.

"Governmental Entity" means any political subdivision, school district, municipal corporation or unit of local government of the State of Illinois or the State of Indiana, but does not include any Signatory.

"Illinois Act" means the Interstate Airport Authorities Act, 70 ILCS 10/0.01 et seq., as amended, as in effect on the Effective Date.

"Indiana Act" means IC 8-22-4-1 et seq., as amended, as in effect on the Effective Date.

"Initial Capital Plan" means the Initial Capital Plan of the Authority included as (Sub)Exhibit A to this Compact.

"Midway Use Agreement" means, collectively, the Chicago Midway Airport Use Agreement and Facilities Leases by and between the City of Chicago and each of the airline signatories thereto, as the same may be amended or supplemented from time to time.

"New Regional Airport" means any Airport planned, acquired, developed, owned or operated by the Authority pursuant to this Compact, excluding the Existing Airports.

"O'Hare Use Agreement" means, collectively, the Chicago O'Hare International Airport Amended and Restated Airport Use Agreement and Terminal Facilities Leases dated as of January 1, 1985, by and between the City of Chicago and each of the airline signatories thereto, as the same may be amended or supplemented from time to time.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Pre-approved Capital Project" means:

(1) any Capital Project contained in the Authority's Initial Capital Plan included as (Sub)Exhibit A to this Compact;

(2) any Capital Project necessary to comply with any valid rule, regulation, policy, order or law of any federal, state or local government, agency or court or pursuant to any grant agreement or assurance;

(3) any tenant improvements or relocation expenses at an Existing Airport;

(4) any insurance or condemnation award deficiencies;

(5) any Capital Project funded from the O'Hare Airport Development Fund, Special Capital Projects Fund, Maintenance Reserve Fund or Emergency Reserve Fund (all as defined in the O'Hare Use Agreement), the Net Revenues of the Land Support Area (as defined in the O'Hare Use Agreement) or the Midway Airport Development Fund, Special Project Fund, Repair and Replacement Fund or Emergency Reserve Fund (all as defined in the Midway Use Agreement);

(6) any Capital Project, at least fifty percent (50%) of which is funded from federal, state or private grants or donations, from private investment (including direct investment by airlines) or from the proceeds of special facility bonds;

(7) in addition to any other Pre-approved Capital Project included in this definition, any Capital Project the costs of which do not exceed one and one-half percent ($1\frac{1}{2}\%$) of the operating revenues of such Existing Airport as of the preceding fiscal year;

(8) the acquisition of the military site and relocation of the military facilities at Chicago O'Hare International Airport;

(9) a new terminal and all related facilities for Chicago Midway Airport;

(10) any Capital Project constituting a part of the concessions redevelopment program for Chicago O'Hare International Airport;

(11) any Capital Project constituting part of the collateral land development program at Chicago O'Hare International Airport; and

(12) any future closing of Merrill C. Meigs Field.

The Board shall be deemed to have approved all Pre-approved Capital Projects and the filing of passenger facility charge applications therefor or any amendments to any such applications.

"Regional Airports" means the Existing Airports and any New Regional Airport.

"Signatory" means the City of Chicago and the City of Gary.

"Transfer" means the sale, conveyance, mortgage, encumbrance or other transfer or disposition of any Existing Airport.

Article 5.

Authority, Purpose And Findings.

Section 5-1 Authority.

The City of Chicago is entering into this Compact pursuant to (i) the provisions of the Illinois Act, (ii) the City's home rule powers under the Illinois Constitution of 1970, (iii) Article 7, Section 10 of the Illinois Constitution of 1970, (iv) the Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., as amended, (v) 49 USCS §44502(e), as amended and (vi) an ordinance adopted by the City Council of the City of Chicago on April ____, 1995. The City of Gary is entering into this Compact pursuant to (i) the Indiana Act, (ii) IC 8-22-5-1, as amended, as in effect on the Effective Date, (iii) 49 USCS §44502(e), as amended, and (iv) an ordinance adopted by the Common Council of the City of Gary on April ____, 1995.

Section 5-5 Purpose Of Compact.

The purpose of this Compact is to create the Authority as an interstate body politic and corporate under this Compact with the powers set forth in this Compact to jointly oversee and support the Existing Airports as set forth in this Compact, to jointly evaluate the Bi-State Region's need for additional Airport capacity, to jointly coordinate and plan for the continued development, enhancement and operation of the Existing Airports and the development of any New Regional Airport serving the Bi-State Region and to assure the continued autonomous management and operation by the City of Chicago of the Chicago Airports and the continued autonomous management and operation by the City of Gary through the Gary Regional Airport Authority of the Gary Regional Airport.

Section 5-10 Findings.

(a) The primary air trade area served by the Existing Airports consists of eight counties in Illinois (Cook, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will) and two counties (Lake and Porter) in Indiana (the "Bi-State Region"). The Chicago Airports and the Gary Regional Airport are the major airports serving the Bi-State Region and comprise the local airport

system. Gary Regional Airport functions, and is designated, as a reliever airport for the Chicago Airports.

(b) Extensive, reliable air transportation service linking the Bi-State Region to the rest of the nation and the world, enabling the Bi-State Region to participate fully in the national and global economies, is critical to the continued economic development of the Bi-State Region. The coordinated development of the local airport system, and any new airports that may be built as part of the local airport system, is essential to provide facilities to meet this demand efficiently and effectively. Failure to establish a mechanism to coordinate the planning and development of the local airport system could result in the inability to make capacity improvements where they can be implemented most efficiently to alleviate congestion and meet demand, in duplicative development, or in the inability to meet the long-term air service needs of the Bi-State Region. The best way to ensure the necessary coordination of further airport development, while recognizing the significant interests of the local governmental bodies, is the creation of a bi-state regional authority to oversee future development of the local airport system, while allowing the continued operation of the Existing Airports by the respective local government entities that now operate them.

(c) The City of Chicago is the owner, operator and manager of the Chicago Airports. Through the efforts and leadership of the City of Chicago, Chicago O'Hare International Airport is the busiest airport in the world. The Chicago Airports serve a critical role in the nation's air transportation system, and provide significant economic benefits to the Bi-State Region. The City of Chicago has committed significant resources to the development and operation of the Chicago Airports and views the Chicago Airports as a significant municipal asset. It is in the best interests of the City of Chicago and a public purpose, which this Compact is intended to further, to ensure that (i) the Chicago Airports retain their pre-eminent position as an engine for economic growth and development of the City of Chicago, (ii) the City of Chicago's investment in the Chicago Airports, and ancillary and intangible benefits accruing to the City of Chicago and its citizens from the Chicago Airports be protected by the continued operation of the Chicago Airports by the City of Chicago, and (iii) the local airport system development policy be responsive to the concerns of the City of Chicago and the City of Gary and not be promulgated by any Person not experienced in the affairs of the Chicago Airports and the Gary Regional Airport. The City of Gary benefits from the continued operation of the Chicago Airports by the City of Chicago. By establishing the Authority pursuant to this Compact, the mutual aviation interests of both the City of Chicago and the City of Gary are best served.

(d) The City of Gary controls Gary Regional Airport through the Gary Regional Airport Authority. The Gary Regional Airport Authority owns and operates Gary Regional Airport. Gary Regional Airport has various capital development needs and the City of Gary and the Gary Regional Airport Authority have insufficient resources to fund the Capital Projects needed to

enable Gary Regional Airport to function effectively as a reliever airport for the Chicago Airports. Development of Gary Regional Airport can help meet the air transportation needs of the Bi-State Region. Coordination by the Signatories of the development of Gary Regional Airport jointly with the development of the Chicago Airports will promote the timely implementation of capacity improvements to meet the air service needs of the Bi-State Region. Development of Gary Regional Airport will provide substantial benefits to the Chicago Airports by alleviating congestion at Chicago O'Hare International Airport, reducing operational delays and associated costs for air carriers and air travelers and promoting the efficient use of the local airport system. This Compact will facilitate the development of the facilities and operations at Gary Regional Airport in coordination with the Chicago Airports.

(e) Substantial benefits will accrue to the City of Chicago and to the City of Gary, and to their citizens, as the result of the provisions of this Compact that provide for the coordination of airport development through the Authority and the funding of certain airport development while allowing the continued management and operation of the Existing Airports in the local airport system by the respective Signatories.

(f) Subject to the powers specifically granted to the Authority under this Compact, the City of Chicago shall continue to manage and operate the Chicago Airports in accordance with the terms of the Existing Airport Agreements, and the City of Gary through the Gary Regional Airport Authority shall continue to manage and operate the Gary Regional Airport, both on the coordinated basis set forth in this Compact. This Compact also directs the Signatories, through the Authority, to plan for any future additional airport capacity needed on a basis consistent with the interests of each Signatory. The establishment of the Authority and the maintenance of the existing governance structures for the Existing Airports on a basis consistent with the terms of this Compact will provide for the most efficient and effective method of evaluating the need for a new Airport serving the Bi-State Region, and for planning for the joint development of any such Airport on a coordinated basis supported by a bi-state consensus.

(g) The City of Chicago has recently completed the refinancing of the Chicago Skyway and has undertaken a major capital improvement program for that toll bridge and highway facility. The Chicago Skyway serves the Bi-State Region as a vital and effective ground transportation link between Chicago and Gary and the Chicago Airports and Gary Regional Airport.

(h) Pursuant to authority provided by federal and state law, the City of Chicago and the City of Gary are creating the Authority as an interstate body politic and corporate under the Compact for the purposes set forth herein as a means of assuring the continued efficient management, operation and development of the Existing Airports by the Signatories and for coordinating, evaluating and planning for the local airport system's needs, including the need for any new Airport serving the Bi-State Region.

(i) The City of Chicago has covenanted with the holders of its airport revenue bonds that unless certain conditions have been met, it will not permit a Transfer of Chicago O'Hare International Airport or Chicago Midway Airport. Nothing in this Compact is intended to effect a Transfer of the Chicago Airports or Gary Regional Airport.

Article 10.

Establishment.

Section 10-1 Creation Of Authority.

There is created the Chicago -- Gary Regional Airport Authority, which shall be an interstate body politic and corporate under the Compact. The Authority shall not be an agency of any Signatory.

Section 10-5 No Impairment Of Existing Contracts.

This Compact shall not in any respect impair the provisions of the Existing Airport Agreements or the rights of any bondholders thereunder or other parties thereto.

Section 10-10 State Approvals.

Nothing in this Compact shall be construed as providing for the acquisition of the Existing Airports by the Authority. To the extent that any such acquisition, or the establishment of a New Regional Airport by the Authority, requires the approval (i) of the Illinois Department of Transportation pursuant to Section 7 of the Illinois Act, as in effect on the Effective Date, and (ii) of the Indiana Department of Transportation pursuant to Section 8-22-4-7 of the Indiana Act, as in effect on the Effective Date, such approval shall be obtained.

Section 10-15 Meigs Field.

The parties recognize that the City of Chicago's lease for Merrill C. Meigs Field expires on September 30, 1996, and there can be no assurance that it will be renewed or that Meigs Field will continue to be operated as an Airport.

Section 10-20 Certain Actions Requiring Authority Consent.

The following actions shall require the approval of the Board:

(1) the implementation by any Signatory of any Capital Project other than a Pre-approved Capital Project; any such approval of the Board shall also be deemed to be approval of the filing of a passenger facility charge application therefor or any amendment to any such application;

(2) any recommendation to the F.A.A. concerning aircraft operations at an Existing Airport, including but not limited to flight patterns and tracks, preferred runway usage programs, noise abatement and compatibility procedures or restrictions, flight curfews and noise budgets;

(3) any action by any Person that would constitute a Transfer of any Existing Airport, or any other action by any Person that would, directly or indirectly, otherwise affect the control or ownership of any Existing Airport;

(4) any action that would transfer any powers of the Board to any other Person;

(5) the determination of the location, site configuration and runway layout of any new Airport to be developed, owned or operated by a Signatory or the Authority or to be financed in whole or in part by revenues, charges, fees, grants or other funds derived from any of the Existing Airports;

(6) the issuance of bonds or other obligations by a Signatory to finance the development or acquisition of a new Airport or the execution by a Signatory of any airline use or similar agreement with respect to any new Airport to be developed or acquired by a Signatory or any other Person; or

(7) the use of revenues, passenger facility charge revenues, grant proceeds, bond proceeds or loan proceeds of, or any form of credit enhancement provided to, an Existing Airport for the purpose of acquiring, developing or financing any new Airport by a Signatory or any other Person.

Article 15.

Governance.

Section 15-1 Board Of Directors.

The governing body of the Authority shall be a Board of Directors.

Section 15-5 Appointment Of Board Of Directors.

(a) The Board shall have twelve (12) directors. The directors shall be appointed as follows:

(1) There shall be five (5) directors designated or appointed by the City Council of the City of Chicago, each of whom shall be a resident of the City of Chicago. Three (3) of the directors designated or appointed by the City Council of the City of Chicago shall consist of the Commissioner of Aviation, the City Comptroller and the Corporation Counsel of the City of Chicago or their successors upon confirmation by the City Council of the City of Chicago, or the successor positions to any such offices.

(2) There shall be five (5) directors designated or appointed by the Common Council of the City of Gary, each of whom shall be a resident of the City of Gary. Three of the five (5) directors designated or appointed by the Common Council of the City of Gary shall consist of the President, the Vice President and the Secretary of the Gary Regional Airport Authority, or their successors upon confirmation by the Common Council of the City of Gary, or the successor positions to any such offices. Two (2) of the five (5) directors designated or appointed by the Common Council of the City of Gary shall consist of the President of the Common Council of the City of Gary and the Chairman of the Planning and Development Committee of the Common Council of the City of Gary, or the successor position to any such offices.

(3) There shall be one (1) director appointed by the governor of the State of Illinois as provided in the Illinois Act. The laws of the State of Illinois shall govern the official conduct, the appointment, removal and term of directors appointed by the Governor of the State of Illinois.

(4) There shall be one (1) director appointed by the Governor of the State of Indiana as provided by the Indiana Act. The laws of the State of Indiana shall govern the official conduct, the appointment, removal and term of directors appointed by the Governor of the State of Indiana.

(5) The Board shall elect annually, from its membership, a Chair, a Vice Chair and a Treasurer. The Chair and the Vice Chair each shall be from different states.

(b) Each appointment shall be certified by the appointing body or officer to the Secretary of the Authority.

Section 15-10 Terms, Vacancies And Removal.

(a) (1) The initial directors designated or appointed by the City Council of the City of Chicago shall serve for terms expiring (i) in the case of the

Commissioner of Aviation, the City Comptroller and the Corporation Counsel, on the date that any such director ceases to serve in such respective capacity as an official of the City of Chicago and (ii) in the case of the other directors, December 31, 2003. Commencing January 1, 2004, the two (2) directors representing the City of Chicago who are not also serving as the Commissioner of Aviation, the City Comptroller or the Corporation Counsel shall serve for terms of four (4) and six (6) years, respectively, and all subsequent terms shall be for six (6) years.

(2) The initial directors designated or appointed by the Common Council of the City of Gary shall serve for terms expiring (i) in the case of the directors who also are officers of the Gary Regional Airport Authority, on the date that any such director ceases to serve in such capacity as an officer of the Gary Regional Airport Authority and (ii) in the case of the directors who are also officers of the Common Council of the City of Gary, on the date that any such director ceases to serve in such capacity as an officer of the Common Council of the City of Gary.

(3) The initial directors appointed by the Governors of the State of Illinois and Indiana shall serve for terms determined by the appointing official as provided under state law.

(b) Except as otherwise provided in this Compact, directors shall hold office until their respective successors have been appointed. Directors may be reappointed and may serve consecutive terms.

(c) A vacancy shall occur upon resignation, death or disqualification (i) under the Municipal Code of the City of Chicago for directors designated or appointed by the City Council of the City of Chicago, (ii) under the law of the State of Illinois for directors appointed by the Governor of the State of Illinois, (iii) under the Gary Municipal Code for directors designated or appointed by the Common Council of the City of Gary, (iv) under the law of the State of Indiana for directors appointed by the Governor of the State of Indiana, or (v) upon removal as provided in subsection (e) of this section.

(d) In the event of a vacancy, the appointing body or officer who appointed the director whose position is vacant shall make an appointment to fill the vacancy to serve the remainder of the unexpired term in the same manner as provided for appointment of directors.

(e) Any director designated or appointed by the City Council of the City of Chicago may be removed from office for cause by the Mayor of the City of Chicago and any director appointed by the Governor of the State of Illinois may be removed from office by the Governor of the State of Illinois in accordance with Illinois law. Any director designated or appointed by the Common Council of the City of Gary may be removed from office for cause by the Mayor of the City of Gary and any director appointed by the Governor of

the State of Indiana may be removed from office by the Governor of the State of Indiana in accordance with Indiana law.

Section 15-15 Meetings; Quorum.

As soon as practicable after the Effective Date, the Board shall organize for the transaction of business. The Board shall prescribe the time and place for meetings, the manner in which special meetings may be called, the notice which must be given to directors and the notice which must be given to the public of meetings of the Board. The Board shall prescribe an official seal of the Authority. A majority of the directors from each state shall constitute a quorum for the transaction of business. In the absence of any director, such director's vote may be cast by another representative or member of such director's state if the representative casting such vote shall have a written proxy in proper form as may be required by the Authority.

All substantive action of the Board shall be by resolution. The concurrence of a majority of the directors from each state shall be necessary for the adoption of any resolution.

Section 15-20 Compensation.

The directors shall serve without compensation, except that they shall be reimbursed for actual expenses incurred in the performance of their duties. The Board, other than the Chair and the Vice Chair, may provide for annual compensation of the Chair and Vice Chair.

Section 15-25 Chair And Other Officers.

The Chair shall preside at meetings of the Board, and shall be entitled to vote on all matters. The Board shall select a Secretary and may provide for other officers of the Authority with such duties as it shall from time to time determine. The Secretary and other officers of the Authority may, but need not, be directors.

Section 15-30 Executive Director.

The officers of the Authority shall include an Executive Director, who shall be the chief executive officer of the Authority. Because of the significance of the Chicago Airports relative to the Gary Regional Airport, the Executive Director shall be appointed by the Mayor of the City of Chicago. The Mayor of the City of Gary shall appoint the Deputy Executive Director of the Authority, who shall serve in the absence of the Executive Director, and shall assist in the overall management of the Authority. The Executive Director, consistent with the policies and direction of the Board,

shall be responsible for the management of the business, employees and properties of the Authority, shall direct the enforcement of all resolutions, rules and regulations of the Board, and shall perform such other duties as may be prescribed from time to time by the Board. The Executive Director and any other employee of the Authority may simultaneously serve as an employee of a Signatory. The Board shall provide for the appointment of such attorneys, engineers, consultants, agents and employees as it may deem necessary, and may require bonds of any of them. Where appropriate and practicable, the Authority shall utilize the services of employees of each Signatory. The Board shall adopt rules and procedures governing the Authority's employment, evaluation, promotion, and discharge of employees. Subject to those rules and procedures and consistent with the policies and directions of the Board, the Executive Director shall select and appoint and may discharge employees of the Authority, or may supervise such selection, appointment or discharge. All officers (other than officers who are members of the Board) and all employees of the Authority shall report and be subordinate to the Executive Director. The compensation of the Executive Director and all other officers, attorneys, engineers, consultants, agents and employees shall be established by the Board. The Executive Director shall serve only pursuant to an employment contract authorized by the Board setting forth the terms and conditions of his or her employment. The Contract shall set forth the conditions upon which the Executive Director may be discharged by the Mayor of the City of Chicago.

Section 15-35 Ethics.

The Board shall adopt regulations governing ethics and conflicts of interest with regard to its officers, employees and the directors appointed by each Signatory. Notwithstanding any provision of the City of Chicago's ethics ordinances to the contrary, the fact that an officer or employee, or a former officer or employee, of the City of Chicago also serves as a director, officer or employee of the Authority or provides services to the Authority shall not be deemed a violation of any provision of the City of Chicago's ethics ordinances. The Illinois Governmental Ethics Act shall apply to the directors appointed by the Governor of the State of Illinois. The law of the State of Indiana shall apply to the directors appointed by the Governor of the State of Indiana.

Section 15-40 Meetings And Records.

The Board shall adopt regulations concerning the notice and conduct of its meetings and the consideration and passage of ordinances, resolutions, regulations, rules and other actions. The Board shall adopt regulations concerning the availability of its records.

Section 15-45 Termination.

(a) So long as no bonds issued by the Authority are outstanding and the development of New Regional Airport facilities has not commenced, this Compact may be terminated by the City of Chicago on any date occurring (i) on or after three (3) years following the Effective Date and (ii) six (6) months or more following the occurrence of both (A) the adoption of a resolution by a majority of the directors designated or appointed by the City Council of the City of Chicago providing for such termination and (B) the enactment by the City Council of the City of Chicago of an ordinance providing for such termination. This unilateral termination option is granted to the City of Chicago in recognition of the significance of the Chicago Airports relative to Gary Regional Airport.

(b) So long as no bonds issued by the Authority are outstanding and the development of New Regional Airport facilities has not commenced, this Compact may be terminated by the City of Gary on January 1, 2001 and on each January 1 occurring at five-year intervals following such date, upon the occurrence of both (i) the adoption no later than July 1 of the preceding year of a resolution by a majority of the directors designated or appointed by Common Council of the City of Gary providing for such termination and (ii) the enactment no later than July 1 of the preceding year by the Common Council of the City of Gary of an ordinance or a resolution providing for such termination.

(c) At any time when bonds issued by the Authority are outstanding or the development of New Regional Airport facilities has commenced, this Compact may not be terminated; provided that under such circumstances (i) the City of Chicago may withdraw the Chicago Airports or any of them from the jurisdiction of the Authority on any date occurring six months or more following (A) the adoption of a resolution by a majority of the directors appointed by the City Council of the City of Chicago providing for such withdrawal and (B) the enactment by the City Council of the City of Chicago of an ordinance providing for such withdrawal, and (ii) the City of Gary may withdraw the Gary Regional Airport from the jurisdiction of the Authority on January 1, 2001 and on each January 1 occurring at five-year intervals following such date upon the occurrence of both (A) the adoption no later than July 1 of the preceding year of a resolution by a majority of the directors designated or appointed by the Common Council of the City of Gary providing for such termination and (B) the enactment no later than July 1 of the preceding year by the Common Council of the City of Gary of an ordinance or a resolution providing for such termination.

(d) Upon termination of this Compact, the Board shall determine the disposition of any property of the Authority.

*Article 20.**Powers.*

Section 20-1 General Powers.

Except as otherwise provided in this Compact, the Authority shall have the powers described in this Article 20. Except as expressly set forth in Section 10-20, the powers of the Authority shall not limit, preempt or supersede the authority, powers or rights of any Signatory. The City of Chicago shall retain all of its powers as a home rule municipality under the Constitution and laws of the State of Illinois. The City of Gary shall retain all of its powers as a home rule municipality under the laws of the State of Indiana. The powers of each Signatory and the powers of the Authority may be jointly exercised.

Section 20-5 Existing Airports.

(a) The Authority shall exercise general oversight over the Existing Airports as provided in this Compact and may make proposals and reports to each Signatory concerning the development and operation of its Airports and the need for additional airport capacity, including any new Airport serving the Bi-State Region. The Board shall establish regular reporting requirements for each Signatory, whereby each Signatory shall report, no more frequently than each quarter and no less frequently than annually, on the financial condition, results of operations and other operational aspects of the Existing Airports.

(b) The Authority shall have the power to consider, approve, take or reject the actions described in Section 10-20.

(c) Subject to the provisions of Section 10-20, the City of Chicago shall manage, own and operate the Chicago Airports in accordance with (i) the City of Chicago's home rule powers under the Illinois Constitution of 1970, (ii) the Municipal Code of the City of Chicago, (iii) the Existing Chicago Airport Agreements and (iv) Section 11-102-1 et seq. of the Illinois Municipal Code, as in effect on the Effective date.

(d) Subject to the provisions of Sections 10-20 and 25-10, the City of Gary through the Gary Regional Airport Authority shall manage, own and operate the Gary Regional Airport in accordance with (i) Indiana law as in effect on the Effective Date, (ii) the Gary Municipal Code, and (iii) the Existing Gary Regional Airport Agreements. The City of Gary, by virtue of its authority and control over the Gary Regional Airport Authority, shall take all necessary options to cause the Gary Regional Airport Authority to comply with the provisions of this Compact, and the City of Gary shall not

approve any action by the Gary Regional Airport Authority that is inconsistent with or contrary to the provisions of this Compact.

Section 20-10 New Regional Airport Facilities.

The Authority shall have the power to evaluate on a continuing basis the Bi-State Region's need for a New Regional Airport, and to make reports and recommendations to each Signatory with respect to the need for a New Regional Airport. The Authority shall have the power to evaluate, plan, develop, secure permits, licenses and approvals for, acquire, finance, construct, equip, own and operate New Regional Airport facilities on a site or sites to be specified by the board. The development of any New Regional Airport shall also include all land, highways, waterways, rail, mass transit facilities and other infrastructure, located within or adjacent to the site of the New Regional Airport, that in the determination of the Board are necessary or appropriate in connection with the development or operation of the New Regional Airport. The development of a New Regional Airport also includes acquisition and development of any land or facilities for relocation of persons, including providing replacement housing or facilities for persons and entities displaced by that development, or for protecting or reclaiming the environment with respect to the New Regional Airport, or for providing substitute or replacement property or facilities, including without limitation, for areas of commercial entertainment, sports and recreation, conservation, open space and wetlands, or for providing navigational aids, whether or not located on the site of the New Regional Airport.

In connection with the evaluation, planning, acquisition, development, construction, equipping, financing, ownership and operation by the Authority of any New Regional Airport, the Authority shall have the following powers:

(a) to acquire all land, interests in land, and all other property and interests in property as may be necessary to carry out its powers and functions with respect to any New Regional Airport and to dispose of any such lands, interests, and property upon terms it deems appropriate;

(b) to enter into agreements by which it may provide for various functions relating to management or operation of any New Regional Airport to be performed on behalf of the Authority by any other Person;

(c) to adopt, administer and enforce airport zoning regulations, in the manner provided for political subdivisions under the Illinois Airport Zoning Act, as in effect on the Effective Date, with respect to any airport hazard area (as described in that Act) for any New Regional Airport located in the State of Illinois, regardless of the distance from that New Regional Airport; and to adopt, administer and enforce zoning regulations governing land and improvements within the site of any New Regional Airport located in the State of Illinois, all in a manner consistent with the

procedures and requirements for municipalities under the Illinois Municipal Code, as in effect on the Effective Date; with respect to any New Regional Airport located in the State of Indiana, the Authority may fix a restricted zone for distances in any direction from the boundaries of such New Regional Airport that is necessary and practicable, regulating the height of structures to provide free air space for access by aircraft and for safe use of such New Regional Airport, all in accordance with the laws of Indiana.

(d) to acquire possession by eminent domain of any property or interest in property that the Authority is authorized to acquire under this Compact in connection with the acquisition, development and operation of any New Regional Airport, which power shall extend to all types of interests in private property, both real and personal (including, without limitation, easements for access or open space purposes and rights of concurrent usage of existing or planned facilities); to exercise the power of eminent domain granted in this subsection with respect to property located within the State of Illinois in the manner provided for the exercise of the right of eminent domain under the Illinois Code of Civil Procedure, as in effect on the Effective Date, and, with respect to property located within the State of Indiana, in the manner provided for the exercise of eminent domain under the laws of the State of Indiana, as in effect on the Effective Date; provided that no property or interest in property within the boundaries of any Signatory shall be acquired by the Authority by eminent domain without the written consent of the Mayor of such Signatory;

(e) to provide for the relocation of all Persons displaced by the development or expansion of any New Regional Airport, including through provision of relocation assistance or the provision of replacement housing or other facilities;

(f) to (i) enter into leases of any of the Authority's property or facilities, use agreements with airlines or other users of any New Regional Airport, agreements with concessionaires and franchise agreements for use of or access to any New Regional Airport facilities and any other agreements that may be desirable to achieve the purposes of the Authority and (ii) engage in all aspects of the development of commercial, industrial, recreational, sports and entertainment and other facilities located on or adjacent to the site of a New Regional Airport;

(g) to apply to the proper authorities of the United States of America pursuant to appropriate law for permission to establish, operate, maintain and lease foreign trade zones and sub-zones within the area of any New Regional Airport and to establish, operate, maintain, and lease such foreign trade zones and sub-zones;

(h) to enter into contracts for the improvements upon real estate appurtenant to any New Regional Airport, including farming, extracting minerals, subdividing, promoting and developing of such real estate as

shall aid and encourage the development and service of such New Regional Airport, and to mortgage, pledge, or otherwise grant security interests in any such property;

(i) to enter at reasonable times upon such lands, waters, or premises as in the judgment of the Authority may be necessary, convenient or desirable for the purpose of making surveys, soundings, borings and examinations relating to any New Regional Airport after having given reasonable notice of such proposed entry to the owners and occupants of such lands, water, or premises, the Authority being liable only for actual damage caused by such activity;

(j) to require the removal or relocation of any building, railroad main, pipe, conduit, wire, pole, structure, facility and equipment on the site of any New Regional Airport, as may be needed to carry out the powers of the Authority, with the Authority to compensate the person required to remove or relocate the building, railroad, main, pipe, conduit, wire, pole, structure, facility, or equipment as provided by law or for such relocation on the site of the New Regional Airport;

(k) to make loans from proceeds of bonds or funds otherwise available to the extent necessary or appropriate for development, expansion or improvement of facilities in connection with a New Regional Airport;

(l) to operate farming operations or real estate appurtenant to any New Regional Airport;

(m) to maintain, operate and extend water and sewer systems on the real estate of the land appurtenant to any New Regional Airport, and make and collect charges for services;

(n) to construct and lease industrial and aviation buildings on the land appurtenant to any New Regional Airport;

(o) to lease land, including any land now owned by any Signatory, suitable for a New Regional Airport for a term of not less than ninety-nine (99) years;

(p) to secure expert guidance on the development of any New Regional Airport to the end that the interest of the region are best served; and to implement that development within the laws of the States of Illinois and Indiana;

(q) to accept, receive and receipt for federal moneys and other moneys, public or private, for the acquisition, construction, enlargement, improvement, maintenance, equipment or operation of a New Regional Airport and other air navigation facilities and sites therefor;

(r) to buy and sell machinery for aviation purposes; and to negotiate and contract for personal services, materials and supplies, provided that whenever personal property is to be purchased or sold, there shall be due notice and competitive bidding as directed and required by the laws of the state in which the New Regional Airport is located; and

(s) to perform all functions and do all acts that are necessary to the total development of a New Regional Airport, not inconsistent with the laws of Illinois and Indiana, as in effect on the Effective Date.

Section 20-15 Contracts.

The Authority shall have the power to enter into all contracts useful for carrying out its purposes and powers, including, without limitation, contracts with each Signatory, all with such duration as the Board shall determine.

Section 20-20 Employment.

The Authority shall have the power to appoint and remove or discharge personnel as may be necessary for the performance of the Authority's functions irrespective of the civil service, personnel or merit system laws of either the State of Illinois or the State of Indiana. The Authority may borrow, accept, or contract for services of personnel from any Signatory, from any state or the United States or any subdivision or agency thereof, from any interstate agency, or from any Person.

Section 20-25 Employee Pensions.

The Authority may establish and maintain systems of pensions and retirement benefits for such officers and employees of the Authority as may be designated or described by resolution of the Authority. Such pension systems shall be financed or funded by such means and in such manner as may be determined by the Board to be economically advantageous.

Section 20-30 Approvals.

The Authority shall have the power to apply to the proper authorities of the United States or the State of Illinois, the State of Indiana, any Signatory, as permitted or authorized by applicable law, to obtain any grants, loans, loan guarantees or other forms of governmental credit enhancement, licenses, approvals or permits reasonably necessary to achieve the purposes of this Compact.

Section 20-35 Additional Powers.

(a) The Authority shall also have all powers necessary, convenient or desirable to meet its responsibilities and to carry out its purposes under this Compact, including, but not limited to, the following powers:

- (1) to sue and be sued;
- (2) to invest any funds or any monies not required for immediate use or disbursement in such manner as the Authority in its discretion determines;
- (3) to make, amend, and repeal by action of the Board bylaws, rules and regulations, and resolutions consistent with this Compact;
- (4) to acquire, hold, sell by installment contract, lease as lessor, transfer or dispose of such real or personal property as it deems appropriate in the exercise of its powers;
- (5) to enter into collective bargaining agreements and contracts of group insurance for the benefit of its employees and to provide for retirement benefits or pensions and other employee benefit arrangements for its employees similar to those enjoyed by employees of the State of Illinois and the State of Indiana;
- (6) to provide for the insurance of any property, directors, officers, employees, or operations of the Authority against any risk or hazard, to self-insure or participate in joint self-insurance pools or entities to insure against such risk or hazard, and to provide for the indemnification of its directors, officers, employees, contractors, or agents against any and all risks;
- (7) to pass all resolutions and make all rules and regulations proper or necessary to regulate the use, operation, and maintenance of its property and facilities;
- (8) to enter into arbitration arrangements, which may be final and binding;
- (9) to accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials and services, conditional or otherwise, from any Signatory or from any Person; and to receive, utilize and dispose of the same; and
- (10) to establish and maintain such facilities as may be necessary for the transaction of its business.

(b) In each case in which this Compact gives the Authority the power to acquire real or personal property, the Authority shall have the power to acquire such property by contract, purchase, gift, grant, exchange for other property or rights in property, lease (or sublease) or installment or conditional purchase contracts, including a settlement of an eminent domain proceeding, which leases or installment or conditional purchase contracts may provide for consideration to be paid in annual installments. Property may be acquired subject to such conditions, restrictions, liens, or security or other interests of other parties, and the Authority may acquire a joint, leasehold, easement, license or other partial interest in such property. Any such acquisition may provide for the assumption of, or agreement to pay, perform or discharge, outstanding or continuing duties, obligations or liabilities of the seller, lessor, donor, or other transferor of, or of the trustee with regard to, such property. In connection with the acquisition of any real or personal property or interests in real or personal property, the Authority may indemnify and hold harmless the owners and occupants of such property or interests in property for any and all losses, claims, damages, liabilities or expenses arising out of the ownership or use of such property or interests in property.

Section 20-40 Antitrust Exemption.

It is the policy of the Signatories that all powers granted to the Authority, either expressly or by necessary implication, by this Compact or any Illinois or Indiana statute, or ordinance of the City of Chicago or the City of Gary, or by this Compact, may be exercised by the Authority notwithstanding effects on competition. It is the intention of the Signatories that the state action exemption to the application of federal antitrust statutes be fully available to the Authority to the extent its activities are authorized by law or this Compact.

Article 25.

Finance.

Section 25-1 Control Of Finances.

The Board shall control the finances of the Authority on the basis and subject to the limitations set forth in this article. Except as provided in Section 25-25 with respect to the imposition of fees and charges relating to any New Regional Airport, the Authority shall have no revenue powers. To the extent practicable, the Authority shall utilize the employees, expertise, assets, property, purchasing arrangements and other resources of the Signatories in carrying out its activities, purposes and powers.

Section 25-5 Budgets And Capital Plans.

(a) The City of Chicago shall pay, from any legally available funds appropriated by the City Council of the City of Chicago, including but not limited to its allocable share of legally available Chicago O'Hare International Airport Land Support Area Net Revenues, the Authority's initial operating expenses incurred prior to January 1, 1996, in an amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000). Promptly following the Effective Date, the Board shall adopt a budget for the balance of the initial fiscal year ending December 31, 1995.

(b) Each year on or before the first day of July, the Authority shall prepare a budget of its estimated expenditures for the fiscal year beginning on the first day of January of the succeeding year, and on or before the first day of July shall submit a copy of its proposed budget to each Signatory. The Authority's annual budgeted expenditures shall be allocated and prorated equally between each Signatory, based initially upon the ratio that the total operating expenses incurred in the prior fiscal year by each Signatory with respect to its Existing Airports bears to the aggregate amount of operating expenses incurred during such fiscal year in connection with the operation of the Existing Airports; provided that the amount allocated to the City of Chicago shall not exceed one percent of the total operating expenses incurred in connection with the operation of Chicago O'Hare International Airport during the prior fiscal year and the amount allocated to the City of Gary for use at Gary Regional Airport shall not exceed one percent of the total operating expenses incurred in connection with the operation of Gary Regional Airport during the prior fiscal year. Consistent with the Illinois Act and the Indiana Act, the Signatories may subsequently agree to modify or adjust this ratio. Each such proposed budget shall be accompanied by a request to each Signatory to appropriate funds sufficient to fund its allocable portion of the Authority's budget. Following such appropriations, the Board shall adopt the Authority's final budget for such fiscal year. The Authority's expenditures related to any extraordinary litigation shall be allocated on a basis consistent with this subsection (b) as determined by the Board. Upon the request of a Signatory, the Board may allocate operating funds of the Authority to a Signatory as reimbursement for the amount of any direct expenses incurred by that Signatory in complying with its obligations under this Compact.

(c) The Authority shall be required to keep accurate record of all accounts of receipts and disbursements. The receipts and disbursements of the Authority shall be subject to an annual audit, and accounting procedures established by the Board, provided that all receipts and disbursements of funds handled by the Authority shall be audited by a qualified independent public accountant and the report of the audit shall be incorporated into and become a part of the annual report of the Authority described in Section 25-15.

(d) The accounts of the Authority shall be open to inspection by the general public at any reasonable time.

(e) The Authority's Initial Capital Plan with respect to each Existing Airport is included as (Sub)Exhibit A to this Compact. No later than December 31 of each year, beginning in 1996, the Board shall adopt a five-year Capital Plan for the Regional Airports, providing for all Capital Projects that each Signatory proposes to undertake or continue during the following five year period. If the Board fails to adopt a Capital Plan by December 31 of each year, the prior Capital Plan (including the Initial Capital Plan) shall remain in effect. Upon the request of a Signatory, the Capital Plan may be modified by the Board from time to time. Once a Capital Project is included in the Capital Plan, a Signatory is authorized to complete that Capital Project without further Board approval. Any Capital Projects to be financed with passenger facility charge revenues shall be included in the Capital Plan.

Section 25-10 Airport Development.

(a) The City of Chicago, from any legally available funds appropriated by the City Council of the City of Chicago, including but not limited to the City of Chicago's allocable share of legally available Net Revenues of the Land Support Area (as defined in the O'Hare Use Agreement), shall pay One Million Two Hundred Thousand Dollars (\$1,200,000) to the City of Gary for the cost of the Capital Projects at Gary Regional Airport that are described in (Sub)Exhibit B to this Compact, which Capital Projects are needed to enable Gary Regional Airport to function as a reliever airport for the Chicago Airports. Payment of this amount by the City of Chicago to the City of Gary shall be processed immediately following the Effective Date of the Compact. The amount paid to the City of Gary pursuant to this subsection (a) is intended to facilitate the coordinated development of the Gary Regional Airport with the development of the Chicago Airports, and is consistent with the findings set forth in Section 5-10.

(b) Within one hundred eighty (180) days following the Effective Date, the City of Chicago shall file a passenger facility charge application with the F.A.A. requesting authorization to use a portion of the passenger facility charges collected by the City of Chicago at the Chicago Airports for purposes of financing any or all of the Capital Projects described in (Sub)Exhibit B to this Compact, and annually for eligible passenger facility charge projects as may from time to time in the future become part of Gary Regional Airport's Capital Plan as approved by the Board, which Capital Projects are compatible with Gary Regional Airport's function as a reliever airport for the Chicago Airports. Following receipt of all necessary approvals from the F.A.A., the City of Chicago shall have the exclusive power to direct the planning, design, construction, financing and implementation of any such Capital Projects to be financed with passenger facility charges remitted to

the City of Chicago in such fiscal year. Subject to F.A.A. approval, the amount of passenger facility charges used by the City of Chicago for Capital Projects at the Gary Regional Airport in any fiscal year pursuant to this subsection (b) shall not exceed one and one-half percent ($1\frac{1}{2}\%$) of the aggregate passenger facility charges collected by the City of Chicago at the Chicago Airports. The City of Chicago shall have all necessary powers to satisfy the passenger facility charge assurances made to the F.A.A. in connection with any such applications. The City of Gary and the Gary Regional Airport Authority shall enter into all agreements and assurances and take all other actions that may be necessary to obtain and maintain F.A.A. approval for the use of passenger facility charges as contemplated in this subsection (b).

(c) The City of Chicago, through its Department of Aviation, shall provide assistance to the Authority in developing a coordinated and complementary marketing plan for the Existing Airports. In particular, the City of Chicago agrees to cooperate with the City of Gary in implementing a development plan for Gary Regional Airport that is described in (Sub)Exhibit C. Nothing in this Compact shall preclude or prejudice in any way the development of passenger service at Gary Regional Airport.

(d) To the extent permitted by law, the City of Chicago shall afford the City of Gary and the Gary Regional Airport Authority a right of first refusal to purchase used or obsolete equipment utilized at the Chicago Airports.

(e) The Signatories recognize that the City of Gary has established an Airport Development Zone ("A.D.Z.") under Indiana law, and the Authority shall in every way consistent with this Compact facilitate the growth and development of the A.D.Z., recognizing the A.D.Z. opportunities and incentives.

Section 25-15 Annual Report.

(a) The Authority shall annually make a report to the Governors of the State of Illinois and the State of Indiana setting forth information concerning its activities for the preceding year; and shall embody in such report recommendations as may have been adopted by the Authority. The annual report shall include information and recommendations, as appropriate, concerning the need for a New Regional Airport to serve the Bi-State Region. The annual report also shall include the audited financial statements of the Authority for the fiscal year and the budget for the succeeding fiscal year. Copies of the annual report shall be made available to Persons who request them and shall be submitted not later than one hundred eighty (180) days after the end of the Authority's fiscal year to each Signatory.

(b) A copy of each annual report also shall be filed in the State of Illinois with the Speaker, the Minority Leader and the Clerk of the House of

Representatives and the President, the Minority Leader and the Secretary of the Senate and the Legislative Research Unit, as required by Section 3.1 of "An Act to revise the Law in Relation to the General Assembly", approved February 25, 1874, as amended, and filing such additional copies with the State Government Report Distribution Center for the General Assembly as is required under paragraph (t) of Section 7 of the State Library Act.

(c) A copy of such annual report also shall be filed with the Indiana General Assembly at any regular session of such body.

(d) The Authority may use its revenues for any purpose permitted under this Compact, including in connection with the development or operation of any Existing Airport.

Section 25-20 Purchasing.

The Board shall adopt purchasing regulations applicable to its activities, subject to the provisions of Section 20-10(r). Those regulations shall provide that construction contracts and contracts for supplies, material, equipment and services or acquisition by the Authority of property (other than real estate), involving in each case a cost of more than Twenty-five Thousand Dollars (\$25,000), shall be awarded to the lowest responsive and responsible bidder upon public notice and with public bidding. The Board may adopt regulations to make exceptions to the requirement for public bidding in instances in which it determines bidding is not appropriate, including, without limitation, instances in which the property or service can be obtained only from a single source or for any professional services, or in which various alternative purchasing arrangements are preferable, including, without limitation, prequalification of bidders, negotiation with the lowest responsive and responsible bidder after opening of bids or procurement by negotiation or agreement with any airline. The Authority's purchasing regulations shall not apply to purchasing or procurement by any Signatory, whether for itself or on behalf of the Authority.

Section 25-25 Revenues.

(a) The Board may impose and use a passenger facility charge or other similar fee or charge permitted by the Federal Aviation Administration or United States government at any New Regional Airport, but not at any other Airport.

(b) The Board may set fees and charges for the use of any New Regional Airport or any facilities of a New Regional Airport or any property owned or leased by the Authority and may enter into contracts with users providing for the payment of amounts for the use of any New Regional Airport or facilities of such a New Regional Airport.

(c) The Board shall by resolution provide for details of and the method of collecting any fee or charge it imposes under this section.

Section 25-30 Borrowing.

(a) The Authority shall have the continuing power to borrow money and to issue its negotiable Bonds as provided in this section. Bonds of the Authority may be issued to finance the costs of planning, developing, constructing, acquiring, improving, repairing or expanding any New Regional Airport, including facilities to be leased to or used by any Person other than the Authority; to make loans for development, expansion or improvement of facilities in connection with a New Regional Airport; to provide funds for operations of any New Regional Airport; to pay, refund (at the time of or in advance of any maturity or redemption) or redeem any bonds; to provide or increase a debt service reserve fund or other reserves with respect to any or all of its Bonds; to pay interest on Bonds; or to pay the legal, financial, administrative, bond insurance, credit enhancement, and other expenses of the authorization, issuance, sale or delivery of Bonds.

(b) All Bonds issued under this section shall have a claim for payment solely from one or more funds, revenues or receipts of the Authority or property of any user of facilities financed by the Authority as provided in this Compact and from credit enhancement or other security for the Bonds, including but not limited to guarantees, pledges of property, letters of credit, or other security or insurance, for the benefit of bondowners. Bonds may be issued in one or more series and may have a claim for payment and be secured either separately or on a parity with any other Bonds. Bonds shall be secured as provided in the authorizing resolution, which may include, in addition to any other security, a specific pledge or assignment of or grant of a lien on or security interest in any or all funds and revenues of the Authority and a mortgage or security interest in any property or leasehold of an owner or user of facilities financed by Bonds, including without limitation, revenues relating to a New Regional Airport. Any such pledge, assignment, lien or security interest on funds and revenues shall be valid and binding from the times the Bonds are issued, without any necessity of physical delivery, filing, recording or further act, and shall be valid and binding as against and prior to the claims of all other parties having claims of any kind against the Authority or any other Person irrespective of whether such other parties have notice of the pledge, assignment, lien or security interest. The Authority may provide for the creation of, deposits in, and regulation and disposition of, sinking fund or reserve accounts relating to the Bonds. The Authority may make provision, as part of the contract with the owners of the Bonds, for the creation of one or more separate funds to provide for the payment of principal and interest on the Bonds and for the deposit in the fund from any one or more sources of revenues of the Authority from whatever source which may be utilized for debt service purposes of amounts to meet the debt service requirements on the Bonds, including principal and interest and any sinking fund or reserve fund account requirements and all

expenses incident to or in connection with the fund and accounts or the payment of Bonds. However, no security for Bonds shall be provided contrary to the provisions of Section 25-40 of this Compact.

(c) Subject to the provisions of subsection (f) of this section, the authorizing resolution shall set forth or provide for the terms of the Bonds being authorized, including their maturity, the provisions for interest on those Bonds, the security for those Bonds, their redemption provisions and all covenants or agreements necessary or desirable with regard to the issuance, sale and security of those Bonds.

(d) The authorizing resolution may provide for appointment of a corporate trustee (which may be any trust company or bank having the powers of a trust company within or without the territory of any Signatory) with respect to the Bonds. The authorizing resolution shall prescribe the rights, duties and powers of any trustee to be exercised for the benefit of the Authority and the protection of the owners of the Bonds and may provide for terms of a trust indenture for the Bonds. The authorizing resolution may provide for the trustee to hold in trust, invest and use amounts in funds and accounts created as provided by the authorizing resolution.

(e) The Bonds authorized by any resolution shall be:

(1) payable as to principal and interest on such dates, shall be in the denominations and forms, including book entry form, and shall have the registration and privileges as to exchange, transfer or conversion and the replacement of mutilated, lost, or destroyed bonds, as the resolution or trust indenture may provide;

(2) payable in lawful money of the United States at a designated place or places;

(3) subject to the terms of purchase, payment, redemption, remarketing, refunding or refinancing that the resolution or trust indenture provides, including redemption at a premium;

(4) executed by the manual or facsimile signatures of the officers of the Authority designated by the Board, which signatures shall be valid at delivery even for one who has ceased to hold office; and

(5) sold, at public or private sale, in the manner and upon the terms determined by the authorizing resolution.

(f) By its authorizing resolution for particular Bonds, the Board may provide for specific terms of those Bonds, including, without limitation, the purchase price and terms, interest rate or rates, redemption terms and principal amounts maturing in each year, to be established by one or more

directors or officers of the Authority, all within a specific range of discretion established by the authorizing resolution.

(g) The authorizing resolution or trust indenture may contain provisions that are a part of the contract with the owners of the Bonds that relate to:

(1) limitations on the purposes to which, or the investments in which, the proceeds of the sale of any issue of Bonds or the Authority's revenues may be applied or made;

(2) limitations on the issuance of additional Bonds, the terms upon which additional Bonds may be issued and secured, the terms upon which additional Bonds may rank on a parity with, or be subordinate or superior to other Bonds;

(3) the refunding, advance refunding or refinancing of outstanding Bonds;

(4) the procedure, if any, by which the terms of any contract with owners of Bonds may be altered or amended and the amount of Bonds the owners of which must consent to an amendment, and the manner in which consent must be given;

(5) the acts or omissions that constitute a default in the duties of the Authority to owners of Bonds and the rights or remedies of owners in the event of a default, which may include provisions restricting individual rights of action by bondowners;

(6) any other matter relating to the Bonds which the Board determines appropriate.

(h) Any Bonds of the Authority issued under this section shall constitute a contract between the Authority and the owners from time to time of the Bonds. The Authority may also covenant that it shall impose and continue to impose fees or charges, as authorized by this Compact and in addition as subsequently authorized by amendment to this Compact, sufficient to pay the principal and interest and to meet other debt service requirements of the Bonds as they become due.

(i) Each Signatory pledges to and agrees with, the owners of the Bonds that it will not limit or alter the rights and powers vested in the Authority by this Compact so as to impair the terms of any contract made by the Authority with the owners or in any way impair the rights and remedies of the owners until the Bonds, together with interest on them, and all costs and expenses in connection with any action or proceedings by or on behalf of the owners, are fully met and discharged. The Authority is authorized to include this pledge and agreement in any contract with the owners of Bonds issued under this section.

Section 25-35 Interest Swaps.

With respect to all or part of any issue of its Bonds, the Authority may enter into agreements or contracts with any necessary or appropriate Person which will have the benefit of providing to the Authority an interest rate basis, cash flow basis, or other basis different from that provided in the Bonds for the payment of interest. Such agreements or contracts may include, without limitation, agreements or contracts commonly known as "interest rate swap agreements", "forward payment conversion agreements", "futures", "options", "puts", or "calls" and agreements or contracts providing for payments based on levels of or changes in interest rates, agreements or contracts to exchange cash flows or a series of payments, or to hedge payment, rate spread, or similar exposure.

Section 25-40 Not Obligations Of Signatories.

No Bonds or other obligations of the Authority shall be a debt or obligation of any Signatory, or treated as indebtedness of any Signatory, or require the levy, imposition or application of any tax by any Signatory; nor shall any funds or other obligations be treated as indebtedness of the Existing Airports.

Section 25-45 Affirmative Action Programs.

(a) The Authority shall, to the extent permitted by the Constitution and laws of the United States and the Constitution of the States of Illinois and Indiana, establish and maintain an affirmative action program designed to provide equal employment opportunity and eliminate the effects of past discrimination. In developing its affirmative action program, the Authority shall rely on the past discriminatory practices of each Signatory. The program shall include a plan, including time tables where appropriate, that specifies goals and methods for increasing participation by women and minorities in employment by the Authority and by parties that contract with the Authority. The program shall also establish procedures and sanctions the Authority shall enforce to ensure compliance with the plan established pursuant to this section and with state and federal laws and regulations relating to the employment of women and minorities. A determination by the Authority as to whether a party to a contract with the Authority has achieved the goals or employed the methods for the increasing participation by women and minorities shall be determined in accordance with the terms of those contracts or the applicable provisions of the rules and regulations of the Authority existing at the time the contract was executed, including any provisions for consideration of good faith efforts at compliance that the Authority may reasonably adopt.

(b) The Authority shall, to the extent permitted by the Constitution and laws of the United States and the Constitutions of the States of Illinois and

Indiana, adopt and maintain minority-owned and female-owned business enterprise procurement programs under the affirmative action program described in subsection (a) of this section. The program shall comply with (i) the applicable requirements of the Municipal Code of the City of Chicago, with respect to the Chicago Airports and any other Authority activities in the State of Illinois, (ii) the applicable requirements of the Gary Municipal Code, with respect to the Gary Regional Airport and any other Authority activities in the State of Indiana and (iii) applicable federal law.

Article 30.

Intergovernmental Relations.

Section 30-1. Intergovernmental Cooperation.

The Authority may enter into agreements with any Signatory, the United States, the States of Illinois or Indiana, or with any Governmental Entity, by which powers of the Authority and the other parties may be jointly exercised.

Section 30-5 Tax Exemption.

The Authority and all of its operations and property used for public purposes shall be exempt from all taxation of any kind imposed by any Signatory or Governmental Entity. This exemption shall not apply to property, including leasehold interests, or operations of any person or entity other than the Authority.

Section 30-10 Application Of Laws.

(a) Rules, regulations and ordinances of any Governmental Entity shall not apply to the Authority or its operations or property.

(b) Except as otherwise provided in this Compact, all laws of the State of Illinois that would be applicable to any user of a Regional Airport located in the State of Illinois shall continue to apply to the Authority as a body politic and corporate under this Compact, except with respect to property and activities located wholly outside the State of Illinois. Except as otherwise provided in this Compact, all laws of the State of Illinois that would apply to the Authority as an Illinois political subdivision, municipal corporation and unit of local government shall not apply to the Authority. The Illinois Act shall apply to the Authority. The Authority shall be subject to all applicable Illinois and federal laws and regulations concerning the protection of the environment for sites and activities in Illinois.

(c) Except as otherwise provided in this Compact, all laws of the State of Indiana that would be applicable to any user of a Regional Airport located in the State of Indiana shall continue to apply to the Authority as a body politic and corporate under this Compact, except with respect to property and activities located wholly outside the State of Indiana. Except as otherwise provided in this Compact, all laws of the State of Indiana that would apply to the Authority as an Indiana governmental unit shall not apply to the Authority. The Indiana Act shall apply to the Authority. The Authority shall be subject to all applicable Indiana and federal laws and regulations concerning the protection of the environment for sites and activities in Indiana.

Section 30-15 Municipalities.

The Authority and any Signatory or other municipality in which any part of any Regional Airport is located may enter into one or more agreements for the exclusive exercise by the Authority of any power granted to the Authority under this Compact. The Authority and the Signatory or municipality may also agree that any such power may either be concurrently exercised by the Authority and the Signatory or municipality, or may be exclusively exercised by the Signatory or municipality. The City of Chicago expressly retains all of its powers as a home rule municipality under the Illinois Constitution of 1970. The City of Gary expressly retains all of its powers as a home rule municipality under Indiana law.

Article 35.

Procedures And Limitations.

Section 35-1 Hearings And Citizen Participation.

(a) The Authority shall provide for and encourage participation by the public in the development and review of major decisions concerning the location, development and operation of any New Regional Airport.

(b) The Authority shall hold a public hearing prior to the imposition of any zoning regulation, or the determination of the site of any New Regional Airport or the determination to expand any Existing Airport.

(c) At least twenty (20) days notice shall be given of each hearing under this article in a newspaper of general circulation in each Signatory. The Authority may designate one or more directors or hearing officers to preside over any hearing under this section.

Section 35-5 Limitation On Actions.

The Local Governmental and Governmental Employees Tort Immunity Act shall apply to the Authority and all its directors, officers and employees with respect to actions or omissions in the State of Illinois. Indiana governmental tort immunity provisions shall apply to the Authority and all its directors, officers and employees with respect to actions or omissions in the State of Indiana.

Article 40.

Severability.

Section 40-1 Severability.

The provisions of this Compact shall be severable. If any phrase, clause, sentence, or provision of this Compact is declared to be unconstitutional or its applicability to any Signatory or circumstance is held invalid, the constitutionality of the remainder of this Compact and the applicability of it to any other Signatory or circumstance shall not be affected. The provisions of this Compact shall be reasonably and liberally construed to achieve the purposes for the establishment of the Authority.

Article 45.

Interstate Compact; Parties And Interests.

Section 45-1 Interstate Compact.

The City of Chicago and the City of Gary are authorized to enter into this Compact to provide for the Authority to serve as an interstate body politic and corporate under the Compact. Jurisdiction over all cases or controversies involving the Authority shall be in Illinois, Indiana or federal courts, the same as if the Authority were an Illinois unit of local government and a citizen of the State of Illinois. This Compact may be amended upon the written consent of the legislative body and Mayor of each Signatory, and shall not be amended without the consent of each Signatory.

Section 45-5 Effective Date Of Compact; Counterparts.

This Compact was approved and enacted by the City Council of the City of Chicago and approved by the Mayor of Chicago on April ____, 1995 and by the Common Council of the City of Gary on April ____, 1995, and accordingly the Effective Date of this Compact shall be April ____, 1995. This Compact shall be signed and sealed in five (5) duplicate original copies. One (1) copy shall be filed with the City Clerk of the City of Chicago, one copy shall be filed with the City Clerk of the City of Gary, one copy shall be filed with the Secretary of State of Illinois, one copy shall be filed with the Secretary of State of Indiana, and one (1) copy shall be filed and retained in the archives of the Authority.

Section 45-10 Parties And Interests.

This Compact is made solely for the benefit of each Signatory, and no other Person shall acquire or have any rights hereunder except as expressly provided herein. This Compact is not assignable without the express written consent of the Mayor and the governing body of each Signatory. No Person may assume the rights or obligations of a Signatory under this Compact without the express written consent of the Mayor and the governing body of each Signatory. References in this Compact to a Signatory shall not be deemed to include any successors or assigns, unless this Compact has been assigned with the express written consent of the Mayor and the governing body of each Signatory.

Executed as of this ____ day of April, 1995.

City of Chicago

City of Gary

Mayor

Mayor

(Sub)Exhibits "A", "B" and "C" referred to in this Airport Compact read as follows:

(Sub)Exhibit "A".
(To Airport Compact)

Chicago -- Gary Regional Airport Authority.

Initial Capital Plan.

Chicago O'Hare International Airport Capital Improvement Program.

Project Number	Project Title
H0102-01	Concourse L Apron Modification
H0131-04	Additional Signage
H0171	Concession Improvements
H0173	Concourse F Extension and Improvement
H0174	Concourse G Extension and Improvement
H0179-03	Rotunda and F.A.A. Tower
H0181	F.A.A. Control Tower Skin
H0504	Relocated Northwest Tollway Connection
H0789-01	Fuel System Modification -- Truck Fill/Satellite Integration
H0789-02	Fuel System Modification -- West Tank Farm
H0789-03	Fuel System Modification -- Bonded Tank Additions
H0804	O'Hare SLP Update
H0804-01	ALP Analytical Support -- Phase 1
H1003	Upper Level and Elevator Expansion -- Terminal 2 and Terminal 3

Project Number	Project Title
H1005	EPS Pedestrian Corridors/Escalators Rehabilitation
H1007	Rotunda Curtainwall Rehabilitation
H1009	Concourses E and F Upgrade
H1010	Concourse G Upgrade
H1011	Terminal 2 Upgrade
H1012	Terminal 3 Upgrade
H1013	Rotunda Building Improvements
H1015	Terminal 3 Security (Permanent Facilities)
H1016	P.A. System Replacement -- Terminal 2 and Terminal 3
H3003	Rescue and Fire Fighting Facility (Burn Pit)
H5003	EPS Rehabilitation
H5003-02	Terminal 4 FIS Restoration
H5003-03	EPS Entrance/Exit Ramps and Roadway Rehabilitation
H5005	Zemke/Coleman Roadway Improvements
H5006	Roadway Overlay -- Lower Level
H5012	Lot E Expansion (Long Term Parking -- Entry Rehabilitation)
H5013	Taxicab Recirculation Bridge Rehabilitation
H5014	Perimeter Security -- Study and Design
H5020	Salt Storage Dome Development -- Sitework
H5900	ESP Standard Parking Capital Program

Project Number	Project Title
H6004	Oil Separators 1, 2 and 3 Rehabilitation
H6005	North/South Pumping Stations and Tunnel Ventilation Repairs
H6006	ATCT Airfield Lighting Control Panel
H6008	Hangar Area Roadway Lighting Upgrade
H6009	Runway 9R/27L Rehabilitation
H6010-01	Scenic Hold Pad and Taxiway Rehabilitation
H6010-02	Airfield Lighting Cable Replacement
H6010-03	Scenic Hold Pad Drainage
H6011	North Airfield Drainage Improvements
H6012	Cargo Tunnel Structural Repairs and Resurfacing
H6015	Taxiway 4R/22L Rehabilitation
H6016	Taxiway 14L/32R Rehabilitation
H6017	Taxiway Hangar Alley Rehabilitation
H6018	Taxiway 9R/27L Rehabilitation
H6019	Taxiway 14R/32L and T's Rehabilitation
H6020	North/South Taxiway Rehabilitation
H6021	Terminal Apron Pavement Rehabilitation
H6022	Taxiway 9L/27R Rehabilitation
H6023	Taxiway/Inner Bridge Rehabilitation
H6026	Radio Alarm Call Box System

Project Number	Project Title
H6027	In-Pavement Runway Edge Lights
H6032-01	Terrazzo Floor Repair -- Concourse E.F Stem
H6032-02	Terrazzo Floor Repair -- Concourse E
H6032-03	Terrazzo Floor Repair -- Concourse F
H6032-04	Terrazzo Floor Repair -- Concourse G
H6032-05	Terrazzo Floor Repair -- Terminal 3 Lower Level
H6038	Expansion Joint Rehabilitation B.C Apron
H6039	Shoulder Rehabilitation -- Runways 4R/22L and 9L/27R
H6042	Police Facility
H7001	H & R Standby Power -- New Turbine Generators
H7003	Replacement of Steam Generator with Double Wall Converter
H7004	Water Meter Replacement -- Phase 2
H7006	Replacement of Domestic Hot Water Converters
H7008	Water Pressure Study Implementation
H7014	Chilled Water Study and Implementation
H7014-01	Calibrate Chiller Controls/Replacement of Refrigerant Valves on Chillers 6, 7, 8 and 9
H7014-03	Replacement of AHU (T2 Building 4A) (T3 Building 8A) (H & R)
H7014-04	Replacement of Chilled Water Pump Impellers
H7020	Radio Trunking System

Project Number	Project Title
H8001-03	School Soundproofing -- 1994
H8001-04	School Soundproofing -- 1995
H8001-05	School Soundproofing -- 1996
H8001-06	School Soundproofing -- 1997
H8002	Residential Survey/Noise Compatibility
H8003	Permanent Noise Monitoring Program
H8005	Voluntary Property Acquisition (75 LDN)
H8006	Optional Insulation/PA (70 LDN)
TBD	Purchase Two New ATS Cars
TBD	Rapid Roll Doors -- Terminal No. 1, Concourses B and C
TBD	Commercial Vehicle Holding Area Washrooms
TBD	Military Site Acquisition -- Formulation
TBD	C.T.A. Dedicated Cars -- Study

Chicago Midway Airport Capital Improvement Program.

Project Number	Project Title
M0008	Fuel and Deicing System Study
M1001	Executive/Security Offices and Elevator
M1014	Terminal/Concourse Emergency Power System
M1021	Concourse C Improvements

Project Number	Project Title
M1023-02	Interior Terminal Signage Installation
M1023-03	New Public Restroom
M1023-04	Ceiling and Lighting Rehabilitation
M1023-05	Public Restroom Renovation
M1023-06	Air Handling Units Replacement
M1023-07	Terminal Public Address System
M1023-08	Terminal/Concourse Boiler Piping Cross Connect
M1023-12	Drinking Fountains -- New/Replace
M1025	Replacement of Existing Five (5) Conveyor Belts
M1026	Midway Terminal Development -- Planning and Design
M2040	Airport Maintenance Complex
M5010	Sky Bridge Heating System
M5901	Midway Airport Economy Lot Signage
M6002	Airfield Lighting Electrical Vault Upgrade
M6004	Airfield Drainage No. 6 -- South Triangle
M6007	Runway 4L/22R Rehabilitation
M6008	West Ramp Service Road
M6009	Runway 13L/31R Rehabilitation
M6010	Taxiway 13C/31C
M6011	Obstruction Removal for Runway 22L Departures

Project Number	Project Title
M6012	Taxiway 4L/22
M6014	Blast Fence/Noise Barrier/Southwest Corner
M6015	Blast Fence/Noise Barrier/Northwest Corner
M6017	General Aviation Parking (Apron)
M6018	West Hangar (55th Street) Upgrade
M6019	Underground Fuel Tanks Removal
M6022	Midway Radio Trunking System
M6023	Runway 4R/22L Reconstruction
M6025	Runway Arrestment System
M6026	Airfield Lighting Control Panel
M8001-04	School Sound Insulation -- 1995
M8001-05	School Sound Insulation -- 1996
M8002	Noise Complaint System
M8007	Permanent Noise Monitoring
M8008	Citizens Participation Program
M8009	Property Acquisition -- Parcels No. 54 and No. 60
M8011	Property Acquisition -- Parcel No. 66
M8012	Property Acquisition -- Parcel No. 68
M8013	Property Acquisition -- Parcel No. 65
M8014	Property Acquisition -- Parcel No. 57

Project Number	Project Title
M8015	Property Acquisition -- Parcel No. 71
M8016	Property Acquisition -- Parcel No. 64
M8020	Land Acquisition -- Parcel No. 50
M8021	Property Acquisition -- Parcel No. 70
TBD	Demonstration Home Soundproofing
TBD	Update Part 150 and Implementation

Gary Regional Airport Capital Improvement Program.

The Capital Projects described in (Sub)Exhibit B are incorporated by reference herein as if set forth in their entirety in this (Sub)Exhibit A.

(Sub)Exhibit "B".
(To Airport Compact)

Initial Capital Projects For Gary Regional Airport.

- * Automated Surface Observing System/Automated Weather
Observing System (A.S.O.S./A.W.O.S.)
- Apron Deicing Facility

* Indicates first preference

- * Two 30,000 square foot Cargo Buildings
- * New Rotating Beacon and re-location
- * Passenger X-Ray Screening Unit
- * Fuel farm rehabilitation
- ** Concourse and Jetway construction
- Terminal pavement construction -- rehabilitation
- * Snow Vehicles:
 - (A) Front End Loader
 - (B) Three Intermediate Snow Plows
 - (C) Large Rotary Plow with carrier vehicle
 - (D) Self-Propelled High Speed Sweeper
 - (E) Jet Air II
- * Two Aircraft Rescue Fire Fighting Vehicles Index C:
 - 3,000 Gallon Water Pumper
 - Combination 1,000 Gallon Water Pumper/Foam Dispensing Vehicle
 - Storm Water Pollution Prevention Plan
- * Three Tractors with 15 foot Batwing Mowers
- 2 Ton Dump Truck

* Indicates first preference

** Indicates second preference

One 17 to 22 Passenger Carrier

Two 1 Ton Pickup Truck

* One 55 Gallon Runway Painting Unit

One Runway Friction Testing Vehicle

** Environmental Remediation -- Nike Site

T-Hangar-Apron Crack Maintenance and Seal Coating/Access Road
Maintenance and Seal Coating/10,000 feet of security fencing

Enclosed parking lot

** Hangar rehabilitation -- New construction

** Control Tower Standby Power-New Turbine Generator/Runway 30

Extension: design and construction

Baggage Conveyor/Carrousel system

Terminal P.A. System

** Security Control Center -- (CCTV System)

Category II ILS

Maintenance Building expansion

Terminal Restaurant expansion

* Indicates first preference

** Indicates second preference

(Sub)Exhibit "C".
(To Airport Compact)

Development Plan For Gary Regional Airport.

The City of Chicago commits, to the extent permitted by law, to utilize its best efforts to secure for the Gary Regional Airport the economic development benefits contemplated by the Development Plan for Gary Regional Airport. The City of Chicago recognizes the potential significant economic benefits to both the City of Chicago and the City of Gary of a coordinated effort to maximize the utilization of Gary Regional Airport as the Federal Aviation Administration's designated reliever airport for Chicago's Midway Airport. To that end the City of Chicago commits to contact and provide appropriate inducements to air cargo transport companies currently operating within its airport system to encourage their utilization of the Gary Regional Airport.

The City of Chicago commits to conduct a market analysis to survey cargo and freight forwarding businesses to determine the need and interest of such in the utilization of Gary Regional Airport and will include the Gary Regional Airport in the City of Chicago's marketing program designed to secure greater utilization of its airports for cargo, freight forwarding, general aviation and additional commercial air carrier service. This commitment recognizes the Gary Regional Airport's status as a Foreign Trade Zone and the marketing opportunities inherent therein as an inducement to the utilization of Gary Regional Airport.

The City of Chicago further commits that prior to the contemplated closure of Meigs Field in September of 1996 that it will contact and encourage the users of Meigs Field to relocate their operations to the Gary Regional Airport.

The City of Chicago recognizes that the current surface transportation infrastructure provides a convenient network linking the Gary Regional Airport to the City of Chicago. The City of Chicago, as owner of the Chicago Skyway, commits to market the utilization of the Chicago Skyway through appropriate inducements to commercial users of Gary Regional Airport.

The City of Chicago recognizes that the maximization of the utilization of the Gary Regional Airport is in part dependent upon its continued maintenance and development and to secure the benefits of the Development Plan for the Gary Regional Airport appropriate legislation and funding sources will be required. The City of Chicago commits its federal and state lobbying resources to work with and on behalf of the City of Gary to secure the enactment of beneficial legislation and appropriations from available

federal and state sources necessary for the implementation of the Development Plan for Gary Regional Airport.

In addition:

1. The City of Chicago and the City of Gary shall cooperate in developing Gary Regional Airport as a reliever airport for the Chicago Airports and to encourage the growth of corporate general aviation and cargo operations at Gary Regional Airport. To that end, the Signatories intend that Gary Regional Airport operations be coordinated with the Chicago Airport System.

2. The Signatories affirm their support for the pending master plan process for Gary Regional Airport and do not intend for anything in this Compact to prejudice federal planning funds for Gary Regional Airport.

3. The Signatories shall develop a marketing program and strategies to increase use of Gary Regional Airport as a reliever, corporate general aviation and air cargo/freight forwarding facility. New or increased air cargo operations in the Chicago area will be encouraged to use Gary Regional Airport, along with the Chicago Airports. The marketing program will be developed in collaboration with the Gary Regional Airport Authority and the City of Gary.

4. The Signatories shall develop a marketing program and strategy to increase use of Gary Regional Airport by corporate general aviation aircraft in connection with trade events at McCormick Place and related facilities.

5. The City of Chicago shall provide technical support (including assistance in obtaining federal master planning and construction grants) for the development of Gary Regional Airport as a reliever, cargo and corporate general aviation facility serving the needs of northeast Illinois and northwest Indiana (including the southern sections of the Chicago metropolitan area) to the extent compatible with system-wide planning and preexisting legal obligations.

6. To the extent that airport operations are shifted within the system, and to the extent compatible with system-wide planning and preexisting legal obligations, the City of Chicago will encourage those operations to shift to Gary Regional Airport.

7. The Signatories intend that Gary Regional Airport should remain open as a cargo, corporate general aviation and reliever airport consistent with the master plans for Gary Regional Airport and the Chicago Airports.

8. During the master planning process for any New Regional Airport, the Authority will assist the City of Gary in determining the highest and best use for Gary Regional Airport after the New Regional Airport opens, consistent with Gary Regional Airport Phase II master plan. The Authority will consider participating in the redevelopment of Gary Regional Airport to the extent that in the judgment of the Authority, such redevelopment is consistent with the mission of the Authority.

9. To the extent practicable, during construction of a New Regional Airport, the Authority will use Gary Regional Airport as the staging facility for the delivery and storage of construction equipment and materials and will use the site for any construction-related offices if such uses are consistent with the Phase II master plan for Gary Regional Airport and the construction program for a New Regional Airport.

10. To the extent permitted by law, the Authority's purchasing policies for the construction and operation of a New Regional Airport will encourage use of suppliers of goods and services which are based in Gary with a particular focus on disadvantaged business enterprises. The Signatories understand that this encouragement will not be exclusive to Gary.

11. The Signatories recognize the importance of promoting employment opportunities for disadvantaged persons in connection with the development of a New Regional Airport. To that end, the Authority will encourage continuation of existing training programs for disadvantaged business enterprises at Gary Regional Airport.

Rules Suspended -- DESIGNATION AND APPOINTMENT OF
DIRECTORS TO CHICAGO -- GARY REGIONAL
AIRPORT AUTHORITY.

Alderman Burke moved to *Suspend the Rules Temporarily* for the immediate consideration of and action upon a proposed ordinance to designate and appoint the directors of the Chicago -- Gary Regional Airport Authority. The motion *Prevailed* by yeas and nays as follows:

Yeas -- Aldermen Mazola, Haithcock, Tillman, Preckwinkle, Bloom, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Fary, Olivo, Burke, Jones, Coleman, Streeter, Rugai, Troutman, Evans, Munoz, Laski, Miller, Medrano, Ocasio, E. Smith, Burrell, Bialczak, Suarez, Gabinski, Mell, Austin, Wojcik, Banks, Giles, Laurino, Doherty, Natarus, Bernardini, Hansen, M. Smith, Moore -- 42.

Nays -- Alderman Watson -- 1.

Alderman Burke then moved to *Correct* the said proposed ordinance by deleting the name "Julie Martinez" appearing therein and inserting in lieu thereof the name "Julie Martines". The motion *Prevailed*.

Thereupon, on motion of Alderman Burke, the said proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Mazola, Haithcock, Tillman, Preckwinkle, Bloom, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Fary, Olivo, Burke, Jones, Coleman, Streeter, Rugai, Troutman, Evans, Munoz, Laski, Miller, Medrano, Ocasio, E. Smith, Burrell, Bialczak, Suarez, Gabinski, Mell, Austin, Wojcik, Banks, Giles, Laurino, Doherty, Natarus, Bernardini, Hansen, M. Smith, Moore -- 42.

Nays -- Alderman Watson -- 1.

Alderman Beavers moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, Approval has been given for the City of Chicago and the City of Gary to enter into a Compact to create the Chicago -- Gary Regional Airport Authority to oversee and support airports within the region; and

WHEREAS, The Compact provides for the City to appoint five of the directors of the Authority; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The City Council hereby designates and appoints the following individuals to serve as directors of the Chicago -- Gary Regional Airport Authority as provided in Section 15-5(a)(1) of the Compact: David A. Mosena, in his capacity as Commissioner of Aviation; Walter K. Knorr, in his capacity as City Comptroller; Susan S. Sher, in her capacity as Corporation Counsel; Julie Martines; and Earl L. Neal. The persons designated and appointed as directors of the Authority shall serve for terms set forth in Section 15-10(a)(1) of the Compact. Three of the directors of the Authority designated and appointed by the City Council always shall consist of the Commissioner of Aviation, the City Comptroller and the Corporation Counsel, or their successors upon confirmation of the City Council, or the successor positions to any such offices, as provided in Section 15-5(a)(1) of the Compact.

SECTION 2. This ordinance shall be in full force and effect immediately upon its passage and approval, and the appointments made herein shall be effective upon the effective date of the Compact.

Adjournment.

Thereupon, Alderman Burke moved that the City Council do *Adjourn*. The motion *Prevailed* and the City Council *Stood Adjourned*.

ERNEST R. WISH,
City Clerk.

