



# Office of the City Clerk

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## Legislation Text

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**File #:** R2011-12, **Version:** 1

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### **RESOLUTION**

WHEREAS, commercial airports in the United States are generally owned and operated by local and state governments; and

WHEREAS, the 1996 Reauthorization Act (49 U.S.C. § 47134) established the Federal Aviation Administration's (FAA) Airport Privatization Pilot Program which authorizes private companies to own, manage, lease, or develop public airports; and

WHEREAS, pursuant to Federal Law, only one major hub airport may participate in the pilot program; and

WHEREAS, the City of Chicago submitted its preliminary application to the FAA to participate in the program on September 16, 2006; and

WHEREAS, the FAA accepted the City's preliminary application on October 3, 2006; and

WHEREAS, on September 20, 2008, the City of Chicago selected Midway Investment and Development Corporation to operate Chicago Midway International Airport (Midway Airport) under a 99-year lease pursuant to the terms established under the FAA's pilot program; and

WHEREAS, on October 8, 2008 the Chicago City Council approved the \$2.5 billion deal to lease Midway Airport; and

WHEREAS, in April of 2009, the Midway Investment and Development Corporation terminated the agreement with the City of Chicago due to financial credit and capital market conditions; and

WHEREAS, since January 2010, the City of Chicago has filed three requests with the FAA seeking to retain the large hub airport slot in the Airport Privatization Pilot Program; and

WHEREAS, on December 10, 2010, the FAA granted the City of Chicago permission to develop a course of action by July 31, 2011 and agreed to hold for Midway Airport the one slot available for a large hub airport under the Airport Privatization Pilot Program; and

WHEREAS, recent economic improvements have greatly improved the prospect of securing financing for the privatization of Midway Airport; and

WHEREAS, privatization of airports has developed into a global trend since the late 1980's with over 50 airports being privatized, composing roughly 10% of the global market; and

WHEREAS, private ownership, management and operation is common practice in Asia, Europe, Canada and Australia; and

WHEREAS, as a result of improved economic conditions, a number of major privatization projects have been successful in recent years including a recent lease of the British High Speed Rail and major airports in Barcelona and Madrid; and

WHEREAS, pursuant to Illinois state law, 90% of the proceeds from the privatization of Midway Airport would be allocated for city infrastructure and/or pension fund contributions; and

WHEREAS, it is incumbent upon the Corporate Authorities of the City of Chicago to keep apprized of all developments affecting the feasibility of privatizing Midway Airport and to remain engaged in the process of determining whether privatization is in the best interest of the residents of the City of Chicago; and

WHEREAS, on June 3, 2009, in an effort to encourage public input and enhance oversight of future City asset lease agreements, the Chicago City Council adopted an ordinance requiring a minimum consideration period of fifteen days before the final consideration of any ordinance concerning the sale or lease of any City asset when the anticipated revenue from the City asset is expected to exceed \$100,000,000; and

WHEREAS, in conformance with the spirit of said ordinance adopted by the City Council on June 3, 2009, and

in an effort to keep the Corporate Authorities fully apprized of any and all developments and/or negotiations concerning the potential privatization of Midway Airport, the Chicago City Council desires a public hearing on the current prospects of privatizing Midway Airport; now therefore

BE IT RESOLVED, that the Corporate Authorities of the City of Chicago do hereby call on the Commissioner of the Department of Aviation, the Chief Financial Officer, the Corporation Counsel, and the Budget Director to appear before the Committee on Finance to testify at a hearing to discuss any and all developments and negotiations concerning the potential privatization of Midway Airport.