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U.S. Department  
of Transportation  
**Federal Aviation  
Administration**

Great Lakes Region  
Illinois, Indiana, Michigan,  
Minnesota, North Dakota,  
Ohio, South Dakota,  
Wisconsin

2300 East Devon Avenue  
Des Plaines, Illinois 60018

November 21, 2005

Mr. John A. Roberson, Commissioner  
Department of Aviation  
Chicago O'Hare International Airport  
P.O. Box 66142  
Chicago, Illinois 60666

Rosemarie S. Andolino, Executive Director  
O'Hare Modernization Program  
8755 W. Higgins Road, Suite 700  
Chicago, Illinois 60631

Chicago O'Hare International Airport  
Letter of Intent No. AGL-06-01

I am pleased to inform you that in response to the City of Chicago's request for assistance under the Airport Improvement Program (AIP), as authorized by Title 49, United States Code, your request for a Letter of Intent (LOI) for the Chicago O'Hare International Airport has been approved.

Enclosed are the original and one copy of LOI No. AGL-06-01 for Chicago O'Hare International Airport (ORD) as issued by authority of the Administrator of the Federal Aviation Administration (FAA) on behalf of the United States of America.

The enclosed LOI No. AGL-06-01 sets forth the maximum Federal share of project costs included within the LOI project description and a schedule of payments over fifteen years commencing in fiscal year 2006. The terms of this LOI may be adjusted as outlined in the LOI if project progress, or FAA's obligation authority, is less than expected.

We look forward to continuing our working relationship toward the successful completion of this major system capacity enhancement project. Our office will work closely with you to answer any questions that you may have and to administer the funding provisions of the LOI. The FAA's analysis supporting this LOI together with attachments consisting of FAA memoranda, consultants' reports, and responses to comments may be accessed on the web at <http://www.agl.faa.gov/OMP/LOI/LOI.htm>.

Sincerely,

Philip M. Smithmeyer, Manager  
Chicago Airports District Office

Enclosure

**LETTER OF INTENT AGL-06-01**  
**Chicago O'Hare International Airport**  
**Chicago, Illinois**

The Federal Aviation Administration (FAA) hereby announces its intention, effective this date, in accordance with the provisions of section 47110(e) of title 49, United States Code (Act), to obligate funds from current and future budget authority to issue grants to pay the City of Chicago (City) for the United States share of allowable costs at the Chicago O'Hare International Airport for the project described as follows:

O'Hare Modernization Program – Phase 1 including new future Runway 9L-27R; extension of future Runway 10L-28R (existing Runway 9R-27L); future Runway 10C-28C; and associated runway enabling projects, including associated taxiway systems, navigation aids installation and upgrade, site utilities construction, and existing facilities relocation

as more fully described in the Sponsor's application for a Letter of Intent, dated February 15, 2005.

The maximum United States obligation pursuant to this Letter of Intent for the Project described above shall be an amount not to exceed \$337,200,000.

Upon application by the City and in compliance with grant requirements, the FAA shall issue grants from current or future budget authority, as funds become available, according to the following schedule:

Fiscal Year	Federal Funds		
	Apportionment	Discretionary	Total
2006	\$ 9,300,000	\$ 20,000,000	\$ 29,300,000
2007	\$ 8,400,000	\$ 20,000,000	\$ 28,400,000
2008	\$ 6,500,000	\$ 20,000,000	\$ 26,500,000
2009	\$ 6,500,000	\$ 20,000,000	\$ 26,500,000
2010	\$ 6,500,000	\$ 20,000,000	\$ 26,500,000
2011	\$ 0	\$ 20,000,000	\$20,000,000
2012	\$ 0	\$ 20,000,000	\$ 20,000,000
2013	\$ 0	\$ 20,000,000	\$ 20,000,000
2014	\$ 0	\$ 20,000,000	\$ 20,000,000
2015	\$ 0	\$ 20,000,000	\$ 20,000,000
2016	\$ 0	\$ 20,000,000	\$ 20,000,000
2017	\$ 0	\$ 20,000,000	\$ 20,000,000
2018	\$ 0	\$ 20,000,000	\$ 20,000,000
2019	\$ 0	\$ 20,000,000	\$ 20,000,000
2020	\$ 0	\$ 20,000,000	\$ 20,000,000
<b>Total:</b>	<b>\$37,200,000</b>	<b>\$300,000,000</b>	<b>\$337,200,000</b>

It is expressly understood by the FAA and the City that the amounts set forth above under "apportionment" are estimated, and that the actual apportionment amounts will vary with the actual levels of passenger enplanements, total program level for the Airport Improvement Program and with any revision of the existing statutory formula for calculating such apportionments. Should the amount actually apportioned to the City in any fiscal year be less than the amount estimated above for such fiscal year, the amount listed above under "discretionary" for such fiscal year shall not be increased to supplement the lesser amount actually apportioned to the City. If, in any fiscal year, funds apportioned to a sponsor are greater than those listed in this Letter of Intent, the FAA, at its option, may adjust the payment schedule to increase the amount listed for apportionments with a corresponding reduction in the amount listed for discretionary funds.

The announcement of this intention shall not be deemed an obligation of the United States Government under section 1501 of Title 31, United States Code, nor shall this Letter of Intent be deemed an administrative commitment for funding. This Letter of Intent shall be regarded as an intention to obligate funds from current and future budget authority. No obligation or administrative commitment may be made pursuant to this Letter of Intent except as funds are provided in authorization and appropriation acts.

The FAA may, from time to time, following consultation with the City, amend this Letter of Intent to adjust the payment schedule or the maximum United States obligation specified above, or both. Such adjustment may be made by the Federal Aviation Administration Administrator when occasioned by changes in the actual allowable costs of the Project, in the actual time required to complete the Project, in actual or estimated future obligating authority, or otherwise, when determined at the Administrator's discretion to be in the best interests of the United States.

The FAA will give full consideration to the aggregate amount of future obligations and the payments scheduled under all outstanding Letters of Intent in formulating its annual budget requests. A statutory restriction on total obligating authority in a future fiscal year, however, may necessitate a reduction in funds to be apportioned for that year, pursuant to section 47115(g) of the Act, or in discretionary funds available for obligation under section 47115 of the Act, or both. This may result in a concurrent reduction in a payment scheduled under this Letter of Intent. In such event, the ratio of the discretionary fund component of a scheduled payment, as reduced, to such component prior to reduction, shall be not less than the ratio of discretionary funds newly available for obligation in the fiscal year in which such reduction occurs, to the total discretionary funds made available for obligation in the fiscal year in which this Letter of Intent was executed.

If, in any given year and for whatever reason (including such reasons as inability of sponsor to make sufficient progress for the project or a lapse in obligating authority under chapter 471 of the Act), a payment is deferred in whole or in part, any later reimbursement for the deferred amounts will be subject to negotiation between the parties, subject again to the availability of funds and statutory authority. No

amendment to this Letter of Intent shall impair the City's eligibility for future reimbursement of the United States share of allowable Project costs pursuant to section 47110(e) of the Act, as funds become available.

The City should understand that, having proceeded with the Project without the aid of funds under the Act, in order to receive reimbursement as specified in the schedule set forth above, it must comply with all statutory and administrative requirements that would be applicable to the Project were the Project carried out with funds made available under the Act. Failure to comply with all such requirements, or failure to proceed with the Project in a timely manner, may lead to revocation of this Letter of Intent.

Further, in the event of default on the part of the City, or any other action by the City which threatens the Federal investment in the Project, the FAA will pursue all remedies available in law or equity, including but not limited to the withholding of future financial assistance (provided that applicable hearing requirements are complied with) and termination or suspension of all or part of the violated grant agreement.

**UNITED STATES OF AMERICA  
FEDERAL AVIATION ADMINISTRATION**

  
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Manager, Chicago Airports District Office

NOVEMBER 21, 2005  
Date