

St. Louis City Ordinance 62976

FLOOR SUBSTITUTE

BOARD BILL NO. [93] 180

INTRODUCED BY ALDERMAN JoAnne Wayne

AN ORDINANCE RECOMMENDED BY THE AIRPORT COMMISSION, THE BOARD OF PUBLIC SERVICE, AND THE BOARD OF ESTIMATE AND APPORTIONMENT FINDING THAT THE MEMORANDUM OF UNDERSTANDING AND TERM SHEETS ENTERED INTO AMONG TRANS WORLD AIRLINES, INC., ("TWA"), THE OFFICIAL UNSECURED CREDITORS' COMMITTEE OF TWA, AND THE CITY OF ST. LOUIS (THE "CITY") DATED AUGUST 11, 1993, WHICH IS ATTACHED AS EXHIBIT B TO THE CONFIRMATION ORDER ISSUED BY THE BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE ON AUGUST 12, 1993 IN TWA'S BANKRUPTCY PROCEEDINGS (THE "MEMORANDUM OF UNDERSTANDING") AND MATTERS CONTEMPLATED BY THE MEMORANDUM OF UNDERSTANDING SERVE A PUBLIC PURPOSE AND ARE FAIR, EQUITABLE AND REASONABLE AND IN THE BEST INTERESTS OF THE CITY AND ADOPTING AND APPROVING THE SAID MEMORANDUM OF UNDERSTANDING AND RATIFYING AND APPROVING ITS SIGNATURE BY THE DIRECTOR OF AIRPORTS; AUTHORIZING THE DIRECTOR OF AIRPORTS, WITH THE APPROVAL OF THE BOARD OF ESTIMATE AND APPORTIONMENT AND THE ADVICE AND CONCURRENCE OF THE CITY COUNSELOR, TO ENTER AND EXECUTE ON BEHALF OF THE CITY SUCH CONTRACTS, AGREEMENTS AND OTHER LEGAL DOCUMENTS SET FORTH IN THE SAID MEMORANDUM OF UNDERSTANDING AND AS OTHERWISE MAY BE REQUIRED TO CONSUMMATE THE TRANSACTIONS DESCRIBED AS PHASES I AND II IN THE MEMORANDUM OF UNDERSTANDING; AUTHORIZING CERTAIN OFFICERS, AGENTS AND EMPLOYEES OF THE CITY TO TAKE SUCH OTHER ACTIONS WHICH MAY BE REQUIRED BY PHASES I AND II OF THE MEMORANDUM OF UNDERSTANDING AND THIS ORDINANCE; APPROPRIATING THE SUM OF TWENTY-FOUR MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$24,700,000.00) FROM THE AIRPORT CONTINGENCY FUND TO PROVIDE FUNDS FOR THE ACQUISITION BY THE CITY OF PROPERTY SET FORTH IN PHASE I OF THE MEMORANDUM OF UNDERSTANDING; PROVIDING THE

AIRPORT REVENUE FUND AND THE AIRPORT CONTINGENCY FUND MAY BE REIMBURSED FOR SUCH CREDITS AND EXPENDITURES MADE PURSUANT TO THIS ORDINANCE FROM THE PROCEEDS OF REVENUE BONDS THAT SUBSEQUENTLY MAY BE ISSUED; AND CONTAINING AN EMERGENCY CLAUSE.

WHEREAS, The City of St. Louis (the "City") owns and operates an airport known as Lambert-St. Louis International Airport (the "Airport") which provides aviation services for the greater St. Louis metropolitan area (the "Region"); and

WHEREAS, Trans World Airlines, Inc. ("TWA") has its principal domestic hub at the Airport and is the primary airline providing air transportation, cargo and other transportation and aviation related services at the Airport; and

WHEREAS, TWA serves millions of passengers from the Region and elsewhere and its business activities significantly impact the Region's economy and the Airport's operations; and

WHEREAS, on January 31, 1992, TWA filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the "Filing"); and

WHEREAS, since the Filing TWA has continued its business operations at the Airport and elsewhere while negotiating substantial and complicated financial restructuring with its labor force, the former chairman of its board of directors, the Pension Benefit Guaranty Corporation, the Internal Revenue Service, aircraft financiers, holders of public debt, the City and others; and

WHEREAS, on May 28, 1993, TWA and the Official Unsecured Creditors' Committee of TWA (the "Creditors' Committee") filed the Second Amended Plan of Reorganization of Trans World Airlines, Inc. and subsequently filed modifications thereto (collectively the "Plan") and the related Disclosure Statement and have undertaken such other actions as are required pursuant to the Federal Bankruptcy Code; and

WHEREAS, the Bankruptcy Court for the District of Delaware (the "Court") held a hearing on August 11, 1993 to consider confirmation of the Plan and the Disclosure Statement and all papers, pleadings, information and other materials filed with the Court in support of and opposition to the Plan; and

WHEREAS, the Court entered its order on August 12, 1993 confirming the Plan (the "Confirmation Order"); and

WHEREAS, under the Confirmation Order TWA assumed the cargo leases and use agreements between the City and TWA as part of a broader Memorandum of Understanding and Term Sheets entered into among TWA, the Creditors' Committee and the City dated August 11, 1993, which is attached as Exhibit B to the Confirmation Order and attached hereto (collectively the "Memorandum of Understanding"); and

WHEREAS, performance pursuant to the Memorandum of Understanding settles and satisfies the City's monetary claims against TWA for all payments due and other claims against TWA arising out of the Filing and related proceedings by giving a credit to TWA; and

WHEREAS, the Memorandum of Understanding provides for the City and TWA to enter into agreements for the purchase by the City from TWA of TWA's real and personal property and exclusive and other leasehold interests as set out in the Memorandum of Understanding and for the subsequent use by TWA of the real and personal property so purchased with preferential use of said leasehold interests by TWA on terms consistent with those set forth in the Memorandum of Understanding (the "Purchase Transactions"); and

WHEREAS, the Memorandum of Understanding provides for its implementation in two phases and the City contemplates its funding for the purchase price of all of the property set out in Phase I being through a credit to TWA in the amount of Five Million Three Hundred Thousand (\$5,300,000.00) Dollars due by TWA to the City payable to the Airport Revenue Fund and an appropriation from the Airport's Contingency Fund in the amount of Twenty-four Million Seven Hundred Thousand (\$24,700,000.00) Dollars and funding for the purchase price of Forty Million (\$40,000,000.00) Dollars for all of the property set out in Phase II being derived from the subsequent issuance of airport revenue bonds; and

WHEREAS, on November 5, 1991, the qualified electors of the City approved the issuance by the City of its negotiable interest bearing revenue bonds in the amount of One Billion Five Hundred Million (\$1,500,000,000.00) Dollars for the purpose of paying the costs of purchasing, constructing, extending and improving airports to be owned by the City, the costs of operation and maintenance of which, along with the principal of and interest on such revenue bonds to be payable solely from the revenues derived by the City from the Airport; and

WHEREAS, the City has heretofore issued revenue bonds pursuant to such authorization and intends to issue revenue bonds in the future pursuant to such

authorization including amounts contemplated by the Memorandum of Understanding; and

WHEREAS, the Purchase Transactions will enhance TWA's future operations and employment in the Region, preserve TWA as the major carrier at its St. Louis hub, and provide greater flexibility for the utilization of the Airport by airlines and travelers, all of which enhances the ability of the City to derive revenues from the Airport and is in the best interests of the City.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:

Section One. The Memorandum of Understanding, which is marked "Attachment A", affixed hereto and made a part hereof, and the settlement and Purchase Transactions contemplated by the Memorandum of Understanding serve a public purpose and are fair, equitable and reasonable and in the best interests of the City; and the Memorandum of Understanding, the settlement of claims against TWA and the Purchase Transactions are hereby adopted and approved by the City of St. Louis and the execution of the Memorandum of Understanding by the Director of Airports is hereby ratified and approved.

Section Two. The Director of Airports is hereby authorized and directed with the approval of the Board of Estimate and Apportionment and the advice and concurrence of the City Counselor, to enter into and execute on behalf of the City such deeds, deeds of trust and other instruments for the conveyance or use of property, contracts, agreements and other legal documentation required by the Memorandum of Understanding and pursuant to the City Charter and as are otherwise necessary and appropriate to consummate within the times provided in the Memorandum of Understanding, or such subsequent date(s) as may be necessary and approved by the Board of Estimate and Apportionment, the transactions contemplated by Phases I and II of the Memorandum of Understanding and which under such terms consistent with those set forth in the Memorandum of Understanding and which serve a public purpose and are fair, equitable and reasonable and in the best interests of the City.

Section Three. The Mayor, Comptroller, Register and other appropriate officers, agents and employees of the City, with the advice and concurrence of the City Counselor, are hereby authorized and directed to take any and all such other actions which may be necessary and desirable in connection with the consummation of the transactions contemplated by Phases I and II of the Memorandum of Understanding and to comply with the intent of this Ordinance.

Section Four. There is hereby appropriated the sum of Twenty-four Million Seven Hundred Thousand Dollars (\$24,700,000.00) from the Airport Contingency Fund to provide funds for the acquisition by the City of property contemplated in Phase I by the Memorandum of Understanding.

Section Five. In order to reimburse in the future the Airport Revenue Fund for the credit to TWA in the amount of Five Million Three Hundred Thousand (\$5,300,000.00) Dollars due by TWA to the City payable to said fund and the Airport Contingency Fund for the funds appropriated under Section Four hereof and used to provide funds for the acquisition by the City of property contemplated by Phase I of the Memorandum of Understanding, the City intends to issue revenue bonds or other obligations in a maximum amount of Thirty Million (\$30,000,000.00) Dollars. Such bonds may be issued in one or more series and either simultaneously with or independent of any bonds issued by the City for the purpose of providing funds in the amount of Forty Million (\$40,000,000.00) Dollars for the Phase II transaction in the Memorandum of Understanding or for any other authorized purposes.

Section Six. This being an Ordinance deemed necessary for the immediate preservation of the public peace, health and safety or providing for a public work or improvement program, it is hereby declared to be an emergency measure under the terms and provisions of Article IV, Sections 19 and 20 of the Charter of the City, and this Ordinance shall take effect immediately upon its passage and approval by the Mayor.

ATTACHMENT "A"

MEMORANDUM OF UNDERSTANDING

1. In lieu of treatment under the Second Amended Plan of Reorganization of Trans World Airlines, Inc., or any amendments or modifications, and as the means under 11 U.S.C. § 365 by which TWA hereby assumes its unexpired leases and executory contracts relating to the Lambert-St. Louis International Airport before confirmation of the plan of reorganization, subject to paragraph 3, the City of St. Louis (the "City") and Trans World Airlines, Inc., ("TWA"), do hereby make the following agreement to the purchase by the City and sale by TWA of certain TWA's assets at Lambert-St. Louis International Airport to be consummated in accordance with this Memorandum of Understanding and the terms and conditions summarized in the Proposed Term Sheets attached and incorporated herein as Exhibit 1.

2. Notwithstanding final documentation and other events directed toward the consummation of Phases I and II of the Proposed Term Sheets at a later time, and bankruptcy related events that may occur prior to consummation of Phase I and II, as of August 11, 1993, and continuing through consummation of Phases I and II, or until December 31, 1993, whichever occurs first, the existing Use Agreement and all Leases between the City and TWA (the "St. Louis Leases") shall be and are modified, effective, and enforceable to convert TWA's leaseholds and rights of possession in and around the terminal and cargo building and aprons, subject to paragraph 3, into a month-to-month use on the Effective Date of TWA's Plan of Reorganization, and to adopt the preferential use rights and obligations described in Attachment A to the Proposed Term Sheets.

3. In the event Phase I is not consummated on or before October 31, 1993 and Phase II is not consummated on or before December 31, 1993, this Memorandum of Understanding will terminate. In such event, the relationship of the parties will, as of that time, be restored to as it was immediately prior to bankruptcy court approval of the Memorandum of Understanding (i.e. TWA shall be deemed to have neither assumed nor rejected the Use Agreement and Leases), and TWA shall have 30 days from December 31, 1993, without any enlargement of the 30 day period, to assume or reject as if 11 U.S.C. §365 was applicable. The City further agrees that it will withdraw its pending objections to confirmation of the Second Amended Plan of Reorganization (May 28, 1993) and will not otherwise object to the current proposed plan of reorganization of TWA, provided the United States Bankruptcy Court approves and TWA executes the Memorandum of Understanding on August 11, 1993.

4. In the event Phase I is closed and Phase II is not closed by December 31, 1993, with the restoration of TWA real and personal property interests as provided in paragraph 3 above, the \$30 million paid by the City for the Phase I assets, plus interest at 9% from December 31, 1993, shall be due and payable to the City by TWA as follows:

April 1994	\$2.5 million plus interest
May 1994	\$2.5 million plus interest
June 1994	\$5.0 million plus interest
July 1994	\$5.0 million plus interest

August 1994	\$5.0 million plus interest
September 1994	\$2.5 million plus interest
October 1994	\$2.5 million plus interest
November 1994	\$2.5 million plus interest
December 1994	\$2.5 million plus interest

This obligation of TWA, and attorney's fees and costs for enforcement of this obligation, shall be secured by first priority deed of trust and security interest on the Phase I assets which will be defaulted by (1) failure to pay any of the above monthly payments, uncured for more than 15 days after written notice, (2) the failure to pay any rentals, costs, fees or charges for use and occupancy of Phase I or hangar ground rents, uncured for more than 30 days after written notice, or (3) any other default under St. Louis Leases (as restored under paragraph 3 above). A promissory note, leasehold deed of trust, the security agreements and related documentation of the obligation shall be completed and executed as a condition of consummation of Phase I.

5. No claims for environmental damages relating to the occupancy of the Hangar Building will be discharged under the Second Amended Plan of Reorganization.

EXECUTED AND DELIVERED this day of August, 1993.

CITY OF ST. LOUIS, MISSOURI

By: Its:

TRANS WORLD AIRLINES, INC.

By: Its:

OFFICIAL UNSECURED CREDITORS' COMMITTEE

By:

Its:

EXHIBIT 1
PROPOSED TERM SHEET

CITY OF ST. LOUIS - TWA

Summary of the Terms and Conditions of the purchase by the City of St. Louis of certain of TWA's St. Louis International Airport assets, as described below. The intention of the City of St. Louis and TWA is to help preserve TWA as the major carrier at its St. Louis hub, to provide greater flexibility for the utilization of Lambert-St. Louis International Airport by airlines and travelers and to preserve and enhance TWA's future operations and employment. PHASE I
TERMS

The City will purchase and TWA will sell its leasehold interests at Lambert -St. Louis International Airport for the terminal, aprons and air cargo facilities, as well as its personal property at such Airport, including loading bridges, baggage handling systems, ground power systems, deicing systems, hold room seating, office furnishings, counters and millwork, flight information display systems and communications installations, and all motorized and non-motorized ramp and maintenance equipment used at the Airport for the following consideration: (i) payment to and receipt by TWA of \$30 million as the purchase price for such leasehold interests and personal property payable as follows: (A) \$24.7 million payable by wire transfer of federal funds upon closing, and (B) forgiveness by the City of its pre-petition bankruptcy claim against TWA, for unpaid rent and landing fees, which amounts to \$5.3 million plus accrued interest, and (ii) the closing and receipt by TWA of the \$40 million purchase price committed by the City for the Phase II financing. TWA will agree to the following terms in connection with such purchase:

1. TWA will enter into an amendment to the St. Louis Leases for use of all the terminal improvements, gates, air cargo facilities and other leasehold interests, and related equipment and personal property itemized above, upon substantially the same terms as the applicable St. Louis Leases, except as provided herein.
2. TWA will agree to amend the St. Louis Leases to establish a preferential use agreement for the use of gates and related facilities on terms to be negotiated which include that:
 - (i) TWA will have a month to month use with automatic monthly renewal options through December 31, 2005, so long as the City has not exercised its right to terminate such use under paragraph 3 below. In the case of any other default, TWA's use will not be disturbed until after notice and a reasonable cure

period (not less than 30 days) and then only pursuant to the statutes and laws of the State of Missouri which would be applicable subject to paragraph 3 below. The transaction will be structured so as to assure that no future act or approval of any governmental body or other person is required for the automatic renewal to be binding and enforceable.

(ii) The use agreement will contain a single operating covenant requiring TWA's usage of gates and related facilities as prescribed in Attachment A. TWA may designate its preferential uses to other air passenger carriers affiliated with TWA through merger, consolidation, joint venture, code-sharing arrangements, and other successors and assigns, so long as TWA's hub operation at the Airport is not materially changed. Usage by any such other affiliated air passenger carriers will be counted as TWA usage for purpose of Attachment A.

(iii) Rentals, costs, fees and charges to TWA for the use of the Airport's passenger servicing facilities under the use agreement shall be at rates and terms sufficient to recover the City's \$24.7 million investment (including bond issuance costs paid by the City) and interest, based on an amortization schedule tied to the remaining useful life of the acquired real and personal assets. TWA shall maintain and keep in repair at its own cost personal property acquired by the City and used by TWA in this transaction.

3. The City will have the right to terminate the agreement for TWA's use of the gates, terminal, air cargo and other facilities and personal property only upon occurrence of one of the following events and subject to the following conditions:

(i) Non-payment of rentals or monies due 30 days after notice from the City that such amounts are due and payable.

(ii) Total cessation of TWA's air passenger operations at St. Louis for a period of more than 20 days, unless due to acts or omissions of the City, labor strikes, lockouts, fire or other casualty, governmental action, weather, acts of God or other force majeure occurrences.

4. TWA will itemize all of its current tenant improvements, property and equipment owned and leased by it at Lambert-St. Louis International Airport and demonstrate appropriate lien-free title to its ownership interest.

5. TWA acknowledges it is necessary to expand Lambert-St. Louis International Airport and will continue to work with the Airport to develop the

best alternative for Lambert's expansion consistent with TWA's operations and future business plans and the purposes stated above.

6. TWA will agree to relocate and maintain its domestic operations employees from Mount Kisco to the City of St. Louis or St. Louis County within 12 months of closing of the City's purchase as provided herein.

7. TWA will agree to maintain TWA's reservations center in the City of St. Louis.

8. TWA will agree to maintain its current administrative offices and facilities in the cities of St. Louis and Kansas City.

9. Consummation of the Phase I purchase and use transaction shall be conditioned upon documentation satisfactory in form and substance to TWA, the City, and the Official Unsecured Creditors' Committee and consummation of Phase II. It shall also be subject to:

(i) Approval on August 11, 1993, of the assumption of the St. Louis Leases and the Phase I transaction by the Bankruptcy Court.

(ii) Approval by the Boards of Estimate and Apportionment and Aldermen of the City of St. Louis.

TRANSACTION DOCUMENTS

In order to implement Phase I, the following documents must be executed in form and substance satisfactory to TWA, the City and the Official Unsecured Creditors' Committee:

1. Purchase and Sale Agreements.

2. Appropriate Bills of Sale/General Warranty Deed (TWA to City).

3. Amended Use Agreement between TWA and the City of St. Louis.

4. Certified copies of Bankruptcy Court orders approving TWA's assumption of Lambert leases and the proposed transaction and of the required municipal approvals.

5. Deed of Trust and Security Agreement and related documents to document the repayment of the \$30 million purchase price plus interest as provided in paragraph 4 of the Memorandum of Understanding.

PHASE I FINANCING

1. At the closing of the City's purchase of TWA's leasehold interests in the terminal, concourse and apron areas, cargo facilities and its related personal property at Lambert-St. Louis International as contemplated by this term sheet, the City will:

i. Issue a credit TWA's outstanding receivable of \$5.3 million plus accrued interest to reflect a forgiveness of its pre-petition debt owed to the City.

ii. Wire transfer the federal funds payment to TWA in the amount of \$24.7 million.

iii. The closing shall occur as soon as practicable, but not later than October 31, 1993. Disbursement of any and all payments and forgiveness of pre-petition debt and accrued interest shall be made on closing.

2. At the closing TWA will execute and deliver the promissory note for repayment of the \$30 million repurchase price as provided in paragraph 4 of the Memorandum of Understanding and deed of trust and other documents related to the repayment of the \$30 million paid on Phase I as provided in paragraph 4 of the Memorandum of Understanding.

NOTE: This Phase I proposal is contingent on acceptance of the Phase II proposal, which shall close as soon as practicable, but not later than December 31, 1993.

ATTACHMENT A PREFERENTIAL USE

All use assignments of gate positions to TWA shall be made in accordance with reasonable rules, regulations and directives adopted and promulgated by the City in its discretion to achieve the full and efficient use of Airport gates and passenger facilities. The City in making preferential assignments of gate positions to TWA, shall take into account the needs and requirements of TWA for use of the gates to service regularly scheduled passenger flights, and will not permit the use of gates designated to TWA's use, and related facilities, by others except as provided below.

1. As of the date of this agreement, TWA has 57 gates and 210 regularly scheduled daily departures. As long as TWA has at least 190 regularly scheduled daily departures (or maintains an average 3.33 daily scheduled flight departures per gate) it will have the sole right to use all 57 gates.

2. If during any month of the use agreement term, TWA had regularly scheduled daily departures of less than 190, TWA would be awarded preferential use of number of gates which represented an average 3.33 daily flight departures per gate. For example, if TWA's regularly scheduled daily departures were to drop to 150 in a month, TWA would be entitled to preferential use of 50 gates in order to maintain an average daily flight departure per gate of 3.33. The City would then, at the end of that month, be allowed to reassign the preferential use of 7 gates (57 less 50) to other airlines. In addition, the City would be allowed to proportionately reassign preferential use of all of TWA's terminal support facilities (including but not limited to ticket counters, ramp space, passenger loading bridges and fuel facilities); provided that TWA's operations are not adversely affected thereby. In determining the average scheduled daily flight departures, there shall be excluded from the calculations any days when TWA's operations are interrupted for any reason beyond TWA's control, including any acts or omissions of the City, fire, casualty, weather, acts of God, strikes, lockouts, war, governmental action, or other force majeure events.

In the above example, to determine which 7 gates would be reassigned, TWA will be required to provide the City with TWA's gate utilization statistics on a monthly basis. The gate utilization statistics would be provided to the City no later than 5 days following the last day of the preceding month. The statistics would include the monthly average of TWA's scheduled daily departures per gate. The relinquishment of preferential use of a gate(s) by TWA would be determined by the City as follows:

- a. First, the gates with the lowest utilization factor would be subject to reassignment, or
 - b. Second if practical, the City would review the schedule(s) of carriers requesting gate usage and assign a gate(s) for use by the such carrier which is not projected to conflict with the scheduled arrival or departure of TWA's aircraft using such gate positions(s).
3. Once gate and terminal support facilities are reassigned on a preferential use basis to another aircraft operator, the gates are still usable by TWA on a secondary use basis.
4. The City has no obligation to reassign them such gates for TWA's preferential use regardless of the future level of TWA's flights, but will consider such request by TWA along with the request of other carriers.

5. In any event if the number of required gates pursuant to paragraph 1 above falls below 10, the City retains the right to permit other carriers to use one or all of the TWA gate positions, provided that such carrier operates more flights at the Airport than TWA.

The requesting carrier will be required to pay all reasonable fees and charges associated with such usage, and TWA's payments shall be reduced in proportion to any reduction in the preferential use of gates or other facilities.

PROPOSED TERM SHEET CITY OF ST. LOUIS - TWA

Summary of the Terms and Conditions of the purchase by the City of St. Louis of certain of TWA's Lambert-St. Louis International Airport assets, as described below. The intention of the City of St. Louis and TWA is to help preserve TWA as the major carrier at its St. Louis hub, to provide greater flexibility for the possibility of future expansion at Lambert-St. Louis International Airport and to preserve and enhance TWA's future operations and employment.

PHASE II TERMS

The City will purchase and TWA will sell certain properties and leasehold interests of TWA located at Lambert-St. Louis International Airport in a transaction structured as follows:

1. The following properties and leasehold interests owned by TWA, including all personal property owned by TWA and located therein (the "Assets") will be purchased and subleased to TWA upon the same terms as in the applicable St. Louis lease, except as provided herein.
 - a. TWA's Flight Training Center in fee simple (including the simulators and other equipment therein).
 - b. TWA's leasehold interests and improvements in its Hangar and Office Building.
 - c. TWA's leasehold interests and personal property at its Reservation Center.
2. The closing shall occur as soon as practicable after the last required approval is obtained, but not later than December 31, 1993. The City of St. Louis will

pay TWA the sum of \$40 million by federal funds wire transfer upon closing of the transaction.

3. TWA will have the right to occupy and agree to use the assets acquired by the City of St. Louis under a month to month sublease to be negotiated which include that:

i. TWA will have automatic monthly renewal options through December 31, 2005 so long as the City has not exercised its right to terminate such sublease under paragraph 4 below. In the case of any other default TWA's sublease will not be disturbed until after notice and a reasonable cure period (not less than 30 days) and then only pursuant to the statutes and laws of the State of Missouri which would be applicable subject to paragraph 4 below. The transaction will be structured so as to assure that no future act or approval of any governmental body or other person is required for the automatic renewal to be binding and enforceable.

ii. The sublease agreement will contain a single operating covenant requiring TWA's usage of gates as prescribed in Attachment A. TWA may assign the sublease or the Assets upon terms satisfactory to TWA to affiliated persons, including through merger, consolidation, joint venture, code-share arrangements, and successors and assigns. TWA may also assign or sublease the Assets to unaffiliated persons, provided that the City shall have the right to approve or reject such assignments, or sublease, which approval will not be unreasonably withheld or delayed.

iii. Rentals, costs, fees and charges to TWA for the use of the Assets under the sublease and use agreement shall be at rates and terms sufficient to recover the City's investment (including bond issuance costs paid by the City) and interest on the bonds, based on an amortization schedule tied to the remaining useful life of the acquired real and personal assets. TWA shall maintain and keep in repair at its own cost the real and personal property acquired by the City and used by TWA in this transaction.

4. The City will have the right to terminate TWA's sublease only upon occurrence of one of the following events and subject to the following conditions:

(i) Non-payment of rentals or monies due for 30 days after notice from the City that such amounts are due and payable.

(ii) Total cessation of TWA's air passenger operations at St. Louis for a period of more than 20 days, unless due to acts or omissions of the City, labor strikes, lockouts, fire or other casualty, government action, weather, acts of God or other force majeure occurrences.

5. Consummation of the transaction will be conditioned upon the entry of the final, non-appealable order confirming TWA's Plan of Reorganization by the U.S. Bankruptcy Court and the closing of the Phase I financing.

6. Additional conditions to this transaction shall include standard lending conditions (e.g., no material litigation, no material environmental problems, no defaults, no pending proceedings for reorganization or liquidation, etc. with respect to the Assets being acquired.)

REQUISITE APPROVALS

This agreement is contingent upon the following approvals:

1. City of St. Louis Board of Aldermen and E & A authorizations.
2. Approval of TWA and the U.S. Bankruptcy Court on August 11, 1993.
3. Consent required under TWA's Plan or Reorganization, if any, with respect to transfer of Property.
4. Approval of the FAA, if required.
5. Approval by TWA's Official Unsecured Creditors' Committee by August 11, 1993.

TRANSACTION DOCUMENTS

In order to execute Phase II, the following documents must be executed. (Substantially the same as for Phase I "Preferential Use Agreement" between TWA and the City of St. Louis).

NOTE: Phase II is contingent on acceptance and full confirmation of the Phase I proposal.

Legislative History				
1ST READING	REF TO COMM	COMMITTEE	COMM SUB	COMM AMEND

09/24/93	09/23/93	T&C		
2ND READING	FLOOR AMEND	FLOOR SUB	PERFECTN	PASSAGE
10/01/93			10/08/93	10/08/93
ORDINANCE	VETOED		VETO OVR	
62976				