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Legislation Details (With Text)

File #: SO2017-4958

Type: Ordinance **Status:** Passed

File created: 6/28/2017 **In control:** City Council

Final action: 2/28/2018

Title: Aeronautical ground and facility leases and amendment of Municipal Code Chapter 10-36 by imposing associated rates and fees at Chicago O'Hare International Airport

Sponsors: Emanuel, Rahm

Indexes: Ch. 36 Parks, Playgrounds & Airports, Lease, O'Hare

Attachments: 1. SO2017-4958.pdf, 2. O2017-4958.pdf, 3. SO2017-4958 Exhibit A.pdf, 4. SO2017-4958 Exhibits B and C.pdf, 5. SO2017-4958 Exhibit D.pdf, 6. SO2017-4958 Exhibit E.pdf, 7. SO2017-4958 Exhibit F.pdf, 8. SO2017-4958 Exhibit G.pdf, 9. SO2017-4958 Exhibit H.pdf, 10. SO2017-4958 Exhibit I.pdf, 11. SO2017-4958 Exhibit J.pdf, 12. SO2017-4958 Exhibit K.pdf, 13. SO2017-4958 Exhibit L.pdf, 14. SO2017-4958 Exhibit M.pdf, 15. SO2017-4958 Exhibit N.pdf, 16. SO2017-4958 Exhibit O.pdf, 17. SO2017-4958 Exhibit P.pdf, 18. SO2017-4958 Exhibit Q.pdf, 19. SO2017-4958 Exhibit R.pdf, 20. SO2017-4958 Exhibit S.pdf, 21. SO2017-4958 Exhibit T.pdf, 22. SO2017-4958 Exhibit U.pdf, 23. SO2017-4958 Exhibit V.pdf

Date	Ver.	Action By	Action	Result
3/5/2018	1	Office of the Mayor	Signed by Mayor	
2/28/2018	1	City Council	Passed as Substitute	Pass
2/26/2018	1	Joint Committee: Aviation; Finance	Recommended to Pass	
2/26/2018	1	Joint Committee: Aviation; Finance	Substituted in Committee	
6/28/2017	1	City Council	Referred	

SUBSTITUTE ORDINANCE

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

WHEREAS, The City owns and operates Chicago O'Hare International Airport (the "Airport") and possesses the power and authority to lease its premises and facilities and to grant other rights and privileges with respect thereto; and

WHEREAS, The City is vested with authority to provide for the needs of aviation, commerce, shipping, traveling to and around the Airport, to promote and develop the Airport, and, in the exercise of such power, to lease City-owned properties at the Airport, upon such terms and conditions as the corporate authorities of the City shall prescribe; and

WHEREAS, The City desires to impose an off-airport cargo access fee on any airline carrier transporting air cargo through the Airport which is not processed in a cargo facility of a tenant or a subtenant under a cargo lease at the Airport by amending Chapter 10-36 of the Municipal Code of Chicago (the "Code") to add a new Section 10-36-193; and

WHEREAS, The City has completed an appraisal process to determine the fair market value of its real property and facilities at the Airport, and desires to establish uniform ground and building rental rates for

aeronautical real estate at the Airport effective May 12, 2018, based on such appraisals, by amending Chapter 10-36 of the Code to add a new Section 10-36-196; and

WHEREAS, Such uniform ground and building rental rates will apply to aeronautical leases at the Airport entered into by the City after the effective date of this ordinance and any rights of entry granted by the City after the effective date of this ordinance with respect to premises leased or to be leased at the Airport; and

WHEREAS, The City and United Parcel Service, Inc. ("UPS") previously entered into that certain Cargo Building Site Lease dated as of February 2, 1989, as amended from time to time including by that certain 2011 Amendment to Cargo Building Lease between the City and UPS at the Airport (the "UPS Original Lease"), whereby the City leased to UPS, and UPS leased from the City, a portion of the Airport more specifically described therein for, among other things, UPS's operation of a cargo facility, all on the terms and conditions set forth therein; and

WHEREAS, The UPS Original Lease expires on May 11, 2018, and the City desires to lease to UPS, and UPS desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately three hundred eighty-eight thousand, four hundred eighteen (388,418) square feet inclusive of certain roadway premises identified thereon, and all other improvements, paving and structures located or to-be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements and related improvements, and existing and to-be-constructed roadway improvements on or within the roadway premises (the "UPS Premises"); and

WHEREAS, The City desires to enter into a ground and building lease for the UPS Premises with UPS in substantially the form of the ground and building lease attached hereto as Exhibit A (the "UPS Ground and Building Lease"); and

WHEREAS, The City also desires to lease to UPS, and UPS desires to lease from the City, that certain parcel of property comprising a portion of the Airport outside of the airfield secure area consisting of approximately one hundred twenty-five thousand, three hundred thirty-three (125,333) square feet, together with all other existing and to-be constructed improvements, paving and structures located or to-be-located therein and thereon, including without limitation infrastructure improvements such as paving, lighting, fencing and related improvements (the "UPS Parking Premises"); and

WHEREAS, The City desires to enter into a ground lease for the UPS Parking Premises in substantially the form of ground lease attached hereto as Exhibit B (the "UPS Ground Lease"); and

WHEREAS, Upon the request of UPS, the Commissioner may either before the execution of the UPS Ground Lease or, by amendment, after the execution of the UPS Ground Lease increase the square footage of the UPS Parking Premises described in the attached UPS Ground Lease, Exhibit B, by approximately sixteen thousand (16,000) square feet, in which case the UPS Parking Premises description shall be revised to reflect the square footage increase as detailed in Exhibit C attached hereto; and

WHEREAS, The City and Flying Tigers, Inc. ("Flying Tigers") previously entered into that certain Cargo Facility Lease dated September 23, 1987 (the "Flying Tigers Original Lease"), whereby the City leased to Flying Tigers, and Flying Tigers leased from the City, a portion of the Airport more specifically described therein for, among other things, Flying Tigers' operation of a cargo facility, all on the terms and conditions set forth therein. Federal Express Corporation ("FedEx") thereafter acquired the rights and obligations of Flying Tigers under the Flying Tigers Original Lease, pursuant to FedEx's acceptance of that certain Lease Assignment dated December 1, 2003; and

WHEREAS, The Flying Tigers Original Lease expires on May 11, 2018, and the City desires to lease to FedEx, and FedEx desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately six hundred seventy-eight thousand, two hundred thirty-nine (678,239) square feet (the "FedEx Land"), together with the cargo facility (the "FedEx Cargo Facility") and all other improvements, paving and structures located or to-be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements and related improvements (collectively, the "FedEx Infrastructure"), subject to the Permitted Exceptions (as defined in the FedEx Ground and Building Lease as hereinafter defined below). The FedEx Land, the FedEx Cargo Facility and the FedEx Infrastructure are referred to hereinafter collectively as the

"FedEx Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the FedEx Premises with FedEx in substantially the form of the ground and building lease attached hereto as Exhibit D (the "FedEx Ground and Building Lease"); and

WHEREAS, The City and the Village of Rosemont ("Rosemont") previously entered into that certain lease dated September 1, 2003 (the "Rosemont Original Lease"), whereby the City leased to Rosemont, and Rosemont leased from the City, a portion of the Airport more specifically described therein for vehicular-parking purposes; and

WHEREAS, The Rosemont Original Lease expires on August 31, 2018, and the City desires to lease to Rosemont, and Rosemont desires to lease from the City, that certain real property comprising a portion of the Airport outside of the airfield secure area and consisting of approximately two hundred seventeen thousand, six hundred sixty-nine (217,669) square feet ("the Rosemont Land"), together with all other existing and to-be-constructed improvements, paving and structures located or to-be-located therein and thereon, including without limitation, infrastructure improvements such as paving, lighting, fencing, and related improvements (collectively, the "Rosemont Infrastructure") to be used for vehicular parking and other supportive uses reasonably necessary and/or associated with Rosemont's operation of the Rosemont Premises (as hereinafter defined below) for vehicular parking. The Rosemont Land and the Rosemont Infrastructure are referred to hereinafter collectively as the "Rosemont Premises"; and

WHEREAS, The City desires to enter into a ground lease for the Rosemont Premises with Rosemont in substantially the form of the ground lease attached hereto as Exhibit E (the "Rosemont Ground Lease"); and

WHEREAS, The City and Ozinga Ready Mix Concrete, Inc. ("Ozinga") previously entered into that certain Right of Entry Agreement dated as of October 22, 2015 at the Airport (the "Ozinga Right of Entry"), whereby the City granted to Ozinga the right to use a portion of the Airport more specifically described therein for, among other things, vehicular parking, all on the terms and conditions set forth therein; and

WHEREAS, The Ozinga Right of Entry has continued on a month to month basis since October 23, 2016 and the City desires to lease to Ozinga, and Ozinga desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately thirty-six thousand, eight hundred twenty-three (36,823) square feet (the "Ozinga Land"), together with all other existing and to-be-constructed improvements, paving and structures located or to-be-located therein and thereon, including without limitation infrastructure improvements such as paving, lighting, fencing, and related improvements (collectively, the "Ozinga Infrastructure"). The Ozinga Land and the Ozinga Infrastructure are referred to hereinafter collectively as the "Ozinga Premises"; and

WHEREAS, The City desires to enter into a ground lease for the Ozinga Premises with Ozinga in substantially the same form of the ground lease attached hereto as Exhibit F (the "Ozinga Ground Lease"); and

WHEREAS, The City and Societe Air France ("Air France"), are parties to that certain Cargo Facility Lease dated as of April 1, 1991 at the Airport (the "Air France Original Lease"), whereby the City leases to Air France, and Air France leases from the City, a portion of the Airport more specifically described therein for, among other things, Air France's operation of a cargo facility, all on the terms and conditions set forth therein; and

WHEREAS, The Air France Original Lease expires on May 11, 2018, and the City desires to lease to Air France, and Air France desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately three hundred sixty-eight thousand, eight hundred eighteen (368,818) square feet (the "Air France Land") together with the cargo facility (the "Air France Cargo-Facility"), and together with all other improvements, paving and structures located or to-be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "Air France Infrastructure"), subject to the Permitted Exceptions (as defined in the Air France Ground and Building Lease as hereinafter defined below). The Air France Land, the Air France Cargo Facility and the Air France Infrastructure are referred to hereinafter collectively as the "Air France Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the Air France Premises with Air France in substantially the same form of the ground and building lease attached hereto as Exhibit G (the "Air France Ground and Building Lease"); and

WHEREAS, The City and Lufthansa German Airlines ("Lufthansa German") previously entered into that certain Cargo Facility Lease dated as of April 1, 1991 at the Airport (the "Lufthansa Original Lease"), whereby the City leased to Lufthansa German, and Lufthansa German leased from the City, a portion of the Airport more specifically described therein for, among other things, Lufthansa German's operation of a cargo facility, all on the terms and conditions set forth therein. Lufthansa Cargo AG ("Lufthansa") thereafter acquired the rights and obligations of Lufthansa under the Lufthansa Original Lease pursuant to an assignment on January 1, 1995, with a subsequent consent of assignment by the City on November 15, 1995; and

WHEREAS, The Lufthansa Original Lease expires on May 11, 2018, and the City desires to lease to Lufthansa, and Lufthansa desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately five hundred thirty-four thousand, three hundred thirty-seven (534,337) square feet (the "Lufthansa Land") together with the cargo facility (the "Lufthansa Cargo Facility") and all other improvements, paving and structures located or to-be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "Lufthansa Infrastructure"). The Lufthansa Land, the Lufthansa Cargo Facility and the Lufthansa Infrastructure are referred to hereinafter collectively as the "Lufthansa Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the Lufthansa Premises with Lufthansa in substantially the same form of the ground and building lease attached hereto as Exhibit H (the "Lufthansa Ground and Building Lease"); and

WHEREAS, The City and Northwest Airlines, Inc. ("Northwest") previously entered into that certain Cargo Facility Lease dated as of June 6, 1987, at the Airport (the "Northwest Original Lease"), whereby the City leased to Northwest, and Northwest leased from the City, a portion of the Airport more specifically described therein (the "Northwest Premises") for, among other things, Northwest's operation of a cargo facility, all on the terms and conditions set forth therein, and Nippon Cargo Airlines Co. Ltd. ("Nippon") subleased the Northwest Premises from Northwest pursuant to a sublease dated December 1, 1998; and

WHEREAS, The Northwest Original Lease expires on May 11, 2018, and the City desires to lease to Nippon, and Nippon desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately three hundred sixty-seven thousand, four hundred seventy-seven (367,477) square feet (the "Nippon Land") together with the cargo facility (the "Nippon Cargo Facility") and other all improvements, paving and structures located or to-be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "Nippon Infrastructure") The Nippon Land, the Nippon Cargo Facility and the Nippon Infrastructure are referred to hereinafter collectively as the "Nippon Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the Nippon Premises with Nippon in substantially the same form of the ground and building lease attached hereto as Exhibit I (the "Nippon Ground and Building Lease"); and

WHEREAS, Swissport Cargo Services, Inc. ("Swissport") currently subleases from Koninklijke Luchtvaart Maatschappij, N.V., d/b/a KLM Royal Dutch Airlines real property comprising a portion of the Airport. The City desires to lease to Swissport, and Swissport desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately two hundred seventy-six thousand, two hundred forty-six (276,246) square feet (the "Swissport Land") together with the cargo facility (the "Swissport Cargo Facility") and all other improvements, paving and structures located or to-be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "Swissport Infrastructure"). The Swissport Land, the Swissport Cargo Facility and the Swissport Infrastructure are referred to hereinafter collectively as the "Swissport Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the Swissport Premises with

Swissport in substantially the same form of the ground and building lease attached hereto as Exhibit J (the "Swissport Ground and Building Lease"); and

WHEREAS, The City and Delta Air Lines, Inc. ("Delta") previously entered into that certain Hangar Facility Lease, dated as of January 1, 1959, at the Airport (the "Delta Original Lease"), whereby the City leased to Delta, and Delta leased from the City, a portion of the Airport more specifically described therein for, among other things, Delta's operation of aircraft hangar facilities, all on the terms and conditions set forth therein. SkyWest Airlines, Inc. ("SkyWest") thereafter acquired the rights and obligations of Delta under the Delta Original Lease, pursuant to SkyWest's acceptance of that certain Assignment and Assumption of Lease dated February 4, 2008; and

WHEREAS, The Delta Original Lease expires on May 11, 2018, and the City desires to lease to SkyWest, and SkyWest desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately three hundred ninety-eight thousand, seven hundred twenty-one (398,721) square feet (the "SkyWest Land") together with the aircraft hangar (the "SkyWest Hangar Facility") and all other improvements, paving and structures located or to-be- located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "SkyWest Infrastructure"), subject to the Permitted Exceptions (as defined in the SkyWest Ground and Building Lease as hereinafter defined below). The SkyWest Land, the SkyWest Hangar Facility and the SkyWest Infrastructure are referred to hereinafter collectively as the "SkyWest Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the SkyWest Premises with SkyWest in substantially the same form of the ground and building lease attached hereto as Exhibit K (the "SkyWest Ground and Building Lease"); and

WHEREAS, The City and Northwest previously entered into that certain Cargo Facility Lease "dated as of June 6, 1987, as amended, at the Airport (the "Northwest Original-Cargo-Lease"), whereby the City leased to Northwest, and Northwest leased from the City, a portion of the Airport more specifically described therein for, among other things, Northwest's operation of a cargo facility, all on the terms and conditions set forth therein. Delta thereafter acquired the rights and obligations of Northwest under the Northwest Original Cargo Lease, pursuant to Northwest's merger with and into Delta, leaving Delta as the surviving entity, effective December 31, 2009; and

WHEREAS, The Northwest Original Cargo Lease expires on May 11, 2018, and the City desires to lease to Delta, and Delta desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately two hundred eighteen thousand, three hundred fifty-eight (218,358) square feet (the "Delta Cargo Land") together with the cargo facility (the "Delta Cargo Facility") and all other improvements, paving and structures located or to- be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "Delta Cargo Infrastructure"), subject to the Permitted Exceptions (as defined in the Delta Ground and Building Lease as hereinafter defined below). The Delta Cargo Land, the Delta Cargo Facility and the Delta Cargo Infrastructure[^]are referred to hereinafter collectively as the "Delta Cargo Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the Delta Cargo Premises with Delta in substantially the same form of the ground and building lease attached hereto as Exhibit L (the "Delta Ground and Building Lease"); and

WHEREAS, The City and North Central Airlines, Inc. ("North Central") previously entered into that certain Hangar and Hangar Site Lease dated as of January 1, 1959 at the Airport (the "North Central Original Hangar Lease"), whereby the City leased to North Central, and North Central leased from the City, a portion of the Airport more specifically described therein for, among other things, North Central's operation of aircraft hangar facilities, all on the terms and conditions set forth therein. Republic Airlines ("Republic") thereafter acquired the rights and obligations of North Central under the North Central Original Hangar Lease, pursuant to North Central's merger with and into Southern Airways, creating Republic as the new surviving entity, effective October 1980. Northwest thereafter acquired the rights and obligations of Republic under the North Central Original Hangar Lease, pursuant to Republic's merger with and into Northwest, leaving Northwest as the surviving entity, effective October 1, 1986. Delta thereafter acquired the rights and obligations of Northwest under the North Central Original Hangar Lease, pursuant to Northwest's merger with and into Delta, leaving Delta as the surviving entity, effective December 31,

2009; and

WHEREAS, The North Central Original Hangar Lease expires on May 11, 2018, and the City desires to lease to Delta, and Delta desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately seventy-two thousand, seven hundred twenty-four (72,724) square feet (the "Delta Hangar Land") together with all other existing and to-be constructed improvements, including without limitation infrastructure improvements such as paving, lighting, fencing, and related improvements located therein and thereon (collectively, the "Delta Hangar Infrastructure") subject to the Permitted Exceptions (as defined in the Delta Aircraft Parking Lease as hereinafter defined below). The Delta Hangar Land and the Delta Hangar Infrastructure are referred to hereinafter collectively as the "Delta Hangar Premises"; and

WHEREAS, The City desires to enter into a ground lease for the Delta Hangar Premises with Delta in substantially the same form of the ground lease attached hereto as Exhibit M (the "Delta Aircraft Parking Lease"); and

WHEREAS, The City and American Airlines, Inc. ("American") previously entered into that certain cargo facility lease dated as of December 19, 1986 at the Airport (the "American Original Cargo Lease"), whereby the City leased to American, and American leased from the City, a portion of the Airport more specifically described therein for, among other things, American's operation of a cargo facility, all on the terms and conditions set forth therein; and

WHEREAS, The American Original Cargo Lease expires on May 11, 2018, and the City desires to lease to American, and American desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately five hundred twenty-nine thousand, twenty-nine (529,029) square feet (the "American Cargo Land") together with the cargo facility (the "American Cargo Facility") and all other improvements, paving and structures located or to-be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "American Cargo Infrastructure"), subject to the Permitted Exceptions (as defined in the American Ground and Building Lease as hereinafter defined below) The American Cargo Land, the American Cargo Facility and the American Cargo Infrastructure are referred to hereinafter collectively as the "American Cargo Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the American Cargo Premises with American in substantially the same form of the ground and building lease attached hereto as Exhibit N (the "American Ground and Building Lease"); and

WHEREAS, The City, Braniff Airlines, Inc. ("Braniff") and Northwest previously entered into that certain Hangar Facility Lease dated as of January 1, 1959 at the Airport (the "Braniff Original Hangar Lease"), whereby the City leased to Braniff and Northwest, each as 50% co-tenants, and Braniff and Northwest leased from the City, a portion of the Airport more specifically described therein for, among other things, Braniff and Northwest's operation of aircraft hangar facilities, all on the terms and conditions set forth therein. American thereafter acquired Braniffs rights and obligations under the Braniff Original Hangar Lease pursuant to an assignment effective December 1988. Delta thereafter acquired Northwest's rights and obligations under the Braniff Original Hangar Lease, pursuant to Northwest's merger with and into Delta, leaving Delta as the surviving entity, effective December 31, 2009. American thereafter acquired Delta's rights and obligations under the Braniff Original Hangar Lease pursuant to an assignment effective April 23, 2012; and

WHEREAS, The Braniff Original Hangar Lease expires on May 11, 2018, and the City desires to lease to American, and American desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately four hundred ninety-seven thousand, two hundred thirty-nine (497,239) square feet (the "American Hangar Land") together with the aircraft hangar (the "American Hangar Facility"), and all other improvements, paving and structures located or to-be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "American Hangar Infrastructure"), subject to the Permitted Exceptions (as defined in the American Aircraft Hangar Lease hereinafter defined below). The American Hangar Land, the American Hangar Facility and the American Hangar Infrastructure are referred to hereinafter collectively as the "American Hangar Premises"; and

WHEREAS, The-City desires to enter into a ground and building lease for the American Hangar Premises

with American in substantially the same form of the ground and building lease attached hereto as Exhibit O (the "American Aircraft Hangar Lease"); and

WHEREAS, The City and Transworld Airlines, Inc. ("TWA") previously entered into that certain Hangar and Hangar Facility Lease dated January 1, 1959 (the "TWA Lease") and American assumed the rights and obligations of TWA under the TWA Lease under an agreement dated December 17, 1989 and the City and American previously entered into (i) that certain Hangar and Hangar Facility Lease dated January 1, 1959, as amended and (ii) that certain Hangar Site Lease dated December 16, 1969, as amended, whereby the City leased to American, and American leased from the City, a portion of the Airport more specifically described therein for, among other things, American's operation of aircraft hangar facilities (collectively, the "American Original Hangar Premises"), all on the terms and conditions set forth therein. The City has determined that, as part of the O'Hare Modernization Program ("OMP") and the runway reconfiguration and improvements being constructed therewith, American will need to vacate or relocate from a portion of the American Original Hangar Premises to certain other real property at the Airport, including certain real property upon which American will construct new aircraft hangar facilities and related improvements as more specifically described in the American Hangar Relocation Lease (as hereinafter defined below), and

WHEREAS, The City desires to lease to American, and American desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately three million, one hundred eleven thousand, seven hundred twenty six (3,111,726) square feet (the "American Hangar Relocation Land"), together with all improvements, paving and structures located or to-be-located therein and thereon, including without limitation the new hangar facilities, the hangar and other facilities existing on the American Hangar Relocation Land on the effective date of the American Hangar Relocation Lease (collectively, the "American Hangar Relocation Facilities"), and any other existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "American Hangar Relocation Infrastructure"). The American Hangar Relocation Land, the American Hangar Relocation Facilities and the American Hangar Relocation Infrastructure are referred to hereinafter collectively as the "American Hangar Relocation Premises"; and \

WHEREAS, The City desires to enter into a ground and building lease for the American Hangar Relocation Premises with American in substantially the same form of the ground and building lease attached hereto as Exhibit P (the "American Hangar Relocation Lease"); and

WHEREAS, The City currently leases to American a portion of the Airport for, among other things, American's operation of a ground equipment maintenance facility (the "American Original GEM Premises"). The City has determined that, as part of the OMP and the runway reconfiguration and improvements being constructed therewith, American will need to vacate or relocate from a portion of the American Original GEM Premises to certain other real property at the Airport, including certain real property upon which American will construct new ground equipment maintenance facilities and related improvements as more specifically described in the American GEM Relocation Lease (as hereinafter defined below); and

WHEREAS, The City desires to lease to American, and American desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately three hundred ninety-four thousand, five hundred ninety-two (394,592) square feet (the "American GEM Relocation Land") together with all improvements, paving and structures located or to-be-located therein and thereon, including without limitation the ground equipment maintenance facilities and other facilities existing on the American GEM Relocation Land on the effective date of the American GEM Relocation Lease (collectively, the "American GEM Infrastructure") The American GEM Relocation Land and the American GEM Infrastructure are referred to hereinafter collectively as the "American GEM Relocation Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the American GEM Relocation Premises with American in substantially the same form of the ground and building lease attached hereto as Exhibit Q (the "American GEM Relocation Lease"); and

WHEREAS, The City and Ozark Airlines, Inc. ("Ozark") previously entered into that certain Hangar Facility Lease, Inc., dated as of January 1, 1959, at the Airport (the "Ozark Original 757 Hangar Lease"), whereby the City leased to Ozark, and Ozark leased from the City, a portion of the Airport more specifically described therein for,

among other things, Ozark's operation of aircraft hangar facilities, all on the terms and conditions set forth therein. United Airlines, Inc. ("United") thereafter acquired the rights and obligations of Ozark under the Ozark Original 757 Hangar Lease, pursuant to United's acceptance of that certain Assignment and Assumption Agreement dated July 22, 1986; and

WHEREAS, The Ozark Original 757 Hangar Lease expires on May 11, 2018, and the City desires to lease to United, and United desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately one hundred ninety-nine thousand, two hundred seven (199,207) square feet (the "United 757 Land") together with the aircraft hangar (the "United 757 Hangar Facility") and all other improvements, paving and structures located or to-be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "United 757 Infrastructure"), subject to the Permitted Exceptions (as defined in the United 757 Hangar Lease hereinafter defined below). The United 757 Land, the United 757 Hangar Facility and the United 757 Infrastructure are referred to hereinafter collectively as the "United 757 Hangar Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the United 757 Hangar Premises with United in substantially the same form of the ground and building lease attached hereto as Exhibit R (the "United 757 Hangar Lease"); and

WHEREAS, The City and Eastern Airlines, Inc. ("Eastern") previously entered into that certain Hangar Facility Lease, dated as of January 1, 1959, at the Airport (the "Eastern Original 770 Hangar Lease"), whereby the City leased to Eastern, and Eastern leased from the City, a portion of the Airport more specifically described therein for, among other things, Eastern's operation of aircraft hangar facilities, all on the terms and conditions set forth therein. United thereafter acquired the rights and obligations of Eastern under the Eastern Original 770 Lease, pursuant to United's acceptance of that certain Assignment and Assumption Agreement dated January 24, 1991; and

WHEREAS, The Eastern Original 770 Hangar Lease expires on May 11, 2018, and the City desires to lease to United, and United desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately nine hundred six thousand, three hundred fifty-two (906,352) square feet (the "United 770 Land") together with the aircraft hangar (the "United 770 Hangar Facility") and all other improvements, paving and structures located or to-be-located therein and thereon, including without limitation existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "United 770 Infrastructure"), subject to the Permitted Exceptions (as defined in the United 770 Hangar Lease hereinafter defined below). The United 770 Land, the United 770 Hangar Facility and the United 770 Infrastructure are referred to hereinafter collectively as the "United 770 Hangar Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the United 770 Hangar Premises with United in substantially the same form of the ground and building lease attached hereto as Exhibit S (the "United 770 Hangar Lease"); and

WHEREAS, The City currently leases to United a portion of the Airport for, among other things, vehicular parking for United's employees (the "United Original Parking Premises"). The City has determined that, as part of the OMP and the runway reconfiguration and improvements being constructed therewith, United will need to vacate or relocate from a portion of the United Original Parking Premises to certain other real property at the Airport, including certain real property upon which United will construct new parking facilities and related improvements as more specifically described in the United Parking Lease (as hereinafter defined below), and

WHEREAS, The City desires to lease to United, and United desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately one million, sixty-nine thousand, two hundred ninety-five (1,069,295) square feet (the "United Parking Land") together with all other existing and to-be-constructed improvements, including without limitation infrastructure improvements such as paving, lighting, fencing, and related improvements located therein and thereon (collectively, the "United Parking Infrastructure"), subject to the Permitted Exceptions (as defined in the United Parking Lease hereinafter defined below). The United Parking Land and the United Parking Infrastructure are referred to hereinafter collectively as the "United Parking

Premises"; and

WHEREAS, The City desires to enter into a ground lease for the United Parking Premises with United in substantially the same form of the ground lease attached hereto as Exhibit T (the "United Parking Lease"); and

WHEREAS, The City and United previously entered (i) that certain UA K No. 10222 Hangar and Hangar Site Lease dated January 1, 1959, as amended, (ii) that certain UA K No. 11875 Hangar and Hangar Site Lease dated January 1, 1959, as amended, (iii) that certain UA K No. 20275 Hangar Site Lease entered into as of March 6, 1967, as amended, (iv) that certain UA K No. 69871 Lease Amendment Agreement made as of March 1, 1985 and (v) that certain CO K No. C181767 Hangar Site Lease entered into as of January 20, 1967, as amended, whereby the City leased to United, and United leased from the City, a portion of the Airport more specifically described therein for, among other things, United's operation of aircraft hangar facilities (collectively, the "United Original Hangar Premises"), all on the terms and conditions set forth therein. The City has determined that, as part of the OMP and the runway reconfiguration and improvements being constructed therewith, United will need to vacate or relocate from a portion of the United Original Hangar Premises to certain other real property at the Airport, including certain real property upon which United will construct new aircraft hangar facilities and related improvements as more specifically described in the United Hangar Relocation Lease (as hereinafter defined below); and

WHEREAS, The City desires to lease to United, and United desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately four million, sixty-five thousand, three hundred seventy-five (4,065,375) square feet (the "United Hangar Relocation Land") together with all improvements, paving and structures located or to-be-located therein and thereon, including without limitation new hangar facilities, the hangar and other United facilities existing on the United Hangar Relocation Land on the effective date of the agreement (collectively, the "United Hangar Relocation Facilities"), and any other existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "United Hangar Relocation Infrastructure") The United Hangar Relocation Land, the United Hangar Relocation Facilities and the United Hangar Relocation Infrastructure are referred to hereinafter collectively as the "United Hangar Relocation Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the United Hangar Relocation Premises with United in substantially the same form of the ground and building lease attached hereto as Exhibit U (the "United Hangar Relocation Lease"); and

WHEREAS, The City and United previously entered (i) that certain UA K No. 10222 Hangar and Hangar Site Lease Dated January 1, 1959, as amended and (ii) that certain UA K No. 69871 Lease Amendment Agreement made as of March 1, 1985, whereby the City leased to United, and United leased from the City, a portion of the Airport more specifically described therein for, among other things, United's operation of ground equipment maintenance facilities (collectively, the "United Original GEM Premises"), all on the terms and conditions set forth therein. The City has determined that, as part of the OMP and the runway reconfiguration and improvements being constructed therewith, United will need to vacate or relocate from a portion of the United Original GEM Premises to certain other real property at the Airport, including certain real property upon which United will construct new ground equipment maintenance facilities and related improvements as more specifically described in the United GEM Relocation Lease (as hereinafter defined below); and

WHEREAS, The City desires to lease to United, and United desires to lease from the City, that certain real property comprising a portion of the Airport and consisting of approximately eight hundred six thousand, six hundred forty-three (806,643) square feet (the "United GEM Relocation Land") together with all improvements, paving and structures located or to-be-located therein and thereon, including without limitation the ground equipment maintenance facilities and other United facilities existing on the United GEM Relocation Land on the effective date of the agreement (collectively, the "United GEM Relocation Facilities"), and any other existing and to-be-constructed infrastructure improvements, and related improvements (collectively, the "United GEM Relocation Infrastructure"). The United GEM Relocation Land, the United GEM Relocation Facilities and the United GEM Relocation Infrastructure are referred to hereinafter collectively as the "United GEM Relocation Premises"; and

WHEREAS, The City desires to enter into a ground and building lease for the United GEM Relocation Premises with United in substantially the same form of the ground and building lease attached hereto as Exhibit V

(the "United GEM Relocation Lease"); now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:
SECTION 1. The above recitals are incorporated by reference as if fully set forth herein.

SECTION 2 Chapter 10-36 of the Municipal Code of Chicago is hereby amended by inserting a new Section 10-36-193, as follows'

10-36-193 Cargo access permit-When required.

(a) Permit authorized. The Commissioner of Aviation is authorized to issue an airport cargo access through the fence permit ("Cargo Access Permit") to any airline carrier at Chicago O'Hare International Airport ("Airport") which deplanes cargo at the Airport which cargo is not processed in a cargo facility of a tenant or subtenant under a cargo facility lease on Airport premises ("Cargo Access Permittee").

(b) Permit required - Fee. Each Cargo Access Permittee shall obtain a Cargo Access Permit within the meaning of subsection (a) of this section, and shall pay to the City a cargo access fee of not less than \$5.00 per ton of cargo deplaned at the Airport, subject to adjustment annually each January by the Consumer Price Index for all Urban Consumers for All Items - Chicago (1982- 1984=100), published by the United States Department of Labor, Bureau of Labor Statistics (the "CPI-U Index") for the prior May, with the CPI-U Index published for May 2017 used as the base index for such annual adjustment ("Cargo Access Fee").

(c) Penalty for violation. Any person who deplanes cargo at the Airport without a Cargo Access Permit when a Cargo Access Permit is required by this section, or otherwise violates this section, shall be subject to a fine of not less than \$500.00 nor more than \$2,000.00 for each offense. Each day that a violation continues shall constitute a separate and distinct offense.

(d) Rules. The Commissioner of Aviation is hereby authorized to adopt such rules as the Commissioner may deem necessary or appropriate to implement or administer this section.

SECTION 3. Chapter 10-36 of the Municipal Code of Chicago is hereby amended by inserting a new Section 10-36-196, as follows:

10-36-196 Ground and building rental rates for facilities at Chicago O'Hare International Airport.

(a) Rental rates. Effective May 12, 2018 ("Term Commencement Date"), ground and building rental rates for aeronautical real estate at Chicago O'Hare International Airport ("Airport") described in this Section shall apply to leased premises on Airport for aeronautical purposes, including cargo facilities, hangar facilities and ground equipment maintenance facilities, and to leased premises outside the Airport secure area, and to rights of entry agreements relating to any such leased premises, as follows:

(1) Rental rates for premises used for on-Airport cargo facilities shall be

- (i) Ground rent for the period May 12, 2018 through December 31, 2023, shall be \$2.25 per square foot per year for the total square footage of dedicated apron and land for the real property being used at the Airport inside the Airport secure area for cargo related operations; and
- (ii) Facility rent for the period May 12, 2018 through December 31, 2023, shall be \$10.00 per square foot per year for the square footage of the property being used at the Airport inside the Airport secure area for cargo facilities; and
- (iii) For the five-year period beginning on January 1, 2024 and every five years thereafter, the rent set forth in subsection (a)(1)(i) and (a)(1)(ii) of this section shall be adjusted pursuant to the PPI Adjustment

- (2) Rental rates for on-Airport premises used for hangar and ground equipment maintenance facilities shall be;
- (i) Fixed rent for the period May 12, 2018 through December 31, 2023, shall be \$2.25 per square foot per year for the total square footage of dedicated apron and land for the real property being used at the Airport inside the Airport secure area for hangar and ground equipment maintenance facilities, provided, however, that the real property being used at the Airport for hangar and/or ground equipment maintenance facilities which shall be vacated in connection with the construction of Runway 9C-27C at the Airport shall not be subject to the fixed rent as set forth in this subsection (a)(2)(i); and
 - (ii) For the five-year period beginning on January 1, 2024 and every five years thereafter, the rent set forth in subsection (a)(2)(i) of this section shall be adjusted pursuant to the PPI Adjustment.
- (3) Rental rates for premises outside of the Airport secure area:
- (i) Fixed rent shall be \$2.00 per square foot per year for the total square footage of real property being leased for a period of five years from the date on which such rental rate is applicable to such premises.
 - (ii) Beginning on the January 1st following the five year anniversary of the effective date of the rental rate as set forth in subsection (a)(3)(i) of this section, the rent set forth in subsection (a)(3)(i) of this section shall be adjusted pursuant to the PPI Adjustment.

(b) Definitions. As used in this section:

"PPI Adjustment" shall mean a fraction (rounded to two decimal places), the numerator of which shall be the "PPI" for May 2023 and every five years thereafter, and the denominator of which shall be the PPI for May 2018, with respect to the PPI Adjustment on any such fifth (5th) anniversary of the Term Commencement Date and every five years thereafter.

"PPI" shall mean "The Producer Price Index - All Commodities" as published by the Bureau of Labor Statistics of the United States Department of Labor or if the same is discontinued, a replacement index published by the Department of Labor or other applicable governmental authority, appropriately adjusted.

SECTION 4 The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner of the Chicago Department of Aviation ("Commissioner") and the approval of the Corporation Counsel as to form and legality, the UPS Ground and Building Lease with UPS in substantially the form of Exhibit A attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

SECTION 5. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the UPS Ground Lease with UPS in substantially the form of Exhibit B attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

SECTION 6. Upon the request of UPS, the Commissioner is hereby authorized to increase the square footage of the UPS Parking Premises described in the attached UPS Ground Lease, Exhibit B. by approximately sixteen thousand (16,000) square feet, in which case the UPS Parking Premises description shall be revised to

reflect the square footage increase as detailed in Exhibit C attached hereto.

SECTION 7. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the FedEx Ground and Building Lease with FedEx in substantially the form of Exhibit D attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

SECTION 8. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the Rosemont Ground Lease with Rosemont in substantially the form of Exhibit E attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

SECTION 9. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the Ozinga Ground Lease with Ozinga in substantially the form of Exhibit F attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 10. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the Air France Ground and Building Lease with Air France in substantially the form of Exhibit G attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 11 The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the Lufthansa Ground and Building Lease with Lufthansa in substantially the form of Exhibit H attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 12. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the Nippon Ground and Building Lease with Nippon in substantially the form of Exhibit I attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 13 The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the Swissport Ground and Building Lease with Swissport in substantially the form of Exhibit J attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 14. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the SkyWest Ground and Building Lease with SkyWest in substantially the form of Exhibit K attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 15. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the Delta Ground and Building Lease with Delta in substantially the form of Exhibit L attached hereto, with such changes as the

Commissioner determines to be in the best interest of the City.

Section 16. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the Delta Aircraft Parking Lease with Delta in substantially the form of Exhibit M attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 17. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the American Ground and Building Lease with American in substantially the form of Exhibit N attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 18. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the American Aircraft Hangar Lease with American in substantially the form of Exhibit O attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 19. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the American Hangar Relocation Lease with American in substantially the form of Exhibit P attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 20. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the American GEM Relocation Lease with American in substantially the form of Exhibit Q attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 21. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the United 757 Hangar Lease with United in substantially the form of Exhibit R attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 22. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the United 770 Hangar Lease with United in substantially the form of Exhibit S attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 23. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the United Parking Lease with United in substantially the form of Exhibit T attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

Section 24. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner and the approval of the Corporation Counsel as to form and legality, the United Hangar Relocation Lease with United in substantially the form of Exhibit U attached hereto, with such changes as the Commissioner determines to be in the best interest of the

City

Section 25 The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner, and the approval of the Corporation Counsel as to form and legality, the United GEM Relocation Lease with United in substantially the form of Exhibit V attached hereto, with such changes as the Commissioner determines to be in the best interest of the City.

SECTION 26. The Commissioner and such other City officials and employees as may be required are authorized to take such actions and execute such other documents as may be necessary or desirable to implement the objectives of this ordinance.

SECTION 27. SECTION 2 of this ordinance, adding a new Section 10-36.-193 to the Municipal Code of Chicago, shall take full force and effect ten days after its passage and publication. The remainder of this ordinance shall take full force and effect upon its passage and approval. CHICAGO February 28, 2018

To the President and Members of the City Council:

Your Joint Committee on Finance and Committee on Aviation having had under consideration a substitute ordinance authorizing the amendment of Chapter 10-36 of the Municipal Code of Chicago regarding Cargo Access Pennits and Ground and Building Rental Rates for Facilities at Chicago O'Hare International Airport and authorizing the Commissioner of the Department of Aviation to enter into and execute Cargo Facility Leases, Hangar Facility Leases, GEM Facility Leases, Hangar Facility Relocation Leases, GEM Facility Relocation Leases and Ground Leases with various Tenants at Chicago O'Hare International Airport.

02017-4958

Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Substitute Ordinance Transmitted Herewith.

This recommendation was concurred in by of members of the committee with 1 (a voce vote

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Alderman Carrie Austin (34) voted no on this item.

Respectfully submitted
Chairman

Mayoral Signature Request - Thursday, March j, soi8

APPROVED

DATED: 3 j l b