



RESOLUTION NO. 27475

WHEREAS, on recommendation of Management, there was presented for approval, thirty (30)-month Lease with Lufthansa Cargo Aktiengesellschaft, a German Corporation, and building rental rate, covering the property located at 5721 West Imperial Highway within Los Angeles International Airport; and

WHEREAS, the Imperial Cargo Complex (ICC), located at the southwest corner of Aviation Boulevard and Imperial Highway, is comprised of eight (8) cargo facilities totaling 577,138 square feet of building space on 1,009,300 square feet of land. The ICC area also consists of ten (10) aircraft parking positions (see Exhibit 1 attached herein) that are managed by Los Angeles World Airports (LAWA) Operations Division; and

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Chief Executive Officer

WHEREAS, six (6) of the eight (8) leases at the ICC have expired and two (2) remaining leases will expire in July and October 2024. LAWA allowed the six (6) individual leases with Swissport Cargo Services LP, Polar Air Cargo Worldwide Inc., Lufthansa Cargo Aktiengesellschaft (Lufthansa), Delta Air Lines, China Airlines Ltd, and Société Air France to expire while retaining the tenants in holdover month-to-month tenancy to ensure a comprehensive approach to the future planning and development of the ICC; and

WHEREAS, the facilities remain in good condition and generate approximately \$13.5 million per year in rental income for LAWA. Therefore, LAWA will implement new short-term leases for said six (6) tenants whose leases have expired. The new leases will expire on October 31, 2024, contemporaneously with United Airlines Inc.'s cargo lease, which will also expire in October 2024. Having all leases at the ICC terminate at the same time will provide LAWA greater flexibility for future planning; and

WHEREAS, Lufthansa has operated at the ICC since 1985. Its new Lease will allow continued cargo operations and align the lease expiration date with that of the other tenants at the ICC. As part of the negotiation for the new Lease, Lufthansa agreed to a building rental rate increase from \$20.37 to \$23.50 per square foot per year, which is consistent with rental rates at other Los Angeles International Airport (LAX) cargo facilities. The building rental rate increase will be effective as of December 20, 2020, the day after expiration of the prior lease, resulting in a one-time retroactive rent payment by Lufthansa of \$376,644 covering the holdover period from December 2020 to May 1, 2022, when the new lease term will start. The new Lease includes all standard LAWA terms and provisions. Following is a summary of the terms of the new Lease with Lufthansa:

	Previous	New
Term:		
Effective Date	December 20, 2015	upon execution by the Chief Executive Officer
Expiration Date	December 19, 2020	October 31, 2024
Early Termination	180-days written notice	90-days written notice
Premises:		
Land Area	129,491 square feet	no change
Building	83,500 square feet	no change
Auto Paving	39,491 square feet	no change
Aircraft Paving	15,000 square feet	no change



(table contd)

	Previous	New
Rental Rates:		
Land	\$ 3.69/square foot/year	\$ 3.69/square foot/year
Auto Paving	\$ 0.44/square foot/year	\$ 0.44/square foot/year
Aircraft Paving	\$ 0.87/square foot/year	\$ 0.87/square foot/year
Building	\$20.37/square foot/year	\$23.50/square foot/year
Annual Rent	\$2,209,143	\$2,532,260
Retroactive Rent	none	\$ 376,644
First Year Rent	\$2,209,143	\$2,908,904
Rental Adjustments:		
Annual Adjustment	Consumer Price Index on July 1	3% on July 1
Periodic Adjustment	Land Rate Adjustment: July 1, 2020, and every five (5) years thereafter	Land Rate Adjustment: July 1, 2020, and every five (5) years thereafter. Retroactive rental amounts will apply.
	Paving rate adjustments as per standard LAWA procedures	no change; and

Notes:

- *The Annual, Retroactive, and First Year Rents were calculated based on the new building rental rate effective December 20, 2020 and a lease commencement date of May 1, 2022.*
- *The July 1, 2020 Airport Land Rate Adjustment is currently under negotiation.*

WHEREAS, issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and

WHEREAS, Lufthansa will comply with the provisions of the Living Wage Ordinance; and

WHEREAS, Lufthansa will comply with the provisions of the Affirmative Action Program; and

WHEREAS, Lufthansa must submit a Business Tax Registration Certificate prior to lease execution; and

WHEREAS, Lufthansa will comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, Lufthansa must have approved insurance documents, in the terms and amounts required, on file with LAWA prior to lease execution; and

WHEREAS, Lufthansa must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of said program; and

WHEREAS, Lufthansa must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to lease execution; and

WHEREAS, Lufthansa will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

WHEREAS, Lufthansa must submit the Municipal Lobbying Ordinance CEC Form 50 prior to lease execution; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that this action is exempt from the California Environmental Quality Act pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; approved the thirty (30)-month Lease with Lufthansa Cargo Aktiengesellschaft, a German Corporation, and associated building rental rate, covering the property located at 5721 West Imperial Highway within Los Angeles International Airport; and authorized the Chief Executive Officer, or designee, to execute said Lease with Lufthansa Cargo Aktiengesellschaft, a German Corporation, after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27475 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, April 14, 2022.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS

Attachment:
- Exhibit 1 - Imperial Cargo Complex