

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Aviation

AGENDA DATE: November 9, 2021

CONTACT PERSON NAME AND PHONE NUMBER: Sam Rodriguez, (915) 212-7301

DISTRICT(S) AFFECTED: District 2

CITY STRATEGIC GOAL 1: Create an Environment Conducive to Strong, Sustainable Economic Development.

SUBJECT:

This is a Resolution to authorize the City Manager to sign a First Amendment to Air Cargo Center Agreement ("First Amendment") with an effective date of November 9, 2021, by and between the City of El Paso ("Lessor") and DHL Express (USA), Inc. ("Lessee") to add the following described property:

That certain office and warehouse space containing approximately 12,325 square feet, more or less, in total as shown on Exhibit "C" to said First Amendment, known as the Air Cargo Center, 301 George Perry Blvd., Suite H, El Paso, El Paso County, Texas, together with portions of the loading dock and vehicle parking space, ground service equipment parking and the non-exclusive use of the roadway in front of the Air Cargo Center, all as set forth therein.

That the First Amendment shall identify Lessor Additional Improvements and the rental rates for Suite H.

The term of this lease is five (5) years with one (1) year and three (3) months remaining plus one (1) option to extend the term by five (5) years. The new annual rental rate will be \$173,139.55, which is an increase of \$87,713.55 per year.

BACKGROUND / DISCUSSION:

The Department of Aviation is requesting approval of this item to support DHL Express's growth into the suite adjacent to its current leasehold in the Cargo Center. DHL Express will be expanding its operations at the El Paso International Airport (ELP) and is adding approximately thirty (30) part-time and full-time positions to support its growing operation. ELP will be completing the construction of a doorway to connect the two suites. DHL will reimburse ELP \$27,583.64 within thirty (30) days of the completion of the improvement.

Term: 5 years initial term plus one 5-year option

Rental Rate:

Suite G	Sq. Ft.	Annual Rate	Annual Rent	Monthly Rent
Office/Whse	6,292	\$ 7.1200	\$ 44,799.04	\$ 3,733.25
Veh Parking	2,600	\$ 0.7260	\$ 1,887.60	\$ 157.30
GSE Parking	2,600	\$ 0.7260	\$ 1,887.60	\$ 157.30
Aircraft Parking	50,760	\$ 0.7260	\$ 36,851.76	\$ 3,070.98
Subtotal	62,252		\$ 85,426.00	\$ 7,118.83
Suite H	Sq. Ft.	Annual Rate	Annual Rent	Monthly Rent
Office/Whse	12,325	\$ 6.5100	\$ 80,235.75	\$ 6,686.31
Veh Parking	5,150	\$ 0.7260	\$ 3,738.90	\$ 311.58
GSE Parking	5,150	\$ 0.7260	\$ 3,738.90	\$ 311.58
Subtotal	5,150		\$ 87,713.55	\$ 7,309.46
TOTAL RENTAL FEE	67,402		\$ 173,139.55	\$ 14,428.30

PRIOR COUNCIL ACTION:

2/6/2018 – Air Cargo Center Lease Agreement approved

AMOUNT AND SOURCE OF FUNDING:

N/A: This is a revenue-generating item.

BOARD / COMMISSION ACTION:

N/A

DEPARTMENT HEAD:

Handwritten signature of Sam Rodriguez in black ink, consisting of stylized initials and a surname.

Sam Rodriguez, B.E.
Chief Operations & Transportation Officer/Director of Aviation

RESOLUTION

WHEREAS, the City of El Paso (“Lessor”) and DHL Express (USA), Inc. (“Lessee”) entered into an Air Cargo Center Agreement with an effective date of February 6, 2018, to lease office, warehouse, loading dock, and ground service equipment parking space located at Suite G of the Air Cargo Center, 301 George Perry, Blvd., El Paso, El Paso County, Texas; and

WHEREAS, the Tenant desires to lease additional warehouse and ground service equipment parking space, and other space located at Suite H of the Air Cargo Center;

WHEREAS, the City is willing to lease the referenced space to Lessee, and to offer Landlord’s Additional Improvements to Suite H.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

1. That the City Manager be authorized to sign a First Amendment to Air Cargo Center Agreement (“First Amendment”) with an effective date of November 9, 2021, by and between the City of El Paso (“Lessor”) and DHL Express (USA), Inc. (“Lessee”) to add the following described property:

That certain office and warehouse space containing approximately 12,325 square feet, more or less, in total as shown on Exhibit “C” to said First Amendment, known as the Air Cargo Center, 301 George Perry Blvd., Suite H, El Paso, El Paso County, Texas, together with portions of the loading dock and vehicle parking space, ground service equipment parking and the non-exclusive use of the roadway in front of the Air Cargo Center, all as set forth therein.

2. That the First Amendment shall identify Lessor Additional Improvements and the rental rates for Suite H.

(Signature appear on following page)

Dated this ____ day of _____, 2021.


CITY OF EL PASO

Oscar Leeser
Mayor

ATTEST:

Laura D. Prine
City Clerk

APPROVED AS TO FORM:



Josette Flores
Senior Assistant City Attorney

APPROVED AS TO CONTENT:



Samuel Rodriguez, P.E.
Director of Aviation

STATE OF TEXAS)
)
COUNTY OF EL PASO)

**FIRST AMENDMENT
TO AIR CARGO
CENTER AGREEMENT**

This First Amendment to the Air Cargo Center Agreement (the "First Amendment") is made and entered into this _____ day _____, 2021, by and between the **CITY OF EL PASO, TEXAS**, a municipal corporation existing under the laws of the State of Texas (the "Lessor"), and **DHL Express (USA), Inc.**, a corporation organized and existing under the laws of the State of Ohio ("Lessee").

WHEREAS, Lessor and Lessee entered into an Air Cargo Center Agreement (the "Lease"), with an effective date of February 6, 2018, to lease space in the Air Cargo Center located at Suite G of the Air Cargo Center, 301 George Perry Blvd., El Paso International Airport (the "Airport"), El Paso, El Paso County, Texas, all as more particularly described therein as Suite G, and generally described as:

That certain office and warehouse space containing 6,292 square feet, more or less, as shown on Exhibit "A" attached hereto and incorporated herein by reference, and also known as Air Cargo Center, 301 George Perry Blvd., Suite G, for Lessee's exclusive use;

The exclusive use of the loading dock and 2,600 square feet, more or less, of vehicle parking space directly in front of the Air Cargo Center as shown on Exhibit "A";

The exclusive use of 53,360 square feet, more or less, of the aircraft parking apron and ground service equipment parking apron directly behind said Air Cargo Center as shown on Exhibit "A"; and

The use of a portion of the vehicle parking area, and the roadway, located in front of and adjacent to the Air Cargo Center, such portion to be commensurate with Lessee's share of warehouse and office space as to that leased to the tenants that share common use of this vehicle parking area, as shown on Exhibit "B" attached hereto and incorporated herein by reference; and

WHEREAS, Lessee desires to lease additional office, warehouse, ground service equipment parking space, loading dock and vehicle parking space located at Suite H of the Air Cargo Center, which space is adjacent to the existing Suite G Premises, with Suite H generally described as follows:

Approximately 12,325 square feet of office and warehouse space in the Air Cargo Center;

Approximately 5,150 square feet of vehicle parking area and the roadway, located in front of the Air Cargo Center;

Approximately 5,150 square feet of ground service equipment parking apron directly behind the Air Cargo Center; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to amend the Lease as follows:

1. **Section 1.01, Description of Premises Demised, of the Lease is amended in its entirety as follows:**

Section 1.01 Description of Premises Demised.

Subject to and on the terms, conditions, covenants, agreements and undertakings hereinafter set forth, Lessor does hereby demise and lease to Lessee and Lessee does hereby lease from Lessor the following described Premises located in El Paso County, Texas:

- A. That certain office and warehouse space containing 6,292 square feet, more or less, as shown on Amended Exhibits "A" and "B" attached hereto and incorporated herein by reference, and also known as Air Cargo Center, 301 George Perry Blvd., Suite G ("Suite G"), for Lessee's exclusive use;
- B. The exclusive use of the loading dock and 2,600 square feet, more or less, of vehicle parking space directly in front of the Air Cargo Center as shown on Amended Exhibits "A" and "B";
- C. The exclusive use of 53,360 square feet, more or less, of the aircraft parking apron and ground service equipment parking apron directly behind said Air Cargo Center as shown on Amended Exhibit "A".

Subsection A, B, and C of this Section 1.01 of this Lease are defined as "Suite G Premises".

- D. Approximately 12,325 square feet of office and warehouse space as shown on the Amended Exhibits "A" and "B" attached hereto and incorporated herein by reference, and also known as Air Cargo Center, 301 George Perry Blvd., Suite H ("Suite H"), for Lessee's exclusive use;
- E. The exclusive use of the loading dock and approximately 5,150 square feet, more or less, of vehicle parking space directly in front of the Air Cargo Center as shown on the Amended Exhibits "A" and "B";
- F. The exclusive use of approximately 5,150 square feet of ground service equipment parking apron, directly behind said Air Cargo Center as shown on the Amended Exhibits "A" and "B"; and

Subsection D; E, and F of this Section 1.01 of this Lease are defined as "Suite H Premises"

- G. The use of a portion of the vehicle parking area, and the roadway, located in front of and adjacent to the Air Cargo Center, such portion to be commensurate with Lessee's share of warehouse and office space as to that leased to the tenants that share common use of this vehicle parking area, as shown on Amended Exhibits "A" and "B" attached hereto and incorporated herein by reference;

H. All the premises described under this Section 1.01 of this Lease will hereinafter be referred to as the "Premises" or "Leased Premises".

2. **Section 2.04, Lessor Improvements, is added to the Lease to read as follows:**

Section 2.04 Lessor Improvements.

Upon execution of this First Amendment, Lessor will, for the cost of \$27,583.64 plus a 10% administrative fee, create one 10 ft. x 10 ft. opening in the demising wall between Suites G and H to the Premises as identified in Exhibit "C", attached hereto and incorporated herein by this reference ("Lessor Additional Improvements"). Lessor shall substantially complete the Lessor Additional Improvements within ninety (90) days from the date that Lessor contracts with contractor engaged to perform Lessor Additional Improvements ("Lessor Additional Improvements Deadline"). Lessee shall be allowed to access and use the Suite H Premises as of the execution of this Amendment and while the Lessor Additional Improvements are being constructed.

Notwithstanding any other provision of the Lease to the contrary, Lessee shall not be required to remove any of the Lessor Improvements (including none of the Lessor Additional Improvements) at the expiration of the Initial Term and any extensions or renewals thereof. Lessor shall cause the Lessor Additional Improvements to be constructed in accordance with applicable laws and in a good and workman like manner. Further, Lessor shall coordinate the performance of the Lessor Additional Improvements with Lessee so as to avoid interference with Lessee's ongoing operations, and, at no additional cost to Lessee, shall cause all contractors and subcontractors performing any work with respect to the Lessor Additional Improvements to provide the customary one-year warranty with respect to the Lessor Additional Improvements.

3. **Section 5.01.1, Annual Rental for Suite H, is added to the Lease to read as follows:**

Section 5.01.1 Annual Rental for Suite H.

In addition to paying rentals for the Suite G Premises, Lessee shall pay rentals for the Suite H Premises. For the purpose of computing the rental payments, Lessor and Lessee agree that the Suite H Premises and the initial annual rental rates for the Suite H Premises shall be as follows:

12,325 sq. ft. of Office and Warehouse Space at \$6.51 per sq. ft. = \$80,235.75.

5,150 sq. ft. of Vehicle Parking space at \$0.7260 per sq. ft. = \$3,738.90;

5,150 square feet of Ground Service Equipment Parking Apron at \$0.7260 per sq. ft. = \$3,738.90; and

Therefore, the initial Annual Rental for the Suite H Premises shall be \$87,713.55 beginning on the effective date of this First Amendment, with the initial rental payment for Suite H Premises due upon Lessee's initial entry onto the Leased Premises or within thirty (30) days of the acceptance of Lessor Additional Improvements, whichever occurs first.

4. The Lease is amended to include Exhibit C, attached to this First Amendment and incorporated by reference.
5. **Ratification.** Except as herein amended, all other terms and conditions of the Lease, not specifically modified by this First Amendment shall remain unchanged and in full force and effect. As used in the Lease, the term "Lease" shall hereafter mean the original Lease as amended by this First Amendment.
6. **Effective Date.** This First Amendment shall be effective upon the date it is fully executed by both parties and approved by the El Paso City Council.
7. **Suite H Premises Condition.** Lessor agrees that the Suite H Premises will be delivered to Lessee on the effective date in broom clean condition, with all systems in good working order, and in a condition that does not violate any applicable laws or Airport regulations, with the exception of the electric metering system, which both parties acknowledge and agree that it will be resolved within twenty four (24) months from the effective date.

(SIGNATURES BEGIN ON THE FOLLOWING PAGE)


EXECUTED this ____ day of _____, 2021.

LESSOR: CITY OF EL PASO


Tomas Gonzalez
City Manager

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:



Josette Flores
Senior Assistant City Attorney



Samuel Rodriguez, P.E.
Director of Aviation

ACKNOWLEDGMENT

THE STATE OF TEXAS)
)
COUNTY OF EL PASO)

This instrument was acknowledged before me on this ____ day of _____, 2021,
by Tomás González as City Manager of the City of El Paso, Texas (Lessor).

Notary Public, State of Texas

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

ATTEST:

LESSEE: DHL EXPRESS (USA), INC.

DocuSigned by:
Sean Mays
816E73A1085A9444
Name: Sean Mays

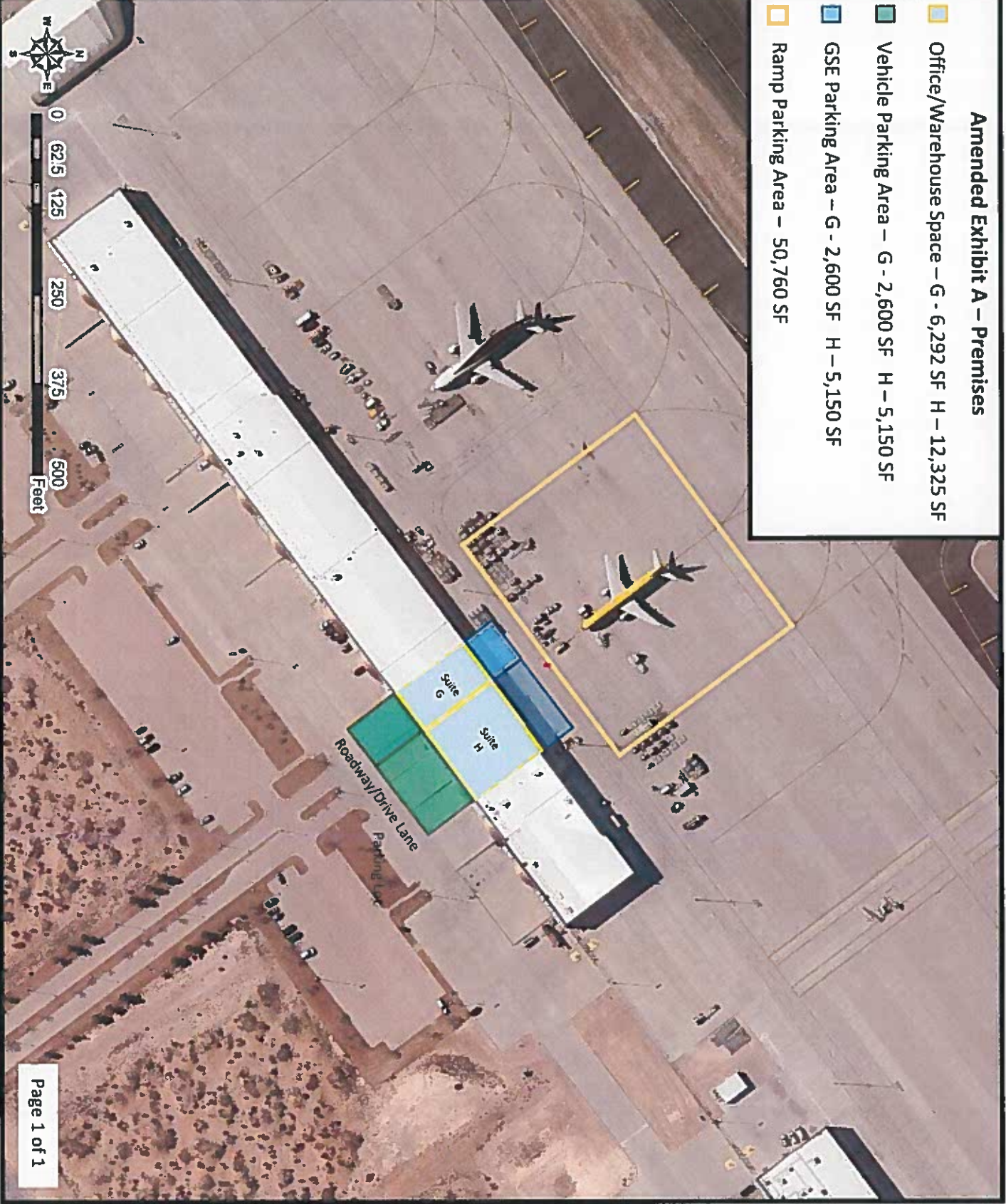
DocuSigned by:
Pablo Bradbury
87876DE6257D08
Name: Pablo Bradbury
Title: CFO

DocuSigned by:
Sean Mays
816E73A1085A9444
Name: Sean Mays

DocuSigned by:
Augusto Alizo
81EA08E7B185483
Name: Augusto Alizo
Title: VP - Transaction Management

[LESSEE TO APPEND NOTARY PAGES BEHIND THIS SIGNATURE PAGE.]

- Amended Exhibit A – Premises**
- Office/Warehouse Space – G - 6,292 SF H – 12,325 SF
 - Vehicle Parking Area – G - 2,600 SF H – 5,150 SF
 - GSE Parking Area – G - 2,600 SF H – 5,150 SF
 - Ramp Parking Area – 50,760 SF



**Cargo Building #3
Lease Exhibit**



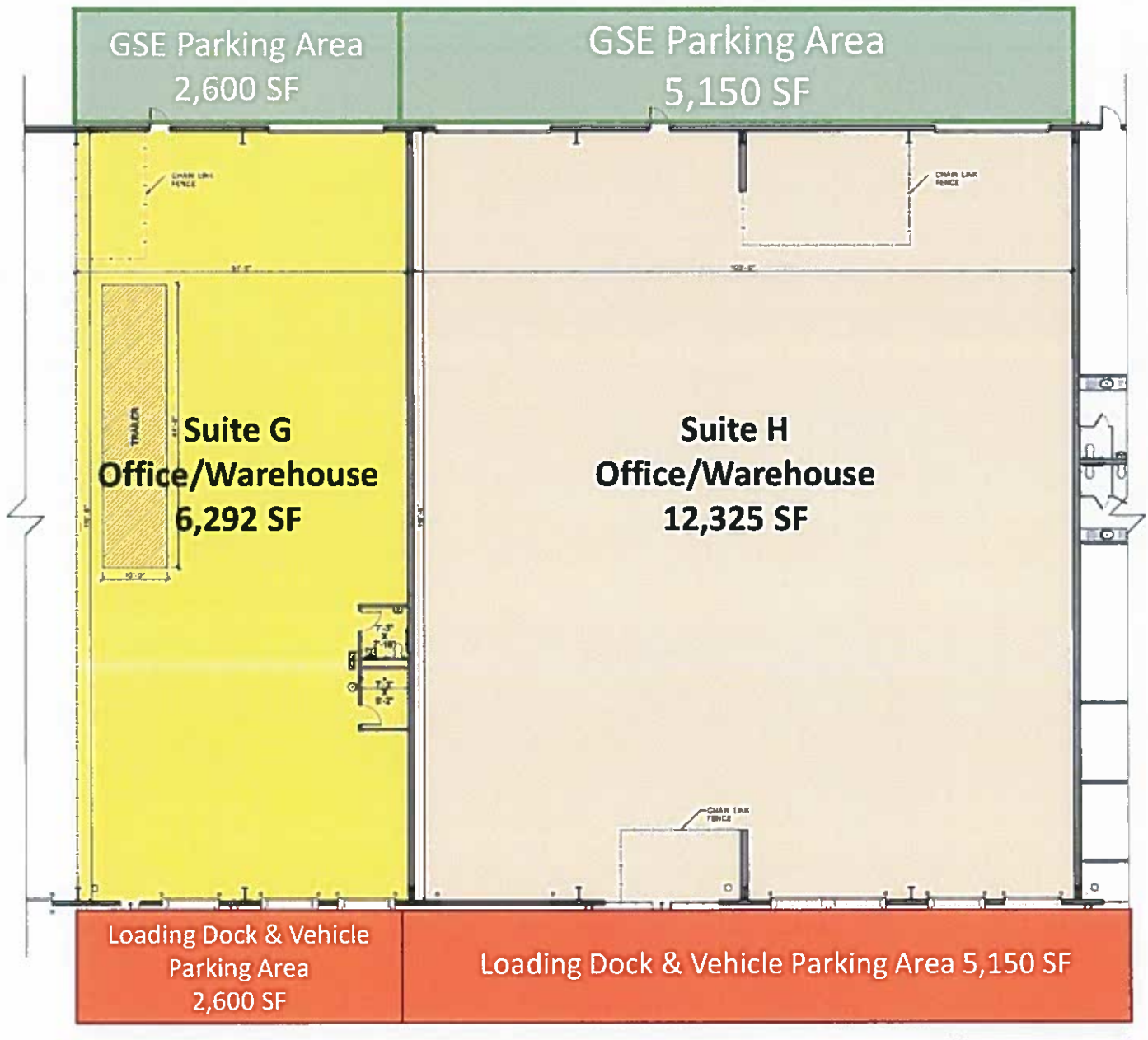
**El Paso
International
Airport**
El Paso, Texas

DRAWN BY: MSN
DATE: 10/30/2017
PREPARED FOR: FAA
FOR PLANNING PURPOSES ONLY

Exhibit B (Amended)

301 George Perry Blvd.

Suite G and Suite H Premises



Roadway/Drive Lane

Exhibit C
Lessor's Additional Improvements

The City of El Paso (Lessor) agrees to construct the following additional improvements at the request of DHL Express (USA), Inc.:

- Pass-through door
 - One (1) 10' x 10' door from Suite G in the warehouse at Suite H in or about the location specified on page 2.

Lessor estimates that this work will be completed in approximately ninety (90) days from the issuance of a notice for the selected contractor. The above listed improvements and repairs will be completed by the Lessor and reimbursed by the Lessee within thirty (30) days of the issuance of the invoice for reimbursement of said additional improvements plus a ten percent (10%) administrative fee.

Exhibit C Lessor's Additional Improvements

