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O'HARE CARGO EXPANSION POISED TO TAKE FLIGHT

Phase III of Aeroterm's development will create jobs and increase O'Hare's cargo capacity, which is bursting at the seams

CHICAGO – Mayor Lori E. Lightfoot and the Chicago Department of Aviation (CDA) today lauded City Council approval of a lease agreement between the City of Chicago and Aeroterm giving the green light to expand the Northeast Cargo Facility at O'Hare International Airport. Cargo operations have been a bright spot amid the COVID-19 pandemic and global aviation slowdown, and this addition will create approximately 450 new jobs on top of the 2,800 created since the project began in 2013.

“Chicago has always been a transportation powerhouse and that reputation grew tenfold in 2020, as our airports played a central role in the worldwide movement of crucial goods such as PPE and vaccines,” said Mayor Lightfoot. “As we continue to make strategic investments in our infrastructure throughout 2021, it is critical that opportunities flow to every neighborhood of our City, and I applaud Aeroterm’s efforts to attract Chicagoans and build out a diverse and talented team.”

The City Council approved the lease and bond inducement, allowing Aeroterm to use approximately 448,000 square feet of space on O'Hare's airfield for Phase III of the Northeast Air Cargo Modernization Project. Aeroterm will invest an estimated \$56 million into the project, and the City will issue Special Facility Bonds in the future to reimburse the costs of acquisition, construction, and equipping of a warehouse building with office space and a related roadway.

“O'Hare has seen tremendous cargo growth over the past decade, and frankly, we can't add capacity quickly enough,” CDA Commissioner Jamie L. Rhee said. “With strong commitments to diversity, equity and inclusion in airport projects, Aeroterm’s investment in Chicago’s communities and our local economy will help O'Hare continue to grow as a leader in North American and global air freight.”

The first two phases of Aeroterm's cargo project, along with a fuel farm, were approved by the City Council in 2013 and were operational in 2016 and 2017, respectively. Phases I and II increased O'Hare's cargo capacity by 20%. O'Hare is the



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#1 airport in North America in terms of cargo value processed – more than \$200 billion in freight per year – and #6 for cargo by volume at over 1.8 million tonnes per year. Phase 3 will further boost O’Hare’s status as one of the top 20 busiest cargo hubs in the world (currently #18 globally).

Approximately 5,000 jobs at O’Hare are related to cargo operations. These employees have helped keep the economy and critical supply chain moving during the pandemic, in addition to playing a crucial role in the distribution of personal protective equipment (PPE) and COVID-19 vaccines.

In the first half of 2020, O’Hare processed more cargo by value than any other U.S. port – air, land, or sea. Overall cargo operations (both value and volume) were up in 2020 based on increased freighter traffic, despite the loss of over 60% of cargo capacity in the bellies of passenger planes that weren’t flying due to the pandemic.

“This project represents a significant investment into O’Hare to continue solidifying its central role in the global supply chain, as well as an opportunity to create jobs,” Greg Russell, Vice President of Development for Aeroterm said. “We learned valuable lessons from Phases I and II of this project, and it is our intention for Phase III to set new standards in Chicago and be an example across the country for diverse and inclusive involvement on airport development projects.”

Phase III of the cargo project will create 250 jobs during its design and construction phase, with Aeroterm committed to awarding 40% of work to minority and woman-owned firms, well above the 25% goal specified in the contract, in keeping with the CDA’s commitment to diversity, equity and inclusion in airport projects. Aeroterm has also committed to reserving at least half of those jobs for Chicago residents, and has agreed to include penalties in the lease agreement should that target not be met. Once complete, the Phase III cargo facilities will support an additional estimated 200 operational jobs.

The construction team will be led by BOWA Construction and includes d’Escoto and Clayco. Phase III will be the first major cargo facility of this size at O’Hare built by an African American-led construction team, and approximately 60% of the primary construction contract will be with BOWA and d’Escoto as MBE firms. Groundbreaking is planned for February 2021, with the goal of completing work in early 2022.

Aeroterm will be leasing the property at O’Hare for 35 years, with the option for the City to buy the facilities back after 15 years. The base rent for the first year will be \$2.15 per square foot, coming out to over \$960,000 for the 448,000-square-foot



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facility. The rent will increase by approximately \$30,000 each year, and Aeroterm will also pay a City Proceeds Rent of 3% of its gross revenues for the year.

To date, Aeroterm has invested \$131 million in the first two phases of the cargo project, creating 1,600 construction jobs with nearly 40% of contracts awarded to M/WBE firms. The Phase I and II buildings were designed with sustainability in mind and are LEED SILVER certified, with green roofs, storm water management innovations, reduced power consumption, water conservation measures and a hydrant fueling system that reduces emissions by eliminating the need for tanker trucks on the airfield ramp.

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