



April 29, 2021

CALL AND NOTICE OF A REGULAR MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE
OF THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTICE is hereby given that a regular meeting of the Finance and Administration Committee will be held Monday, May 3, 2021, at 9:30 a.m., or immediately following the Commission meeting, in the Skyroom of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, California 91505.

Pursuant to Governor Newsom's Executive Order N-29-20, members of the Commission or staff may participate in this meeting via teleconference. In the interest of maintaining appropriate social distancing, members of the public may observe and participate in the meeting telephonically through the following number:

Dial In: (978) 990-5000

Access Code: 880737#

Terri Williams, Board Secretary
Burbank-Glendale-Pasadena Airport Authority

REGULAR MEETING
OF THE
FINANCE AND ADMINISTRATION COMMITTEE

Skyroom

Monday, May 3, 2021

9:30 a.m., or Immediately Following
the Conclusion of the
Commission Meeting

As a result of the convening of this meeting of the Finance and Administration Committee, each Committee member in attendance is entitled to receive and shall be provided \$200.

The public comment period is the opportunity for members of the public to address the Committee on agenda items and on airport-related non-agenda matters that are within the Committee's subject matter jurisdiction. At the discretion of the presiding officer, public comment on an agenda item may be presented when that item is reached.

Members of the public are requested to observe the following decorum when attending or participating in meetings of the Committee:

- *Turn off cellular telephones and pagers.*
- *Refrain from disorderly or boisterous conduct, including loud, threatening, profane, or abusive language, clapping, whistling, stamping, or other acts that disrupt or otherwise render unfeasible the orderly conduct of the meeting.*
- *If you desire to address the Committee during the public comment period, fill out a speaker request card and present it to the Board Secretary.*
- *Confine remarks to agenda items or to airport-related non-agenda matters that are within the Committee's subject matter jurisdiction.*
- *Limit comments to five minutes or to such other period of time as may be specified by the presiding officer.*

▼ ▼ ▼

The following activities are prohibited:

- *Allocation of speaker time to another person.*
- *Video presentations requiring use of Authority equipment.*

▼ ▼ ▼

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Authority to the Committee less than 72 hours prior to that meeting are available for public inspection at Hollywood Burbank Airport (2627 N. Hollywood Way, Burbank) in the administrative office during normal business hours.

▼ ▼ ▼

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the Board Secretary at (818) 840-8840 at least 48 hours prior to the meeting.

AGENDA

Monday, May 3, 2021

1. Roll Call
2. Staff Announcement: AB 23
3. Approval of Agenda
4. Public Comment
(For items not on the Agenda. Public Comment on specific Agenda items will be received at the time the item is presented.)
5. Approval of Minutes
 - a. April 19, 2021 **[See page 1]**
6. Items for Approval
 - a. Second Agreement to Lease Agreement – Herc Rentals, Inc. **[See page 3]**

Staff seeks the recommendation of the Finance and Administration Committee to the Commission to approve the proposed Second Amendment to the Lease Agreement with Herc Rentals, Inc. (formerly known as Hertz Equipment Rental Corporation).
7. Items for Discussion
 - a. FY 2022 Budget Development - (continued)

No staff report is attached. Staff will continue discussion with the Committee regarding the proposed FY 2022 Budget.
8. Items for Information
 - a. Committee Pending Items **[See page 8]**
9. Adjournment

**MINUTES OF THE REGULAR MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**

MONDAY, APRIL 19, 2021

A regular meeting of the Finance and Administration Committee was called to order on this date in the Skyroom of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, California, at 10:50 a.m., by Commissioner Selvidge.

1. ROLL CALL

Present:

Commissioners Selvidge (via teleconference),
Najarian (via teleconference) and Adams

Absent:

None

Also Present:

Staff: John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; David Kwon, Director, Financial Services

2. Staff Announcement: AB 23

The Senior Deputy Executive Director announced that, as a result of the convening of this meeting of the Finance and Administration Committee, each Committee member in attendance is entitled to receive and shall be provided \$200.

3. Approval of Agenda

The agenda was approved as presented.

4. Public Comment

There were no public comments.

5. Approval of Minutes

a. April 5, 2021

Draft minutes for the April 5, 2021, meeting of the Finance and Administration Committee meeting was presented for approval.

Motion

Commissioner Adams moved approval of the minutes, seconded by Commissioner Najarian.

Motion Approved

There being no objection, the motion was approved (3-0).

6. Treasurer's Report

a. February 2021

A copy of the February 2021 Treasurer's Report was included in the agenda packet for the Committee's review.

Motion

Commissioner Adams moved approval, seconded by Commissioner Najarian.

Motion Approved

There being no objection, the motion was approved (3-0) that it be forwarded to the Commission for note and file.

7. Items for Discussion

**a. FY 2022 Budget Development
(Budget Assumptions - continued)**

Staff presented and continued to discuss the FY 2022 proposed budget focusing on budget assumptions.

8. Items for Information

a. Committee Pending Items

Staff informed the Committee of future pending items that will come to the Committee for review.

9. Adjournment

There being no further business to discuss, the meeting was adjourned at 11:20 a.m.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
MAY 3, 2021**

**SECOND AMENDMENT TO LEASE AGREEMENT
HERC RENTALS, INC.**

Presented by Scott Kimball
Deputy Executive Director
Business and Properties, SMS, Procurement and Operations

SUMMARY

Staff seeks the recommendation of the Finance and Administration Committee ("Committee") to the Commission to approve the proposed Second Amendment to the Lease Agreement ("Lease") with Herc Rentals, Inc. ("Herc") (formerly known as Hertz Equipment Rental Corporation), copy attached.

BACKGROUND

In December 2010, Herc assumed the business interest of 24/7 Studio Equipment, Inc. which had been a tenant at Hollywood Burbank Airport since 2006. The leased premises include the buildings and land located at 3111 North Kenwood Avenue, Burbank, California 91505.

Herc is a specialty equipment rental company that provides boom lifts, scissor lifts, forklifts and related construction and industrial equipment to production and construction crews of television and motion picture studios in Southern California.

The Lease has an expiration date of March 1, 2022 and per Section 2.2 of the First Amendment, the term of the agreement can be extended for five years subject to the Authority receiving a 12-month prior written notice from Herc requesting the extension option. Herc has submitted its notice to exercise the extension option for the additional five-year period to March 1, 2027.

DETAILS

Key components of the proposed Second Amendment of the Lease are as follows:

<u>Premises:</u>	3111 North Kenwood Avenue Burbank, California 91505
<u>Use:</u>	Storage and rental of construction and industrial equipment to television and motion picture studios in Southern California
<u>Term:</u>	Lease term extension from March 1, 2022 to March 1, 2027
<u>Termination:</u>	Authority has sole discretion to terminate the Lease upon 12 months' prior written notice

Rent: \$76,958.66 monthly / \$923,503.90 annually

Adjustment: Annually; the greater of 3% or 120% of CPI, up to a maximum of 4%

Others: Herc is responsible for expenses related to occupancy including maintenance, utilities, insurances, and applicable taxes

BUDGET IMPACT

The proposed Second Amendment to the Lease is revenue neutral.

STAFF RECOMMENDATION

Staff recommends that the Committee recommend to the Commission that it approve the Second Amendment to the Lease and authorize the President to execute same.

SECOND AMENDMENT TO LEASE AGREEMENT

This SECOND AMENDMENT TO LEASE AGREEMENT (this "Amendment") is dated as of _____, 2021 and is entered into by and between the BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY, a public entity formed under a joint exercise of powers agreement among the Cities of Burbank, Glendale and Pasadena, California, pursuant to the California Joint Exercise of Powers Act ("Landlord"), and HERC RENTALS, INC. (formerly known as **HERTZ** EQUIPMENT RENTAL CORPORATION), a Delaware corporation ("Tenant").

RECITALS

A. Landlord and 24/7 Studio Equipment, Inc. entered into a Lease Agreement dated January, 2006 and 24/7 Studio Equipment, Inc. then assigned such Lease Agreement to Tenant, and Tenant and Landlord entered into a First Amendment to Lease Agreement dated February 21, 2017 (such Lease Agreement, as so assigned and amended, is hereinafter referred to as the "Lease").

B. The term of the Lease expires on March 1, 2022, but Tenant has exercised its right to extend the term to March 1, 2027, and Landlord and Tenant have agreed on the rent for such extension term.

C. Landlord and Tenant desire to amend the Lease to confirm the extension of the term and the rent for such extension.

D. Capitalized terms used but not defined herein shall have the meaning set forth in the Lease.

THEREFORE, in consideration of the foregoing recitals, the mutual terms set forth below, and other consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Extension of Term. The term of the Lease is hereby extended to March 1, 2027, and Tenant shall have no right to further extend the term.

2. Rent. On January 17, 2022, Section 3.1 of the Lease shall be automatically deleted and the following shall be substituted in lieu thereof:

"3.1 Annual Base Rent

3.1.1 Commencement; Amount.

Commencing on January 17, 2022, Tenant shall pay to Landlord, without setoff or deduction, annual rent in the amount of Nine Hundred Twenty Three Thousand Five Hundred Three and 90/100 Dollars (\$923,503.90) ("Annual Base Rent"), as adjusted on each Adjustment Date pursuant to Section 3.1.3.

3.1.2 Payment of Monthly Rent.

The Annual Base Rent shall be payable in twelve (12) equal monthly installments of Seventy Six Thousand Nine Hundred Fifty Eight and 66/100 Dollars (\$76,958.66) as adjusted on each Adjustment Date pursuant to Section 3.1.3, in advance, without prior demand, and without offset or deduction, and continuing thereafter on the first day of each month.

3.1.3 Adjustments.

On each Adjustment Date (defined in Section 3.1.3.1(i) below), the Annual Base Rent shall be increased, on a cumulative basis, by the CPI Increase (defined in Section 3.1.3.1(iii) below).

3.1.3.1 Definitions.

- (i) The term "Adjustment Date" shall mean January 17, 2022 and each anniversary thereof, including during any holdover tenancy permitted by Landlord after the Expiration Date.
- (ii) The term "Adjustment Index" shall mean the Consumer Price Index most recently published and available to the public on each Adjustment Date.
- (iii) The term "CPI Increase" shall mean one hundred and twenty percent (120%) of the percentage increase in the "Consumer Price Index" (as defined below) during the twelve (12) month period immediately prior to an Adjustment Date, but the CPI Increase shall in no event be greater than four percent (4%) nor less than three percent (3%). To determine the CPI Increase, the applicable Adjustment Index shall be compared with the applicable Prior Index. If the Adjustment Index has increased over the Prior Index, the CPI Increase, expressed as a percentage (carried to the third decimal place and rounded up if the third decimal place is .005 or greater and rounded down if the third decimal place is less than .005), shall be determined by subtracting the Prior Index from the Adjustment Index and dividing the result by the Prior Index and then multiplying the quotient by one hundred twenty (120).
- (iv) The term "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers for the Los Angeles-Anaheim-Riverside statistical area (CPI-U) (1982-84 = 100) published by the United States Department of Labor, Bureau of Labor Statistics. If the Consumer Price

Index is changed so that the base year differs from that used for the Prior Index, the Consumer Price Index or the Prior Index, as applicable, shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. In the even the Consumer Price Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used.

- (v) The term "Prior Index" shall mean the Consumer Price Index used as the Adjustment Index for the adjustment on the prior Adjustment Date.

3.1.4 Effect of Landlord Failure to Give Adjustment Notice. If Landlord fails to give notice to Tenant of any adjustment in the Annual Base Rent hereunder, Tenant shall continue to pay the Annual Base Rent due prior to the applicable Adjustment Date until such time as Landlord gives notice of adjustment of the Annual Base Rent. Upon receipt of Landlord's notice of adjustment, Tenant shall pay immediately to Landlord all amounts that would have been payable by Tenant had Landlord given timely notice."

3. No Other Changes. Except as expressly modified herein, all of the terms of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed by the undersigned as of the date first written above.

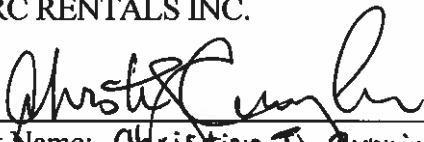
LANDLORD:

BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY, a public entity

By: _____
Print Name: _____
Title: President

TENANT:

HERC RENTALS INC.

By: 
Print Name: Christian J. Cunningham
Title: Senior Vice President

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
MAY 3, 2021**

COMMITTEE PENDING ITEMS

Future

1. FY 2022 Budget Development (continued)
2. CMIA Report – FY 2021 Third Quarter Results
3. Award of Hangar Lease (Renewal) – Hangar 37 (ATT Services Inc.)
4. Award of Hangar Lease (Renewal) – Hangar 2 (JetSuite)
5. Award of Ground Development Lease (Lot C)
6. Approval of Amendment of Concession Agreement - Hudson
7. Succeeding Lease - TSA