



June 3, 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, June 7, 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, June 7, 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.*

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The following activities are prohibited:

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

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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.

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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, June 7, 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. May 26, 2021 [See page 1]
6. Items for Approval
 - a. Fourth Amendment to Ground Lease
D&L Transportation, Inc. dba Desmond's Studio Production Service [See page 3]

Staff seeks a Finance and Administration Committee recommendation to the Commission for approval of a Fourth Amendment to the Ground Lease Agreement with D&L Transportation, Inc., dba Desmond's Studio Production Services
 - b. Third Amendment to Aviation Hangar Lease - AT&T Services, Inc. [See page 7]

Staff seeks a Finance and Administration Committee recommendation to the Commission for approval of a Third Amendment to Aviation Hangar Lease with AT&T Services, Inc. for Hangar 37.
7. Items for Information
 - a. Committee Pending Items [See page 12]
8. Adjournment

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

WEDNESDAY, MAY 26, 2021

A special meeting of the Finance and Administration Committee was called to order this date in the Airport Skyroom, 2627 N. Hollywood Way, Burbank, California, at 9:00 a.m., by Commissioner Selvidge.

1. ROLL CALL

Present: Commissioners Selvidge (via teleconference),
Adams and Najarian (via teleconference).

Absent: None

Also Present: Staff: Frank Miller, Executive Director; John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration (via teleconference)

2. Approval of Agenda

Agenda was approved as presented.

Motion Commissioner Adams moved approval; seconded by Commissioner Najarian.

Motion Approved There being no objection, a voice vote was taken to accommodate those Commissioners participating via teleconference. The motion was unanimously approved (3–0).

3. Public Comment

There were no public comments.

4. Approval of Minutes

a. May 17, 2021

Draft minutes for the May 17, 2021, Finance and Administration Committee meeting were presented for approval.

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

Motion Approved There being no objection, a voice vote was taken to accommodate those Commissioners participating via teleconference. The motion was unanimously approved (3–0).

5. Items for Discussion

a. Proposed Fiscal Year 2021/2022 ("FY 2022") Budget

Staff presented and discussed with the Committee a draft of the proposed FY 2022 budget.

Motion

Commissioner Najarian moved approval to recommend that the FY 2022 budget be presented to the full Commission at its next meeting on June 7, 2021; seconded by Commissioner Adams.

Motion Approved

There being no objection, a voice vote was taken to accommodate those Commissioners participating via teleconference. The motion was unanimously approved (3–0).

6. Adjournment

There being no further business to discuss, the meeting was adjourned at 9:57 a.m.

Use:	Storage of vehicles that are used primarily in the movie and television industry
Term:	Two-year extension (through December 6, 2023)
Termination:	Six months prior written notice to Tenant
Rent:	\$87,439.18 per month; \$1,049,270.15 per year
Annual Adjustment:	Annually at 120% of CPI
Other:	Tenant pays expenses related to occupancy including maintenance, utilities and applicable taxes

IMPACT ON REVENUE

The proposed Amendment is revenue neutral through December 2021 with the rent level adjusted annually at 120% of CPI.

STAFF RECOMMENDATION

Staff seeks the Committee's recommendation to the Commission for approval of the proposed Amendment and authorization for the President to execute same.

**FOURTH AMENDMENT TO
GROUND LEASE AGREEMENT**

This FOURTH AMENDMENT TO GROUND LEASE AGREEMENT (this "Fourth Amendment") is dated as of APRIL 14, 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 **D&L STUDIO TRANSPORTATION, INC.**, a California corporation doing business as "Desmond's Studio Production Service" ("Tenant").

RECITALS

A. On January 24, 2003, Landlord entered into a Ground Lease Agreement with Tenant and later amended it by a First Amendment to Ground Lease Agreement dated November 15, 2004, a Second Amendment to Ground Lease Agreement dated November 5, 2012, and a Third Amendment to Ground Lease Agreement dated October 15, 2018 (the "Lease"), pursuant to which Landlord granted Tenant the non-exclusive right to use the Leased Premises (as defined and described therein) to store equipment and to park trucks and other vehicles used primarily in the movie and television production business.

B. The Lease expires on December 6, 2021, and Landlord and Tenant desire to extend the term of the Lease for two (2) years subject to a right in favor of Landlord to terminate the Lease upon six (6) months' prior written notice; eliminate the conditional option in favor of Tenant to extend the Lease for an additional year (in the Third Amendment); and modify the rent.

AMENDMENT/AGREEMENT

THEREFORE, the parties hereto agree as follows:

1. **Definitions.** Capitalized terms used herein, including in the Recitals, shall have the meanings set forth in the Lease.
2. **Extension of Term.** The term of the Lease is hereby extended to December 6, 2023. (Tenant's conditional option to extend the term in the Third Amendment to Ground Lease Agreement is hereby terminated.)
3. **Landlord Right to Terminate; Waiver by Tenant.** Landlord shall have the right to terminate the Lease upon six (6) months' prior written notice to Tenant, in its sole and absolute discretion. Tenant hereby waives and covenants not to assert any claims or rights it may have to relocation benefits under California law in connection with any such termination.
4. **Rent.** As of December 6, 2021, the Annual Rent under the Lease shall be One Million Forty-Nine Thousand Two Hundred Seventy and 15/100 Dollars (\$1,049,270.15), payable in monthly installments of Eighty-Seven Thousand Four Hundred Thirty-Nine and 18/100 Dollars (\$87,439.18), without demand, offset or deduction, subject to the annual adjustments described in Section 3.1.3 of the Agreement.

5. Conflict. In the event of a conflict or inconsistency between the terms and conditions of the Lease and the terms and conditions of this Fourth Amendment, the terms and conditions of this Fourth Amendment shall prevail and control.

6. Continuing Effect. Except as specifically modified hereby, the Lease shall remain unaffected and unchanged. The Lease is hereby ratified and affirmed by Landlord and Tenant and remains in full force and effect as modified hereby.

7. Counterparts. This Fourth Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, this Fourth 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: _____

TENANT:

D&L STUDIO TRANSPORTATION, INC.,
a California corporation (dba "DESMOND'S
STUDIO PRODUCTION SERVICE")

By: David P. Desmond
Print Name: DAVID P. DESMOND
Title: VICE-PRESIDENT

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
JUNE 7, 2021**

**THIRD AMENDMENT TO AVIATION HANGAR LEASE
AT&T SERVICES, INC.**

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

SUMMARY

Staff seeks a Finance and Administration Committee (“Committee”) recommendation to the Commission for approval of a Third Amendment (“Amendment”) to Aviation Hangar Lease (“Lease”) with AT&T Services, Inc. (“AT&T”), copy attached, for Hangar 37.

BACKGROUND

GTC Management Services Inc. (formerly known as GTC Aviation, Inc.) (“GTC”), a subsidiary of Time Warner, originally entered into the Lease in 2003. Upon completion of a merger between AT&T and Time Warner, the Commission approved an assignment of the Lease to AT&T on February 18, 2020. AT&T is a tenant in good standing.

AT&T seeks to extend the Lease for an additional three years with two 3-year extension options.

The proposed Amendment would provide AT&T with an allowance of up to \$150,000 as rent credit to be used only for Authority-approved capital tenant improvements. In order to qualify for the rent credit, such improvements must be completed by May 31, 2022.

Commercial real estate firm CBRE Group, Inc. (“CBRE”) represented AT&T in the negotiation of the Amendment. For its role in the transaction, CBRE will be compensated \$28,795.29 by the Authority upon approval and execution of the proposed Amendment.

DETAILS

Key components of the proposed Amendment are:

Premises:	Hangar 37, comprised of 20,800 square feet of hangar space and 4,800 square feet of office space
Use:	Storage of general aviation aircraft
Term:	3-year extension extending the term through May 31, 2024
Options:	Two 3-year extension options

Rent: \$52,457.70 per month; \$629,492.40 per year

Adjustments: Annually at a fixed three percent (3%) per year commencing June 1, 2022

Rental Credit: \$150,000 for Authority-approved tenant improvements that are completed by May 31, 2022

Other: Tenant pays expenses related to occupancy including maintenance, utilities, share of property insurance and taxes

Broker

Commission: \$28,795.29

REVENUE IMPACT

Under the terms of the proposed Amendment, the Authority will receive rent in the amount of \$52,457.70 per month or \$629,492.40 per year and subject to an annual rent adjustment commencing June 1, 2022.

STAFF RECOMMENDATION

Staff seeks the Committee's recommendation to the Commission that it approve the Amendment, authorize the President to execute the same, and authorize the Executive Director to consent to the extension options.

THIRD AMENDMENT OF AVIATION HANGAR LEASE

THIS THIRD AMENDMENT OF AVIATION HANGAR LEASE (this "Third Amendment" or "Amendment") is dated May 26, 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 AT&T SERVICES, INC., a Delaware corporation ("Tenant").

RECITALS

1. Landlord and GTC Management Services, Inc. (formerly known as GTC Aviation, Inc.) entered into an Aviation Hangar Lease dated as of June 1, 2003, an Amendment of Aviation Hangar Lease dated June 20, 2011 and a Second Amendment of Aviation Hangar Lease dated February 21, 2017 (collectively, the "Lease") affecting premises (the "Premises") more particularly described in the Lease.

2. GTC Management Services, Inc. assigned the Lease to Tenant with the written consent of Landlord (given by a Consent to Assignment of Aviation Hangar Lease dated February 18, 2020).

3. Tenant and Landlord desire to further amend the Lease, as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Tenant and Landlord hereby agree as follows:

4. Extension of Term. The "Expiration Date" of the Lease is hereby extended to May 31, 2024, but may be further extended by Tenant under Section 2 below.

5. Extension Options. If the Lease is not terminated earlier pursuant to its terms (and provided Tenant is not in default under the Lease after having received written notice thereof and the expiration of applicable cure periods), the Expiration Date (and the term of the Lease) may, with the written consent of the Landlord's Executive Director (not to be unreasonably withheld, conditioned, or delayed), be extended by Tenant (the "Extension Options") for two (2) additional consecutive periods of three (3) calendar years each (the "Extension Terms") by giving written notice of such extension to Landlord at least six (6) months prior to the then-current Expiration Date, and the Annual Base Rent for such Extension Term shall be calculated as set forth in Section 3 below.

6. Rent. Notwithstanding any contrary provisions in Article 3 of the Lease, from June 1, 2021 through May 31, 2022, Annual Base Rent shall be \$629,492.40, payable in equal monthly installments of \$52,457.70. On June 1, 2022 and each anniversary thereof, Annual Base Rent shall be increased by three percent (3%) on a cumulative basis. For the avoidance of doubt, Annual Base rent during any Extension Terms shall be the "Fair Market Rental Rate"

and determined in accordance with the process set forth in the Second Amendment of Aviation Hangar Lease.

7. Limited Rent Credit for New Improvements. Upon delivery to Landlord on or before June 30, 2022 (as extended for the same number of days as the below construction completion deadline is extended) of copies of applicable permits (including any requisite certificates of occupancy) and invoices and other reasonable evidence of the costs incurred for new improvements made by Tenant to the Premises, which must include, but are not limited to: (i) new interior painting and carpeting; (ii) updating existing lighting in the office area; and (iii) remodeling of the lobby, bathrooms, offices and kitchen area (the "2021 Proposed Tenant Improvements"), Tenant shall be entitled to a credit against Annual Base Rent of up to One Hundred and Fifty Thousand and No/100 Dollars (\$150,000.00) of such costs (including both hard and soft costs) that are incurred by Tenant after the date hereof and prior to May 31, 2022 (as such completion date is extended as a result of force-majeure events or Landlord-caused delays impacting Tenant's construction provided Landlord is informed in writing of any such claimed delay within ten (10) days after it commences).

8. 2021 Proposed Tenant Improvements. All improvements to be made by Tenant shall be subject to Article 6 of the Lease, and Tenant shall pay prevailing wages for the costs thereof and otherwise comply with California Labor Code Sections 1720 et seq.

Upon the expiration or sooner termination of the Lease, Tenant shall **not** be required to cause the removal of all or any of the 2021 Proposed Tenant Improvements or any improvements currently existing in the Premises.

9. Continuing Effect. Except as specifically modified hereby, the Lease shall remain unaffected and unchanged. The Lease is hereby ratified and affirmed by Landlord and Tenant and remains in full force and effect as modified hereby.

10. Counterparts. This Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

11. Broker's Fees. Each party represents and warrants to the other that it has had no dealings with any person, firm, broker or finder in connection with this Amendment other than CBRE, Inc. ("Broker") who represents Tenant, and that no broker or other person, firm or entity other than Broker is entitled to any commission or finder's fee in connection with this Amendment. Landlord shall be responsible for the payment of a \$28,795.29 commission to Broker (and Broker is hereby made a third party beneficiary of the foregoing to the extent necessary for the foregoing to be enforceable as a written commission agreement), and no additional fees or commissions shall be payable to Broker in connection with Tenant's exercise of any Extension Options under Section 2 above. The parties further agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any other broker, finder or other similar party by reason of any dealings or actions of the indemnifying party, including any costs, expenses, and/or attorneys' fees reasonably incurred with respect thereto.

12. Time of Essence. Time is of the essence of each and every provision hereof.

13. Governing Law. This Amendment shall be governed by the laws of the state of California notwithstanding any applicable conflicts of laws rules or law.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

LANDLORD:

BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY, a public entity

By: _____
Print Name: _____
Title: _____

TENANT:

AT&T SERVICES, INC.,
a Delaware corporation

By: Patricia McNulty
Print Name: Patricia McNulty
Title: Transaction Manager

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
JUNE 7, 2021**

COMMITTEE PENDING ITEMS

Future

1. Award of Hangar Lease (Renewal) – Hangar 2 (JetSuite)
2. Award of Ground Development Lease (Lot C)
3. Approval of Amendment of Concession Agreement - Hudson
4. Succeeding Lease - TSA