

## MEMO

**TO: Finance Board**

**FROM: Robert McEwing, Burlington International Airport**

**DATE: January 9, 2012**

**SUBJECT: Finance Board Approval Request – Pratt & Whitney Lease**

The Burlington Airport seeks Finance Board and City Council approval for the following item related to a Lease associated with Airport property:

**Authorization to Execute Amendment to Sublease Related to Pratt & Whitney rental space at Burlington International Airport.** The Airport has a lease with Pratt & Whitney Engine Services (PWES) for certain lands and facilities located at the Airport. This facility was originally funded by the Burlington Community Development Corporation (BCDC) but was subsequently purchased by the Airport. This lease is now being revised and extended for five additional years until December 31, 2016. The revised lease for the building will be at the rate of \$20,833.33 per month (\$250,000/year). In addition, there is a charge of \$0.35 per square foot for ground rental of the Leased Premises consisting of 95,800 square feet which amounts to \$2,794.17/month (\$33,530/year) The ground rent will be CPI adjusted annually.

Thank you.

A draft resolution copy of the proposed lease is included with this Request.

## FIRST AMENDMENT TO SUBLEASE

THIS FIRST AMENDMENT TO SUBLEASE (this "Amendment") is made and entered into as of the \_\_\_\_ day of January, 2012 by and between the CITY OF BURLINGTON, as successor in interest to Burlington Community Development Corporation ("Lessor") and PRATT & WHITNEY ENGINE SERVICES, INC., as successor in interest to P&WC Aircraft Services, Inc. ("Lessee").

### W I T N E S S E T H:

WHEREAS, on January 22, 1997, Burlington Community Development Corporation, the predecessor in interest to Lessor, and P&WC Aircraft Services, Inc., the predecessor in interest to Lessee, entered into a Sublease (the "Sublease") for 48, 440 square feet of space in a building, together with parking lot space, located at One Eagle Drive, South Burlington, Vermont (collectively, the "Premises"), as more particularly described in the Sublease; and

WHEREAS, Lessee has been occupying the Premises as a month-to-month tenant under the Sublease; and

WHEREAS, Lessee and Lessor desire to amend the Sublease as set forth herein, and to consider the Sublease as hereby amended the controlling agreement between Lessor and Lessee, with Burlington Community Development Corporation no longer a party to Lessor's and Lessee's relationship,

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

1. Extension of Term; Rent. The Sublease is hereby extended for an additional term of sixty (60) months commencing January 1, 2012 and ending December 31, 2016 (the "Extended Term"). The rental rate during the Extended Term shall be (i) \$20,833.33 per month for that portion of the Leased Premises comprising the building and (ii) \$0.35 per square foot per month for the 95,800 square foot portion of the Leased Premises comprising the parking lot and building site (\$2,794.17/mo.). The rate for the parking lot and building site shall be CPI adjusted annually.
2. Renewal Options. Lessee shall have one (1) option to extend the term of the Sublease for an additional five (5) years, provided Lessor is given written notice at least one hundred twenty (120) days prior to the end of the Extended Term. The renewal shall be on the same terms and conditions as set forth herein and at the same rental rates.
3. Other Sublease Modifications. The following provisions of the Sublease are also hereby amended as follows:
  - a. Section 3(b) of the Sublease is hereby deleted in its entirety;

- b. Section 6(c) of the Sublease is amended by deleting “which has been or may be required” and substituting in place thereof the phrase “which has been or may be reasonably required”;
- c. Section 7(c) is hereby deleted and the following is hereby substituted in place thereof: “Make no alterations, additions or improvements to the Leased Premises without Lessor’s prior written consent, which consent shall not be unreasonably withheld, provided, however, that Lessee shall be permitted to make alterations, additions or improvements to the Leased Premises costing less than \$25,000 without Lessor’s prior written consent, but subject to Lessee providing notice of same to Lessor”;
- d. In Section 9(a) of the Sublease, the phrase “upon twenty-four hours prior notice to Lessee (except in the case of emergency)” shall be inserted prior to “to determine whether Lessee”;
- e. In Section 9(b) of the Sublease, the phrase “intentional misconduct or” shall be inserted prior to “negligence of Lessor”;
- f. The last sentence of Section 9(c) is hereby deleted and the following is substituted therefor: “Lessee shall provide Lessor with annual statements of the number of employees regularly working at the Leased Premises”; and
- g. In Section 11 of the Sublease, the phrase “to the extent occasioned by the negligence or intentional misconduct of the Lessor” is hereby substituted in place of “occasioned by the sole negligence or intentional misconduct of the Lessor”.
- h. Section 24(a) is hereby amended to reflect the “notice or other communications” addresses for the parties as follows:

For City of Burlington: Mayor  
City Hall  
159 Church Street  
Burlington, VT 05401

For Pratty & Whitney  
Engine Services, Inc.:

- 4. Continuing Obligations. Except as modified by this Amendment, the rights and obligations of Lessor and Lessee under the Sublease and all terms and conditions of the Sublease shall remain in full force and effect and Lessor and Lessee hereby ratify and

confirm the Sublease as previously and herein amended. No covenant or condition of the Sublease shall be deemed waived by any action or inaction in the past.

5. Successors. This Amendment shall be binding upon the heirs, executors, administrators, successors and assigns of the Lessor and the Lessee.

IN WITNESS WHEREOF, the parties hereto set their hands as an instrument under seal on the day and year first written above.

Lessor:

Lessee:

CITY OF BURLINGTON

PRATT & WHITNEY ENGINE SERVICES, INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:  
Mayor

Stephen Forino, President of  
United Technologies Realty, Inc.  
Authorized agent

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**AUTHORIZATION TO EXECUTE  
AMENDMENT TO SUBLEASE AT  
BURLINGTON INTERNATIONAL  
AIRPORT**

In the year Two Thousand Eleven.....  
Resolved by the City Council of the City of Burlington, as follows:

That WHEREAS, the City of Burlington (“City”) owns and operates the Burlington International Airport in South Burlington, Vermont (“Airport”); and

WHEREAS, the City, as successor in interest to Burlington Community Development Corporation (“BCDC”), has been leasing certain lands and facilities to Pratt & Whitney Engine Services, Inc. (“PWES”), as successor interest to P&WC Aircraft Services, Inc., pursuant to the terms of a Sublease Agreement effective January 22, 1997 (“Sublease”); and

WHEREAS, PWES and the Airport now desire that the Sublease be amended to reflect that BCDC is no longer Lessee/Sublessor and to extend PWES’ tenancy at the Airport for an additional five years, with an option for an additional five years at rents of \$20,833.33 per month (Building) and \$0.35 per square foot, annually CPI adjusted (Site and Parking Lot), and to reflect certain other minor changes (“First Amendment to Sublease”); and

WHEREAS, the Interim Director of Aviation deems the First Amendment to Sublease in the best interest of the Airport and the general public and in furtherance of public airport purposes;

NOW THEREFORE BE IT RESOLVED, that upon the January 9, 2012 recommendation of the Board of Finance, the Mayor of the City of Burlington Bob Kiss, be and

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**AUTHORIZATION TO EXECUTE  
AMENDMENT TO SUBLEASE AT  
BURLINGTON INTERNATIONAL  
AIRPORT**

hereby is authorized to execute the First Amendment to Sublease between PWES and the City of Burlington, and such other documents as will be required for the lawful culmination of that agreement, all subject to the prior approval of the Chief Administrative Officer and the City Attorney as necessary.

NAME/PURPOSE OF CONTRACTS:	Amendment to Lease
ADMINISTRATING DEPARTMENT:	Airport
CONTRACT TERM:	January 1, 2012- December 31, 2016 (with an option for an additional 5 years)
ANTICIPATED GRANT AMOUNTS:	N/A
SOURCE OF FUNDS:	N/A
FISCAL YEAR:	2012-2013
ACCOUNT NAME:	
ACCOUNT NUMBER:	

200020-50 Resolution – Pratt&Whitney Amendment to Sublease