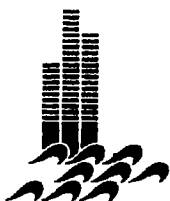


Exhibit "A"



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

RECEIVED
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LONG BEACH, CALIF.

02 JUL -3 AM 8:43

July 9, 2002

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: First Amendment to Lease No. 23972 with Long Beach Million Air, Inc., a California Corporation, to Extend the Lease Term at 4225 Donald Douglas Drive (District 5)

DISCUSSION

In 1995, the City and Long Beach Million Air, Inc., a California corporation, entered into Lease No. 23972 for a ten-year term for the use of approximately 16 acres of Long Beach Airport land at 4225 Donald Douglas Drive (see attached). Million Air uses the site for general and commercial aviation services, aircraft parking, and aviation-related office uses. The Lease expires on May 1, 2005.

Million Air proposes to invest \$1,150,000 in various onsite improvements to the leasehold. Of the \$1,150,000 proposed investment, approximately \$500,000 will be used to remodel the office building at 4225 Donald Douglas Drive to accommodate the operational requirements of administration, customer service, ramp services, flight crew, and maintenance support for JetBlue Airways. In addition, a 150,000-gallon bulk jet aircraft fueling facility is proposed at an anticipated cost of \$550,000 as well as 10,000 square feet of temporary modular offices and storage areas at a cost of \$100,000. In return for the leasehold investments, Million Air is requesting that the existing lease term be extended for an additional five years.

The Lease provides the City with the right to terminate the Lease on a 180-day notice if the City requires the property for other airport uses. Due to the level of proposed investment, Million Air has requested that the 180-day termination provision be removed from the entire 16-acre leasehold with the exception of approximately four acres of aircraft ramp area.

The proposed First Amendment to Lease No. 23972 contains the following major provisions:

- Lease Term Extension: The Lease expiration date will be extended from May 2, 2005 to May 1, 2010.
- Improvements: Within nine months of the execution of a lease amendment, Million Air will complete \$1,150,000 of onsite improvements.

HONORABLE MAYOR AND CITY COUNCIL

July 9, 2002

Page 2

- Rent: Monthly rent is currently \$20,000 per month plus three percent of the gross rental revenues. The monthly rent will remain unchanged until May 2, 2005 when the monthly rent shall be \$30,000 per month plus three percent of the gross rental revenues. Beginning May 2, 2006, the monthly rent will be adjusted annually based upon increases in the Consumer Price Index.
- Lease Termination on 180-day Notice. Provisions allowing the City to terminate the Lease on a 180-day notice will be removed from entire leasehold with the exception of a four-acre aircraft ramp area.

This item was reviewed by Deputy City Attorney Everett Glenn on June 24, 2002, and Budget Bureau Manager Annette Hough on June 28, 2002.

TIMING CONSIDERATIONS

City Council action on this item is requested at the July 9, 2002 City Council meeting to complete the lease amendment in a timely manner.

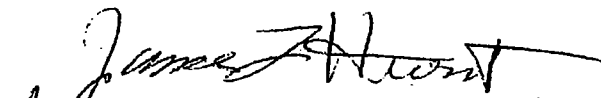
FISCAL IMPACT

The monthly base rent and percentage rent will remain unchanged for FY 02. Rental revenue from this lease will continue to be deposited into the Airport Fund (EF 320) in the Department of Public Works (PW). There is no impact on the General Fund.

IT IS RECOMMENDED THAT THE CITY COUNCIL:


Authorize the City Manager to execute the First Amendment to Lease No. 23972 with Long Beach Million Air, Inc., a California corporation, to extend the lease term to May 1, 2010 with consideration.

Respectfully submitted,

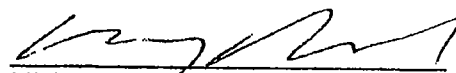

MELANIE S. FALLON
DIRECTOR OF
COMMUNITY DEVELOPMENT

MSF:RMS:VLA:nb
Attachment.

7.9.02ccitrMillionAirlease


EDWARD K. SHIKADA
DIRECTOR OF PUBLIC WORKS

APPROVED


HENRY TABOADA
CITY MANAGER



CITY OF LONG BEACH - CALIFORNIA
DEPARTMENT OF PUBLIC WORKS - EDWARD K. SHIKADA, DIRECTOR

VICINITY MAP FOR AIRPORT PARCEL A
MILLION AIR LEASEHOLD
NORTH OF DONALD DOUGLAS DRIVE AND WEST OF LAKEWOOD BLVD

Exhibit "B"

Subject Site

4135 Donald Douglas Drive

Donald Douglas Drive

**Airport
Terminal**

Donald Douglas
Drive

