



February 17, 2017

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

The Airport Authority administrative offices will be closed on Monday, February 20, 2017, in observance of Presidents' Day. Therefore the regular meeting of the Finance and Administration Committee scheduled for Monday, February 20, 2017, at 10:30 a.m., in the Airport Skyroom at Hollywood Burbank Airport has been cancelled.

NOTICE is hereby given that a special meeting of the Finance and Administration Committee will be held at 10:30 a.m. (or immediately following the conclusion of the Special Airport Authority meeting), Tuesday, February 21, 2017, in the Airport Skyroom of the Hollywood Burbank Airport, 2627 Hollywood Way, Burbank, California 91505.

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

SPECIAL MEETING  
OF THE  
FINANCE AND ADMINISTRATION COMMITTEE

Airport Skyroom  
Tuesday, February 21, 2017  
10:30 A.M. or Immediately Following  
the Conclusion of the  
Regular Airport Authority Meeting

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

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

▼ ▼ ▼

***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.***

A G E N D A

1. Approval of Agenda

2. Public Comment

3. Approval of Minutes

a. February 6, 2017

***[See page 1]***

4. Contracts and Leases

a. Award of Insurance Brokerage Services Agreement

• Staff Report Attached

***[See page 4]***

***Staff seeks a Finance and Administration Committee recommendation to the Commission for award of an Insurance Brokerage Services Agreement to Willis Insurance Services of California, Inc., for exclusive brokerage services for all Authority insurance policies for a five-year term.***

b. Los Angeles 2024 Exploratory Committee  
Advertising Space Letter Agreement

- Staff Report Attached

**[See page 18]**

***Staff seeks a Finance and Administration Committee recommendation to the Commission that it authorize the Executive Director to execute a Letter Agreement with the Los Angeles 2024 Exploratory Committee for advertising space at Hollywood Burbank Airport. The Letter Agreement provides for the granting of a purchase option for the Airport's advertising space if the City of Los Angeles is chosen to host the 2024 Olympic and Paralympic Games.***

5. Items for Discussion

a. CMIA Quarterly Investment Portfolio Review

***No staff report is attached. Columbia Management Investment Advisors will provide an update to the Committee on the status of the Authority's Operation and Passenger Facility Charge Investment Portfolios for the fourth quarter ended December 31, 2016. A copy of this quarterly investment review is included in the agenda packet.***

b. Fiscal Year 2015/2016 (FY 2016)  
Financial Budget Performance Review

- Staff Report Attached

**[See page 20]**

***Staff will update the Committee on FY 2016 year-end results.***

6. Items for Information

a. Committee Pending Items

7. Other Contracts and Leases

8. Adjournment

Subject to approval

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

**MONDAY, FEBRUARY 6, 2017**

A special meeting of the Burbank-Glendale-Pasadena Airport Authority Finance and Administration Committee was called to order this date in the Airport Skyroom, 2627 Hollywood Way, Burbank, California, 91505, at 10:41 a.m., by Chairman Tornek.

AB 23 Disclosure: 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 is entitled to receive and shall be provided \$200.

**ROLL CALL**

**Present:** Commissioners Adams, Gharpetian and Tornek

**Absent:** None

**Also Present** Staff: John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; Scott R. Smith, Director of Financial Services; Bob Anderson, Director, Engineering and Planning; David Freedman, Director, Business Development and Administrative Services;

CBRE: Matt Hargrove, Executive, Vice President; Matt Shellow, Director, Advisory & Transaction Services

**1. Approval of Agenda** There were no adjustments to the agenda.

**2. Public Comment** There were no public speakers.

**3. Approval of Minutes**

**a. January 17, 2017** Draft minutes of the January 17, 2017, Finance and Administration Committee were presented for review and approval.

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

**Motion Approved** The motion was approved unanimously (3-0).

#### **4. Treasurer's Report**

##### **a. December 2016**

The December 2016 Treasurer's Report was included in the agenda packet.

The Committee accepted the Treasurer's Report and recommended it be forwarded to the Commission to note and file.

#### **5. Contracts and Leases**

##### **a. Second Amendment to Aviation Hangar Lease GTC Management Services, Inc.**

Staff presented to the Committee for approval the Second Amendment to Aviation Hangar Lease ("Lease") with GTC Management Services, Inc. ("GTC") and the Burbank-Glendale-Pasadena Airport Authority ("Authority").

The First Amendment to GTC's Lease expired on May 31, 2016, and GTC has been operating per a month-to-month interim hold-over letter agreement since June 1, 2016, while staff and industry experts conduct a comprehensive marketplace hangar analysis.

GTC entered into a Lease with the Authority effective June 1, 2003, which included Hangars 37, 38, and 39 for a total of 72,000 sq. ft. of hangar and office space. Due to various financial considerations, GTC reduced their leasehold space to only Hangar 37, effective June 1, 2011.

This Amendment supersedes the interim letter agreement and will commence June 1, 2016. The Amendment will extend the Lease term to May 31, 2021 and will generate \$559,296 in first year revenue.

##### **Motion**

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

##### **Motion Approved**

The motion was approved unanimously (3-0).

#### **6. CLOSED SESSION**

The meeting was recessed to closed session (11:10 a.m.) to discuss the item listed in the closed session agenda as follows:

**a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
(California Government Code Section 54956.8)**

Property: Hollywood Burbank Airport Leasehold

Authority Negotiator: Matt Hargrove, CBRE

Negotiating Party: HERC Equipment Rental/Colliers International

Under Negotiation: Price and Terms of Payment

**The meeting reconvened to open session  
at 11:32 a.m. with the same  
Commissioners present.**

Chairman Tornek announced that Staff has been directed to agendaize with the recommendation of the Committee the First Amendment to the Lease Agreement with HERC Equipment Rental for Commission consideration.

**8. Items for Information**

**a. Pending Items**

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

**Future**

**(1) New Branding Food &  
Beverage Concession**

**(2) FY 2016 Year-End Budget  
Performance Review**

**(3) Mid-Year FY 2017 Budget  
Performance Review**

**(4) FY 2018 Proposed Budget  
Development Schedule**

**9. Other Contracts and Leases**

There were no other contracts and leases discussed.

**10. Adjournment**

There being no further business, the meeting was adjourned at 11:32 a.m.

**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
FEBRUARY 21, 2017**

**AWARD OF INSURANCE BROKERAGE SERVICES AGREEMENT**

**SUMMARY**

Staff seeks a Finance and Administration Committee ("Committee") recommendation to the Commission for award of an Insurance Brokerage Services Agreement ("Agreement") (copy attached) to Willis Insurance Services of California Inc., a subsidiary of Willis Towers Watson ("Willis") for exclusive brokerage services for all Authority insurance policies for a five-year term.

**BACKGROUND**

Aon Risk Services ("Aon") has provided exclusive insurance brokerage services for the Authority since 1992. Last May, the Commission approved an extension of Aon's contract until June 30, 2017, to give Staff time to issue a Request for Proposal ("RFP") for insurance brokerage services. The RFP was not a reflection of the Aon's level of service or performance over the years. Rather, the RFP was issued due to the extended period of time since the Authority last solicited proposals for these services.

Staff issued the RFP last fall with eight insurance broker firms expressing interest in the Authority's insurance program. A mandatory pre-proposal conference was conducted on November 2, 2016, with Staff representation from Public Safety, Engineering, Business and Property, and Finance and Administration. The conference provided the prospective proposers the opportunity to understand the RFP process, the requirements of insurance program, the layout of the airport, and the current insurance coverages and limits. Additionally, the prospective proposers were given the opportunity to query Staff on the operations and future projects at the airport. Out of the eight potential proposers, three firms submitted proposals and all were responsive.

The responding firms and their proposed annual fee for the Authority's current policies are listed below:

<b>Name of Company</b>	<b>City</b>	<b>Fee</b>
Alliant Insurance Services Inc.	Newport Beach, CA	\$ 75,000
Aon Risk Services West Inc.	Los Angeles, CA	\$110,000
Willis Insurance Services of California, Inc.	Los Angeles, CA	\$ 70,000

An evaluation team comprised of representatives from Engineering, Operations and Maintenance, Business and Property, and Finance and Administration conducted interviews with the proposers the week of January 22. All proposers were deemed to qualified with the final evaluation based on the following categories: Expertise/Skill – 50 points; Personal Assigned – 30 points; and Pricing – 20 points for a total possible points of 100.

The results of the evaluation are listed as follows:

<b>Name of Company</b>	<b>Final Score</b>	<b>Rank</b>
Alliant Insurance Services Inc.	91.6	3
Aon Risk Services West Inc.	94.6	2
Willis Insurance Services of California, Inc.	96.4	1

#### **WILLIS DETAILS**

Willis is a major provider of risk management services, insurance and reinsurance brokerage, human resources and management consulting, and specialty insurance underwriting. Headquartered in London, England, Willis employs 40,000 people and has offices in more than 140 countries around the world. The Authority's account would be serviced by the Los Angeles office located on Figueroa Street with the Principal Representative being Mr. Demetri Lembesis, CPCU, and Executive Vice President.

Mr. Lembesis will be the person responsible for the Authority's account, not only serving as the primary contact for Willis, but overseeing all aspects of the Authority's insurance needs and requirements and directing members of the Supporting Personnel assigned to the Authority. Willis will review, analyze and market all insurance coverages, including property and primary and excess casualty, aviation, automobile liability, public officials errors, workers compensation and omissions and fidelity placements. Willis also will review, analyze and market other coverages as recommended by Willis or as required by the Authority, such as a potential future Owner's Controlled Insurance Program. Additionally, Willis will assist the Authority in identifying, evaluating, and reporting on risks within the Airport.

#### **AGREEMENT DETAILS**

The proposed Agreement with Willis will be for a five-year term beginning in March 2017 and ending June 30, 2022. For the initial one-year period of the Agreement, Willis cannot reassign or remove its Principal Representative and Supporting Personnel from the Authority's account, unless requested in writing by the Executive Director. Further any change in the Principal Representative and Supporting Personnel requires the Executive Director's prior written approval. The Authority has the right, but is not obligated, to interview any substitute Principal Personnel and/or Support Personnel before such person(s) begins servicing the Authority's account.

Willis cannot enter into any contract for the Authority without the Authority's express approval. Nor can Willis bind or enter into insurance contracts on behalf of the Authority unless provided such authorization, on a policy by policy basis, by the Executive Director. Payment for premiums of insurance placed by Willis on behalf of the Authority will be remitted within thirty-days of receipt of the invoice for the placement of the coverage.

Other than the \$70,000 base compensation for each year of the Agreement, Willis will be entitled to market rate compensation of 10% of the premium for additional coverages not included or anticipated at the time of the RFP issuance. However, instead of a market



commission compensation, Willis is willing to place any additional coverages on a negotiated fee basis.

The Agreement includes a provision allowing either party to terminate for any reason on sixty days notice. Should such an event occur, premium billings by Willis will be suspended up to the date of termination with the annual fee services prorated again up to the date of termination. Further, the Agreement will terminate should any of the following events occur: failure by Willis to meet any material covenant, agreement, or obligation provided in the Agreement or if Willis becomes insolvent or is deemed bankrupt.

The Agreement also includes a provision stating that, if market conditions are such that Willis is unable to arrange, place, keep in force any insurance coverages of the Authority, then the Authority has the option to attempt to market such coverages through other brokers. Further, Willis has no right to assign this Agreement, or delegate any duties without prior written approval of the Authority.

#### BUDGET IMPACT

For the FY2017/2018 Budget, an amount of \$70,000 will be included for insurance brokerage services.

#### STAFF RECOMMENDATION

Staff recommends that the Committee recommend to the Commission award of the Agreement to Willis Insurance Services of California, Inc., for brokerage services for all Authority insurance policies for a five-year term.

## **INSURANCE BROKERAGE SERVICES AGREEMENT**

This Insurance Brokerage Service Agreement ("Agreement") between Willis Insurance Services of California, Inc. ("Broker") and the Burbank-Glendale-Pasadena Airport Authority ("Authority"), a California joint powers authority, is made this \_\_ day of \_\_\_\_, 2017, with respect to the provision of insurance brokerage services. Authority and Broker are sometimes referred to herein individually as "a Party" and collectively as "the Parties."

### **RECITALS**

- A. Authority is the owner and operator of the Hollywood Burbank Airport ("Airport"), a public land airport located in the City of Burbank, County of Los Angeles, State of California.
- B. Broker is engaged in the independent management, design and administration of complex insurance and self-insurance programs.
- C. Authority is subject to numerous property and casualty risks and exposures to loss which Authority desires to minimize and efficiently monitor by the retention of an insurance broker.
- D. Broker wishes to provide the designated insurance brokerage services for Authority upon the terms and conditions contained in this Agreement.

### **AGREEMENT**

**NOW, THEREFORE, the Parties agree as follows:**

#### **I. Term**

Authority hereby appoints Broker as its exclusive insurance broker in accordance with the terms of this Agreement for insurance coverages procured on behalf of the Authority for Fiscal Years 2017-2018 through 2021-2022, corresponding with the period beginning March 1, 2017 and ending June 30, 2022.

#### **II. General Provisions**

- A. Broker shall perform the services outlined in Appendix A ("Services"), attached hereto and incorporated herein by this reference, in accordance with this Agreement.
- B. Broker shall conduct the Services in accordance with applicable law. Broker shall obtain any certifications as may be required by law for performance of the Services.

- C. Broker shall perform all work to the highest professional standard and in a manner satisfactory to Authority.
- D. Authority may request services in addition to those specified in Appendix A ("Additional Services"), in which case Broker shall develop and submit to Authority a work plan detailing the specific tasks to be completed and a detailed not-to-exceed budget for performing such tasks. Broker shall not perform any Additional Services until Authority has issued a written notice-to-proceed with the execution of the work plan. Broker will not be authorized to perform or invoice Authority for any work not specifically authorized in Authority's notice-to-proceed.
- E. Demetri Lembesis, CPCU shall be designated as Broker's principal representative assigned to Authority ("Principal Representative"), and Bobbi Jo De Nofa shall support the Principal Representative in servicing Authority's account ("Supporting Personnel"). Broker shall not, at any time during Fiscal Year 2017-2018 (beginning March 1, 2017 and ending June 30, 2018), reassign or remove the Principal Representative and Supporting Personnel from Authority's account, unless requested in writing by Authority's Executive Director. Any change in the Principal Representative or Supporting Personnel thereafter shall require the prior written approval of the Authority's Executive Director or his or her designee. Authority shall have the right, but not the obligation, to interview any substitute Principal Representative or Supporting Personnel proposed by Broker before such substitute Principal Representative or Supporting Personnel begins servicing Authority's account. Authority acknowledges that other Broker employees or agents may perform services in support of Authority's account from time to time. Authority's rights under this Sub-Section shall not constitute, or be construed to constitute, any right to terminate or otherwise interfere with any employment relationship between Broker and Broker's employees.

### **III. Limitations of Authority**

- A. Broker will not enter into any contract for the benefit of Authority without Authority's express approval, except as herein expressly stated.
- B. Broker shall have no authority to bind or enter into insurance contracts on behalf of Authority unless given that authority, on a policy by policy basis, by Authority's Executive Director or his or her designee.

### **IV. Payment of Premiums**

- A. Insurance placed by Broker on behalf of Authority will be invoiced immediately upon placement of the coverage. Authority shall remit premium payments to Broker within 30 days of receipt of any invoice.

- B. All retrospective premiums will be invoiced by Broker. All premiums will be invoiced immediately and are payable according to the terms and conditions of the insurance policy or contract.
- C. All retrospective premium refunds will be paid by Broker upon receipt of the refund from the refunding carrier.
- D. Broker shall send Authority open item statements of account within 15 days after each calendar month.

## **V. Compensation**

- A. Authority agrees to compensate Broker for the Services described in Appendix A (attached hereto), except for any Additional Services, and Broker agrees to accept as full satisfaction, an annual fee in the amount of \$70,000. It is understood and agreed that any material change to Authority's insurance purchasing or brokerage services requirements, such as but not limited to the construction of a new terminal or the deletion of a type of coverage, may result in a renegotiation of the fee at Authority's sole discretion. The annual fee shall be payable in semi-annual installments beginning on July 1, 2017.
- B. Broker shall not receive any commission, mark-up, or any form of compensation from a broker or insurer for any insurance placements made under this Agreement excepting bond placements. Broker agrees to disclose, to Authority, all commissions offered by brokers or underwriters on insurance placed under this agreement. All insurance quotations to Authority by Broker will be on a net rate basis.
- C. Captive feasibility studies, full actuarial studies, insurance pooling studies, and other alternative risk financing studies are outside the scope of this Agreement and will be separately priced. Services provided by other Broker entities, affiliates, subsidiaries, or related companies are outside the scope of this Agreement.
- D. All bonds will be placed with bonding companies according to the usual and customary commission rates set by bonding companies, to the extent permitted by law. All expenses incurred in brokering bond placements, including overnight delivery charges, will be paid by Broker.

## **VI. Termination**

- A. Either Party may terminate this agreement for any reason by giving written notice of termination to the other party not less than sixty (60) days prior to the effective date of such termination. In such event, premium billings by Broker will be suspended with its last billing rendered up to the date of termination. The

Broker's annual fee, as provided in Section V.A., shall be pro-rated for services rendered up to the date of termination.

- B. Events of Termination: Notwithstanding the foregoing, this Agreement shall terminate upon the occurrence of any of the following events:
  - 1. Failure of Broker to meet any material covenant, agreement, or obligation provided for in this agreement, if it has not commenced to cure any such default within twenty (20) days after written notice from Authority;
  - 2. Broker becomes insolvent or is adjudicated as bankrupt, or its business comes into possession or control, even temporarily, of any trustee in bankruptcy or a receiver is appointed for it or it makes a general assignment for the benefit of creditors. If any of these events occurs, no interest in this Agreement shall be deemed an asset or liability of Broker, nor shall any interest in this Agreement pass by operation of law without the consent of Authority.
- C. Termination of this Agreement, without regard to cause, shall terminate all rights, duties and obligations between the Parties. Upon termination, Broker shall promptly deliver all policies, endorsements, and certificates to Authority. Also upon termination, Broker shall provide an accounting to Authority and both Parties will promptly settle any outstanding balances. Broker shall have no further obligation to process retrospective audit adjustments, report claims or issue policy certificates.

#### **VII. Coverage Not Placed Due to Market Conditions**

- A. In the event market conditions are such that Broker is unable to arrange, place or keep in force any insurance coverage, Authority shall have the option to attempt to market the coverage through other brokers.
- B. Deletion of any insurance coverage and marketing the coverage through other brokers, shall be Authority's sole remedy for Broker's inability to arrange, place or keep in force any insurance coverage. Deletion of any insurance coverage by Authority shall not work as a termination of the remainder of this Agreement.

#### **VIII. Indemnification**

- A. Broker shall defend, indemnify and hold harmless Authority, TBI Airport Management, Inc. ("TBI"), the cities of Burbank, Glendale and Pasadena, California and the respective commissioners, councilmembers, officers, directors, employees, agents and representatives of Authority, TBI and the cities of Burbank, Glendale and Pasadena, California (individually "Indemnatee," collectively "Indemnitees") from and against claims arising out of, resulting from

or relating to this Agreement. Without limiting the generality of the preceding sentence, Broker shall defend, indemnify and hold harmless the Indemnitees from and against claims arising out of, resulting from or relating to the following: (i) the performance of any Services or Additional Services; (ii) the employment by or on behalf of Broker of any employee, agent, or representative in the performance of the Services or Additional Services; or (iii) the reassignment, replacement or removal of any Broker Employee from the performance of the Services or Additional Services.

- B. Notwithstanding Sub-Section VIII.A., each Indemnitee shall have the following rights with respect to any Claim against the Indemnitee: (i) to approve of any legal counsel engaged by Broker to defend the Indemnitee with respect to such claim, and such approval shall not be unreasonably withheld; and (ii) to engage separate legal counsel for the Indemnitee, and such separate legal counsel shall be selected by the Indemnitee. The fees and costs of the legal counsel described in (i) and (ii) above shall be paid for by Broker as part of its indemnity obligation under Sub-Section VIII.A.

## **IX. Insurance**

Broker shall carry insurance during the term of this Agreement as specified below. The insurance shall be provided by companies that are licensed to do business in California and that have an A. M. Best insurance guide rating of no less than A-X.

- A. Worker's Compensation insurance written in accordance with California statutory limits and Employer's Liability insurance in amounts not less than the following:
1. Bodily injury by accident - \$1,000,000 - each accident
  2. Bodily injury by disease - \$1,000,000 - policy limit
  3. Bodily injury by disease - \$1,000,000 - each employee
  4. The Employer's Liability insurance shall not contain occupational disease exclusion.
- B. Comprehensive General Liability including broad form property damage and contractual liability: five million dollars (\$5,000,000) minimum and five million dollars (\$5,000,000) minimum Excess Liability.
- C. Comprehensive Motor Vehicle Liability for owned, non-owned and hired vehicles physical damage and vehicle hazards. Coverage shall be written in an amount of five million dollars (\$5,000,000) combined single limit.
- D. Errors and Omissions Liability appropriate to Broker's profession. Coverage shall be in an amount not less than \$5,000,000 per claim, and shall be endorsed to include contractual liability. Defense costs shall be paid in addition to the limits.

Broker shall provide endorsements, naming Authority as additional insured, for all required coverages to Authority within twenty (20) business days after the effective date of this Agreement and from time to time during the term hereof as may be reasonably requested in writing by Authority.

#### **X. Dispute Resolution**

- A. If the parties are unable to resolve by mutual agreement any dispute relating to this Agreement, either party shall have the right to commence an action in any court of the State of California or the United States located in Los Angeles County, California, unless the Parties mutually agree as to an alternative dispute resolution procedure for resolving such dispute. Pending settlement or the final decision by the court, Broker shall proceed diligently with the performance of the Agreement in accordance with the Authority Purchasing Manager's direction.
- B. In the event of any judicial, arbitration or mediation action or proceeding to enforce or construe any of the provisions of this Agreement, the prevailing party in any such action shall be entitled to reasonable attorneys' fees, expert witness fees and costs. The trier of fact in any judicial proceeding shall be specifically requested to name the prevailing party.
- C. Neither party shall be liable for failure to perform any of its obligations under this Agreement during any period in which such party cannot perform due to matters beyond its control (including strike, fire, flood or other natural disaster, war, embargo or riot) provided that the Party so delayed immediately notifies the other Party of such delay.

#### **XI. Assignment**

This Agreement is personal to Broker. Broker shall have no right to assign this Agreement, or any monies due or to become due, or to delegate any of its duties, either voluntarily, involuntarily or by operation of law, without the prior written approval of Authority. A prohibited assignment within the meaning of this Section includes any transfer, sale or change in the ownership of more than twenty percent (20%) of the total stock or partnership interests or limited liability company interests or other equity or voting rights or interests of Broker or any other change in the management of Broker. Authority's consent to any assignment or transfer shall not constitute a waiver of any of the restrictions provided for in this Agreement or to be a consent to any subsequent transfer or assignment.

#### **XII. Miscellaneous Provisions**

- A. All Exhibits attached to this Agreement are incorporated by reference. This Agreement, together with all Exhibits, constitutes the entire contract of the parties and supersedes all prior and contemporaneous verbal and/or written negotiations, understandings and contracts of the Parties with respect to this subject matter. No



change or modification of the provisions of this Agreement shall be valid unless in writing and signed by both Parties.

- B. Unless otherwise indicated, the following rules of interpretation shall govern this Agreement. References to "Section," "Sub-Section" or "Paragraph" refer to provisions of this Agreement. References to "days" refer to calendar days. When the context requires, words importing only the singular include the plural and vice versa.
- C. This Agreement shall not be construed as creating a partnership between the parties or as creating any other form of legal association that would impose liability upon Broker or Authority for an act or omission of the other party. Contractor shall perform the Services as an independent contractor of Authority. Broker shall not have any authority to bind Authority by contract or otherwise, or to incur any obligation or liability on behalf of Authority, unless such authority is expressly conferred by this Agreement.
- D. This Agreement shall be governed by California law.
- E. If one or more of the provisions of this Agreement is hereafter declared invalid or unenforceable by judicial, legislative or administrative authority of competent jurisdiction, the parties agree that the invalidity or unenforceability of such provisions shall not in any way affect the validity or enforceability of any other provisions of this Agreement.
- F. This agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one in the same instrument. The exhibits and appendixes attached hereto are by reference deemed incorporated herein.

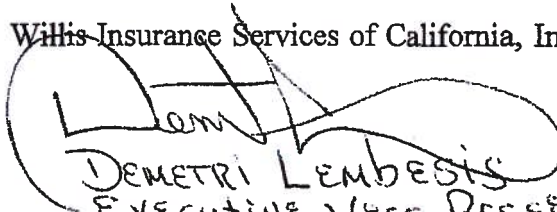


**TO EFFECTUATE THIS AGREEMENT**, the parties have caused their duly authorized representatives to execute this Agreement by signing below.

Burbank-Glendale-Pasadena  
Airport Authority

\_\_\_\_\_  
Bill Wiggins, President

Willis Insurance Services of California, Inc.

  
DEMETRI LEMBESIS  
Executive Vice President  
☐ Chairman ☐ President ☐ Vice President

\_\_\_\_\_  
☐ Secretary ☐ Asst. Secretary

☐ Chief Finance Officer ☐ Asst. Treasurer

[Pursuant to California Corporations Code  
Section 313, both signature lines must be  
executed unless the signatory holds at least  
one of the offices designated on each line.]

Approved as to form:

\_\_\_\_\_  
Richards, Watson & Gershon  
A Professional Corporation

\_\_\_\_\_

## **Appendix A**

### **Scope of Services**

- 1) Develop a renewal strategy plan for each line of coverage owned by Authority, to be presented in writing to Authority a minimum of 90 days before the coverage's expiration. Include recommendations for carriers to be approached and identify any intermediaries (London/international brokers, wholesalers, managing general agents/underwriters, etc.) that might be used in the marketing/quoting process, including full disclosure of how such brokers/intermediaries would be compensated. Incorporate proposed coverage enhancements (if any) for each line of coverage as well as benchmarking information on limits and deductibles, and information on current market conditions.
- 2) Along with the renewal strategy plan, provide carrier loss runs annually for previous five years (and prior years with open losses) on all lines of coverage. Authority may request loss runs more frequently, at its discretion.
- 3) Coordinate the collection of underwriting data (i.e. applications, value schedules, information on enplanements/deplanements, aircraft movements, tenant/operator/vendor insurance requirements, payroll, and other relevant data) for all policies placed on behalf of Authority. Prepare and deliver comprehensive underwriting submissions to the selected insurance carriers at least 60 days before expiration.
- 4) Market and obtain quotations for each line of coverage.
- 5) Provide renewal proposal(s) to Authority on all lines of coverage 30 days before expiration. Proposal(s) must:
  - a) Include documentation of all quotes and/or indications and/or declinations (including reasons for declination) received from all carriers approached;
  - b) Provide coverage details (limits, deductibles, supplementary coverages, changes compared to expiring placement, etc.), premiums (and rate structure, if applicable), other relevant terms/conditions, and carrier's current financial ratings for each bindable quote obtained;
  - c) Provide full disclosure of any/all commissions, fees, contingent commissions, or other form of compensation, whether or not directly tied to the placed coverage (including as respects international brokers or other intermediaries/wholesalers, managing general agents/underwriters), relating to all quotes/indications;
  - d) Include a comparison (preferably a chart in Excel) between all bindable quotes obtained;
  - e) Include a description of other carrier provided value added services (claims, loss control, etc.) and/or other factors (i.e. location of servicing office, staffing adequacy, service

response, etc.) that should be considered by Authority in addition to coverage terms/conditions/pricing;

- f) Highlight creative solutions, innovative suggestions, limit and/or deductible options, etc. that Authority should consider; and
- g) Provide broker's recommendations, along with supporting reasons for such recommendations.

The following services will apply to new policies procured by the selected proposer and existing policies, covering multiple years, that may not be renewed in Fiscal Year 2017-2018:

- 6) Electronically provide Authority with detailed Binders of Insurance, prior to the effective date of coverage, for all policies.
- 7) Prepare and mail original renewal certificates of insurance to certificate holders and provide electronic copies to Authority.
- 8) Review all policies for accuracy (conformity to coverage bound) prior to delivery to Authority. In addition to the original paper copies, provide electronic copies of all policies. All coverages placed with multiple layers must include a graphic display of the placement showing carriers, limits, and premiums per layer.
- 9) Request and obtain necessary policy endorsements, certificates of insurance, and other insurance documents from insurance carriers as needed throughout the policy term. Review such documents for accuracy (conformity to coverage bound and/or format requested) and transmit such documents to Authority and/or certificate holders as appropriate.
- 10) Process/perform all invoicing/accounting functions relating to each line of coverage.
- 11) Act as risk advocate and liaison with insurers (including their vendor partners) as respects loss control inspections. Review/discuss recommendations with Authority as respects importance and/or feasibility of implementing such recommendations.
- 12) Provide input on risk mitigation/minimization and/or transfer of risk techniques, including contractual indemnification and insurance requirements (contained in contracts with operators, tenants, sub-tenants, vendors, contractors, service providers, concessionaires, etc.).
- 13) Act as a claims advocate for Authority in communications with the insurers and/or outside claims adjusters.
- 14) Provide answers to Authority and obtain clarification from insurers, underwriters or adjusters regarding coverage applicability and/or claims questions.

- 15) Recommend additional coverages appropriate to Authority's risk profile and changes/expansion in operations/exposures/emerging risks on an on-going basis. Authority must not be charged an insurance broker services fee for quotes for new coverage unless and until the coverage is purchased.
- 16) Submit an annual stewardship report encompassing all lines of coverage. The stewardship report should summarize the broker activities (and status of such activities) conducted on behalf of Authority for the previous 12 month period and also provide an outline of anticipated goals and/or activities for the next six months.
- 17) Recommend and/or provide risk management training classes for Authority personnel as needed.
- 18) Provide guidance on insurance and contractual requirements in vendor RFPs, construction and facility maintenance RFBs, and airport contracts with operators, tenants, sub-tenants, vendors, service providers, concessionaires, etc.

**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
FEBRUARY 21, 2017**

**LOS ANGELES 2024 EXPLORATORY COMMITTEE  
ADVERTISING SPACE LETTER AGREEMENT**

**SUMMARY**

Staff seeks a Finance and Administration Committee ("Committee") recommendation to the Commission that it authorize the Executive Director to execute a Letter Agreement (copy attached) with the Los Angeles 2024 Exploratory Committee ("LA24") for advertising space at Hollywood Burbank Airport ("Airport"). The Letter Agreement provides for the granting of a purchase option for the Airport's advertising space if the City of Los Angeles ("Los Angeles") is chosen to host the 2024 Olympic and Paralympic Games ("2024 Games").

**BACKGROUND**

Los Angeles has applied to the International Olympic Committee ("IOC") to host the 2024 Games. Los Angeles' authorized representative for this application is LA24, a nonprofit corporation whose leadership includes Mayor Eric Garcetti and Earvin "Magic" Johnson. If Los Angeles is selected by the IOC, then it is anticipated that LA24 will be succeeded by a new entity known as the Los Angeles Organizing Committee for the 2024 Olympic and Paralympic Games ("LAOCOG").

As part of the 2024 Games host application, LA24 had to demonstrate that it will take necessary steps to protect the economic value of authorized Olympic sponsorships and the rights of authorized Olympic marketing partners by preventing ambush marketing. The term "ambush marketing" refers to marketing that claims a false or unauthorized association with the 2024 Games, or that infringes laws that protect the imagery and marks of the IOC, the International Paralympic Committee, the U.S. Olympic Committee, or the 2024 Games. To satisfy this requirement, LA24 sought to execute option contracts with owners and operators of advertising space around the proposed Olympic locations, including advertising space at the region's airports.

LA24 and staff negotiated a proposed Letter Agreement late last month, but the language was not finalized in time for presentation to the Committee and Commission before LA24's February 3<sup>rd</sup> deadline for submitting the host application to the IOC. Thus, on January 31<sup>st</sup>, the Executive Director sent LA24 a letter expressing support for LA24's host application and committing to expedite the processing of the Letter Agreement. If the Letter Agreement is approved by the Commission, then LA24 will submit it to the IOC as part of a supplement to the host application. Copies of the Letter Agreement and the Executive Director's support letter are attached, respectively, as Attachment A and Attachment B.

The Authority's current advertising concessionaire is Lamar Alliance ("Lamar"), a successor to F/F/E Display Services (which became Alliance Airport Advertising). The expiration date for Lamar's advertising concession agreement is July 31, 2019, and the Authority has two one-year extension options.

## DETAILS

There are two key provisions in the Letter Agreement. First, it requires the Authority to include in any advertising concession agreement that runs through 2024 (or in any extension of the existing agreement with Lamar that extends through 2024), a requirement that the concessionaire grant LA24 and LAOCOG an option to purchase up to 100% of the Airport's advertising space during a specified "Games Period." The Games Period is defined as the period starting two weeks prior to the 2024 Games and ending one week after their conclusion. As of now, it is anticipated that the Games Period will run from July 5, 2024 through September 6, 2024.

Second, the Letter Agreement requires the Authority to provide reasonable assistance to LAOCOG to combat ambush marketing. Such assistance would only involve measures that are within the Authority's reasonable control. Additionally, LAOCOG will work cooperatively with the Authority to identify ambush marketing, and there is no obligation on the Authority to independently identify such material.

If Los Angeles is not selected to host the 2024 Games, or if it withdraws its host application, then the Letter Agreement will automatically expire. Otherwise, the Letter Agreement will remain in effect through the end of the Games Period.

Appendix 3 to the Letter Agreement is form 2024 Olympic and Paralympic Games Advertising Option Contract ("Option Contract"). A copy of the Option Contract is attached as Attachment C. If the Commission approves the Letter Agreement, then the Option Contract will be executed by LA24 and the Authority's advertising concessionaire when the advertising concession contract is next awarded or extended. The Option Contract designates January 1, 2022 through June 30, 2023, as the period during which LAOCOG may exercise its option to purchase all or part of the Airport's advertising space for all or part of the Games Period.

## REVENUE IMPACT

LA24 will pay the Authority \$10 upon execution of the Letter Agreement. In the event that LAOCOG exercises its purchase option, the purchase price that LAOCOG pays for the Airport's advertising space during the Games Period will be set by a formula specified in the Option Contract. Under that formula, the purchase price for existing advertising space will be the average highest monthly purchase price of the space achieved for CY 2020 and 2021 plus 5% per annum, compounded for CY 2022 and 2023 and 2.5% for the six months ended June 30, 2024. Because the rates are based on market price, there is no anticipated revenue impact.

## STAFF RECOMMENDATIONS

Staff recommends that the Committee recommend to the Commission authorization for the Executive Director to execute the Letter Agreement with LA24 to provide for the grant of a purchase option for Airport's advertising space if Los Angeles is chosen to host the 2024 Games.

**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
FEBRUARY 21, 2017**

**FISCAL YEAR 2015/2016 ("FY 2016")  
FINANCIAL BUDGET PERFORMANCE REVIEW**

**SUMMARY**

Staff vigilantly monitors the actual financial performance of the Authority against the approved budget to determine if the financial performance is within the parameters set forth in the annual Budget Resolution. Adoption of a formal year-end budget amendment by the Authority was not required this year as the FY 2016 financial performance was within approved budget expenditure appropriations by major category (i.e., Operations & Maintenance, Facility Improvement ("Capital") Program). Total operating revenues favorably exceeded the adopted budget by 6.4% (approximately \$3 million).

FY 2016 total passenger levels increased by 1.9% representing a modest increase when compared to the prior year results. While modest, this increase indicates a continued recovery of the Airport's passenger enplanements. This was in part due to the continued recovery of the nation's economy and the increased demand for air travel. Additionally, the nation's air carrier industry benefitted from low oil prices which reduced their operating costs. In short, these factors have varying financial impacts which are difficult to predict with any degree of certainty.

This staff report presents for Commission information the FY 2016 budget performance review documents, which detail by line item the actual revenues and expenditures incurred during the fiscal year as compared to the approved budget appropriations.

**BACKGROUND**

Each year Staff prepares for Commission review and approval a financial budget which depicts Staff's best prediction of the costs to operate and revenues to be generated by the Airport.

A budget amendment is only required if the financial performance during the fiscal year underperforms the original budget plan. The FY 2016, budget-to-actual performance met or favorably exceeded targets and therefore does not require a budget amendment. A comprehensive report on the actual FY 2016 financial performance is presented in the annual audited financial statements.

This review presents the FY 2016 results of 1) operating revenues by category; 2) Operations & Maintenance (O&M) expenditures by line item and; 3) actual Facility Improvement Program (Capital) expenditures.

#### FY 2016: OPERATING REVENUES

The chart below depicts the actual operating revenue results as compared to the Authority adopted FY 2016 budget:

<b>BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY</b>				
<b>FY 2016 OPERATING REVENUES</b>				
	<b>ADOPTED BUDGET FY 2016</b>	<b>ACTUAL \$ FY 2016</b>	<b>Budget Variance</b>	
			<b>\$</b>	<b>%</b>
			<b>FAVORABLE</b>	
<b>Rentals</b>	\$13,325,000	\$14,055,115	\$730,115	5.5%
<b>Parking</b>	19,385,000	19,700,020	315,020	1.6%
<b>Concessions</b>	8,340,000	8,900,221	560,221	6.7%
<b>Landing Fees</b>	2,929,000	3,006,791	77,791	2.7%
<b>Investment Income</b>	1,450,000	1,966,397	516,397	35.6%
<b>Other Revenues</b>	1,200,000	2,001,035	801,035	66.8%
<b>Total</b>	<b>\$46,629,000</b>	<b>\$49,629,579</b>	<b>\$3,000,579</b>	<b>6.4%</b>

Overall FY 2016 operating revenues favorably exceeded budget expectations by \$3,000,579 or 6.4%. All categories of operating revenues performed favorably ahead of budget with Parking and Landing fees reporting marginally ahead by 1.6% and 2.7% respectively.

Rental revenues performed favorably above budget (\$730,115 or 5.5%) primarily due to the receipt of deferred rent revenue from the unlawful detainer claim against Affordable Storage and CPI increases on existing leases.

Also, noteworthy favorable budget results were realized in Concessions, Investment Income and Other Revenues.

Strong food/beverage and gift/news revenues are reflected in the positive Concession revenue performance and are partially driven by the positive 1.9% passenger increase.

Investment Income exceeded the budget primarily due to the increase in the investment portfolio balance resulting from the sale of the B-6 Trust and Kenwood Lot properties in April 2016 in addition to a small increase in the average portfolio yield.



The above budget performance in the Other Revenues category is primarily drive by film location permit receipts and reimbursement from the TSA Law Enforcement Officer program of certain eligible law enforcement expenses.

#### FY 2016: OPERATIONS & MAINTENANCE ("O & M") BUDGET

The adopted FY 2016 O & M Expenditure Budget totaled \$39,887,441. The actual net O & M costs for the fiscal year amounted to \$37,247,931, resulting in a favorable 6.6% under budget amount of \$2,639,510. Although total O & M costs are favorably under budget for the year, the performance of some individual line items exceeded initial budget appropriations, while others posted results under the adopted budget. The favorable result is primarily due in part to cost-cutting measures and operating efficiencies that have been implemented.

During the fiscal year, the outsourcing of the Authority's shuttle operation (replacing the Authority's owned fleet) to a full turn-key transportation operator contributed to favorable variances in line items within the O & M budget including fuel, contracted vehicle maintenance and parking operations.

Attached Exhibit "A" presents detail regarding budget to actual performance O & M account line items. In addition, the required parking tax payments to the City of Burbank were over budget by \$29,525 due to parking revenues favorably exceeding budget.

The chart below highlights the O & M account line items with budget variances in excess of \$100,000.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY FY 2016 OPERATIONS & MAINTENANCE ("O & M") EXPENDITURES Variance greater than \$100,000 (under or over Budget)			
ACCT. #	DESCRIPTION	BUDGET VARIANCE (favorable) / unfavorable	PRIMARY REASON
8012	Overtime Wages	\$245,488	Regular Wages under budget by \$60k; film reimbursement - \$103k.
8104	Workers' Comp. Ins.	(222,978)	Favorable w/c audit adjustment - resulted in premium refund.
8261	Training	(120,352)	Additional training covered in house.
8302	Fuel	(354,551)	Turn-key transportation operator- fuel efficient shuttles.
8604	ARFF Services	(235,123)	First full fiscal year results under TBI Management contract.
8612	Contractual Sys. Repair	(128,570)	IT contingencies not utilized.
8620	Contractual Vehicle Maint.	(215,870)	Turn-key operator responsible for shuttle repair & maintenance.
8622	Other Contractual O & M Costs	(103,756)	Paving contingencies not utilized.
8625	Contractual Parking Operations	(1,336,366)	Turn-key transportation operator established mid-year (Acct# 8626).
8626	Courtesy Shuttle Services	1,577,242	Mid-year implementation of turn-key transportation operator.
8708	Professional Mgmt. Services	(466,043)	Certain positions open during the year.
8816	Insurance	(199,361)	Favorable premiums obtained; chargebacks to tenants.
8819	Air Service Retention / Develop.	(195,603)	Appropriations for new branding efforts carried into FY 2017.
8822	Licenses, Permits and Fees	(102,051)	Certain appropriations not required.

## FY 2016: FACILITY IMPROVEMENT PROGRAM ("CAPITAL") BUDGET

The adopted FY 2016 Capital Expenditure Budget appropriations totaled \$14,475,000. Actual Capital program costs amounted to \$14,237,129, resulting in a favorable budget variance of \$237,871. The attached Exhibit "B" depicts the budget to actual performance detail by project for capital costs incurred in FY 2016.

The net capital under budget amount of \$237,871, as described above, results in impacts to the programmed use of funding sources as follows:

<b>Burbank-Glendale-Pasadena Airport Authority FY 2015/2016 Facility Improvement Program "Capital" Budget Reconciliation of Adopted Budget to Actual Program Results</b>				
	<b>Cost</b>	<b>Programmed Funding Sources</b>		
		<b>PFC</b>	<b>Grant</b>	<b>Authority Funds</b>
<b>FY 2016 Adopted Capital Budget</b>	<b>\$14,475,000</b>	<b>\$4,493,563</b>	<b>\$5,356,937</b>	<b>\$4,624,500</b>
<b>FY 2016 Actual Results</b>	<b>14,237,129</b>	<b>1,396,031</b>	<b>4,315,172</b>	<b>8,525,926</b>
<b>Variance from Budget</b>	<b>(\$237,871)</b>	<b>(\$3,097,532)</b>	<b>(\$1,041,765)</b>	<b>\$3,901,426</b>

The increased use of Authority funds primarily reflects the effort to produce the California Environmental Quality Act ("CEQA") Environmental Impact Report, the associated Development Agreement and other related documentation for the Replacement Passenger Terminal Project. The FY 2016 adopted Capital Budget included appropriations in the amount of \$500,000 for this project. The final FY 2016 costs expended for this effort were \$3,457,450.

In addition, as previously reported to the Commission additional Authority funds were expended to address unforeseen conditions related to the installation of the Emergency Back-up Generator Replacement project. The amount of additional Authority funds incurred in FY 2016 amounted to approximately \$1.3 million.

## CONCLUSION

A review of the actual performance of the FY 2016 budget by account depicts the positive budget performance achieved which includes completion of a major element of the Replacement Passenger Terminal Project. Based on this performance, a budget amendment resolution for FY 2016 was not required.

<b>BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY</b> <b>BUDGET PERFORMANCE REVIEW: FY 2015/2016 ("FY 2016") BUDGET</b> <b>OPERATIONS &amp; MAINTENANCE ("O &amp; M") EXPENDITURES</b>				
<b>ACCT #</b>	<b>DESCRIPTION</b>	<b>ACTUAL EXPENDITURES FY 2016</b>	<b>ADOPTED BUDGET FY 2016</b>	<b>BUDGET VARIANCE (FAV) / UNFAV</b>
8000	Regular Wages	\$2,453,853	\$2,513,485	(\$59,632)
8012	Overtime Wages	540,488	295,000	245,488
8100	Sick Leave	146,990	213,341	(66,351)
8102	Vacation	196,420	226,344	(29,924)
8103	Payroll Taxes	262,643	257,969	4,674
8104	Workers' Compensation Insurance	317,022	540,000	(222,978)
8105	Group Insurance	270,025	261,801	8,224
8106	State Unemployment Insurance	0	5,000	(5,000)
8109	Holiday	168,536	175,129	(6,593)
8110	Employee Retirement Plan	239,638	220,364	19,274
8111	Employee Medical Opt Out	40,188	43,200	(3,012)
8115	FSA Admin.	0	600	(600)
8120	Certification Pay	42,875	42,600	275
8125	Training Pay	11,175	11,700	(525)
8200	Office Supplies	54,677	63,250	(8,573)
8202	Periodicals, Maps and Pamphlets	3,397	9,400	(6,003)
8204	Printing and Binding	6,917	15,050	(8,133)
8206	Special Office / Other Supplies	88,556	102,245	(13,689)
8208	Postage	10,077	15,790	(5,713)
8210	Office / Noise Equipment Service	121,256	154,825	(33,569)
8212	Copy Machine Lease	17,803	12,500	5,303
8214	Office Equipment Rent	545	700	(155)
8216	Photographic Expense	981	1,800	(819)
8252	Recruitment Expense	19,780	35,000	(15,220)
8254	Membership Dues	94,986	109,000	(14,014)
8256	Uniform Expense	133,462	81,100	52,362
8258	Commission Meeting	165,984	198,000	(32,016)
8260	Conference Meeting	68,795	90,750	(21,955)
8261	Training Expense	128,458	248,810	(120,352)
8302	Fuel, Oil and Lubricants	395,449	750,000	(354,551)
8303	Low Value Communications Equipment	6,097	12,700	(6,603)
8304	Low Value Machinery / Equipment	23,645	28,500	(4,855)
8305	Low Value Furniture / Fixtures	16,856	22,300	(5,444)
8306	Vehicle Repair / Maintenance Supplies	51,593	98,000	(46,407)
8308	General Repair / Maintenance	46,100	105,500	(59,400)
8316	Shop Supplies	30,333	77,550	(47,217)
8318	Electrical Supplies	66,796	68,750	(1,954)
8320	Plumbing, Heating and Air Conditioning	49,203	78,875	(29,672)
8322	Building / Construction Supplies	16,903	103,250	(86,347)
8324	Telephone Expense	288,139	267,000	21,139
8326	Communications Maintenance	30,475	53,200	(22,725)
8332	Industrial Chemical Supplies	10,379	12,500	(2,121)
8334	Operating / Maintenance Equipment Lease	50,310	58,900	(8,590)

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
BUDGET PERFORMANCE REVIEW: FY 2015/2016 ("FY 2016") BUDGET  
OPERATIONS & MAINTENANCE ("O & M") EXPENDITURES**

ACCT #	DESCRIPTION	ACTUAL EXPENDITURES FY 2016	ADOPTED BUDGET FY 2016	BUDGET VARIANCE (FAV) / UNFAV
8335	Other Leases / Rentals	\$36,000	\$36,000	0
8336	Utility – Gas	22,175	37,000	(14,825)
8338	Utility – Electric	1,482,372	1,555,000	(72,628)
8340	Utility – Water	306,228	357,370	(51,142)
8341	Sign Repair and Maintenance	11,975	59,100	(47,125)
8342	Landscaping Expense	190,068	195,500	(5,432)
8344	Paint Expense	101,801	115,100	(13,299)
8604	ARFF Services	2,519,902	2,755,025	(235,123)
8606	Tenant Janitorial Services	472,930	474,250	(1,320)
8607	Janitorial Services	686,069	707,500	(21,431)
8608	Refuse Collection	131,070	128,000	3,070
8610	Contractual Building Repair	80,738	157,750	(77,012)
8612	Contractual Systems Repair	748,090	876,660	(128,570)
8620	Contractual Vehicle Maintenance	458,130	674,000	(215,870)
8622	Other Contracted O & M Costs	611,219	714,975	(103,756)
8625	Contractual Parking Ops. (Self-Park / Valet)	5,263,634	6,600,000	(1,336,366)
8626	Courtesy Shuttle Services	1,577,242	0	1,577,242
8702	Noise Consultants	43,945	57,600	(13,655)
8704	Legal Services	670,710	650,000	20,710
8706	Audit Services	110,135	110,000	135
8708	Professional Management Services	10,852,751	11,318,794	(466,043)
8709	Engineering Services	62,776	60,000	2,776
8710	Financial Services	719,005	690,000	29,005
8711	Other Professional Services	1,360,480	1,326,665	33,815
8715	Environmental Services	31,515	48,000	(16,485)
8804	Bad Debt Expense	43,325	4,000	39,325
8816	Insurance	1,350,639	1,550,000	(199,361)
8818	Public Relations / Advertising	88,287	100,000	(11,713)
8819	Air Service Retention and Development	179,397	375,000	(195,603)
8822	Licenses, Permits and Fees	22,573	124,624	(102,051)
8825	Uninsured Loss	0	10,000	(10,000)

<b>TOTAL O &amp; M EXPENSES</b>	<b>\$36,922,986</b>	<b>\$39,549,691</b>	<b>(\$2,626,705)</b>
---------------------------------	---------------------	---------------------	----------------------

**O & M EQUIPMENT AND PROJECTS**

9010	Vehicles / Equipment	\$86,747	\$105,000	(\$18,253)
9022	Other Machinery / Equipment	189,574	93,000	96,574
9024	Furniture / Fixtures	24,769	79,750	(54,981)
9026	Office Equipment / Systems	23,855	60,000	(36,145)

<b>TOTAL O &amp; M EQUIPMENT / PROJECTS</b>	<b>\$324,945</b>	<b>\$337,750</b>	<b>(\$12,805)</b>
---	------------------	------------------	-------------------

<b>TOTAL OPERATIONS AND MAINTENANCE</b>	<b>\$37,247,931</b>	<b>\$39,887,441</b>	<b>(\$2,639,510)</b>
---	---------------------	---------------------	----------------------



BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY				
BUDGET PERFORMANCE REVIEW: FY 2015/2016 ("FY 2016") - Facility Improvement "Capital" Program Budget				
PROJECT DESCRIPTION	Adopted FY 2016 Budget	FY 2016 Actual Performance	Budget Variance (Fav.) / Unfav.	Project Status at June 30, 2016
<b>BUILDING IMPROVEMENTS</b>				
Building #10 Roof Replacement	\$ 435,000	\$ 13,773	\$ (421,227)	Deferred.
Terminal Carpet: Phase Two	350,000	244,149	(105,851)	Completed.
Maint. Dept. Electrical Service Upgrades	300,000	33,576	(266,424)	Design FY 2016 - budget continued FY 2017.
Building #36 Server Room Upgrades	200,000	68,278	(131,722)	Initiated FY 2016 - budget continued FY 2017.
Terminal High Voltage Electrical Upgrades	165,000	123,398	(41,602)	Initiated FY 2016 - budget continued FY 2017.
Building #36 Roof Replacement	100,000	161,568	61,568	Completed.
Admin. Offices: Carpet Replacement	30,000	31,550	1,550	Completed.
Minor Building Improvements	175,000	81,482	(93,518)	Completed.
LED Lighting Conversion	-	6,382	6,382	Budgeted for completion FY 2017.
<b>TOTAL BUILDING IMPROVEMENTS</b>	<b>\$ 1,755,000</b>	<b>\$ 764,156</b>	<b>\$ (990,844)</b>	
<b>OTHER IMPROVEMENTS</b>				
Emergency Back-up Generator Replacement	\$ 2,100,000	\$ 1,919,771	\$ (180,229)	Initiated FY 2016 - budget continued FY 2017.
Ramp Lighting Fixture Wiring Replacement	100,000	68,785	(31,215)	Completed.
New Fire Hydrant: Terminal A Baggage Claim	25,000	-	(25,000)	Cancelled - low cost alternative completed.
ARFF Station: Seismic Stabilization of Trailers	-	105,203	105,203	Completed.
<b>TOTAL OTHER IMPROVEMENTS</b>	<b>\$ 2,225,000</b>	<b>\$ 2,093,759</b>	<b>\$ (131,241)</b>	
<b>IT / COMMUNICATIONS / SECURITY</b>				
Fiber Optic Installation: Phase 7	\$ 340,000	\$ 4,322	\$ (335,678)	Deferred.
DVSS Camera Replacements/ Walkway	415,000	-	(415,000)	Deferred to future fiscal year.
Primary Server SAN Replacement	175,000	148,790	(26,210)	Completed.
DVSS Storage SAN Replacement	150,000	45,325	(104,675)	Initiated FY 2016 - budget continued FY 2017.
Upgrade Phone/ Voicemail System	150,000	-	(150,000)	Deferred - budgeted in FY 2017.
Access Control/ IET Upgrades	140,000	65,609	(74,391)	Initiated FY 2016 - budget continued FY 2017.
Computer Switch Stack Replacement	120,000	100,430	(19,570)	Completed.
Replace Firewall and Anti-Virus Solutions	100,000	56,564	(43,436)	Completed.
<b>TOTAL IT / COMMUNICATIONS / SECURITY</b>	<b>\$ 1,590,000</b>	<b>\$ 421,040</b>	<b>\$ (1,168,960)</b>	
<b>EQUIPMENT</b>				
Skiddometer Replacement	\$ 115,000	\$ 49,625	\$ (65,375)	Completed.
Maintenance Equipment	230,000	-	(230,000)	Deferred - budgeted in FY 2017.
<b>TOTAL EQUIPMENT</b>	<b>\$ 345,000</b>	<b>\$ 49,625</b>	<b>\$ (295,375)</b>	
<b>RUNWAY / TAXIWAY / ROADWAY PROJECTS</b>				
Taxiway B Rehabilitation	\$ 3,800,000	\$ 3,346,017	\$ (453,983)	Completed.
RPZ Land Acquisition: Hollyona Property	1,400,000	17,981	(1,382,019)	Deferred.
Landside Paving Replacement	700,000	488,424	(211,576)	Completed.
Runway 8/26 & 15/33 Rehabilitation: Design	600,000	1,102,319	502,319	R/W 8/26 completed; R/W 15/33 in FY 2017.
Runway Shoulder Rehabilitation (completion)	300,000	800,816	500,816	Completed.
Obstruction Removal (multi-phase)	250,000	-	(250,000)	Deferred - budgeted in FY 2017.
Hangar #2 Ramp Paving: Phase Two	180,000	145,378	(34,622)	Completed.
Blast Fence Clybourn	150,000	4,053	(145,947)	Initiated FY 2016 - budget continued FY 2017.
Runway Airfield Lighting Rehabilitation	-	1,258,833	1,258,833	Funded utilizing PFC's.
Precision Approach Path Indicator (PAPI)	-	10,134	10,134	Funded utilizing PFC's.
Runway 8/26 and EMAS Rehabilitation	-	2,146	2,146	Continued into FY 2017.
Misc. Paving	-	1,644	1,644	Continued into FY 2017.
<b>TOTAL RUNWAY / TAXIWAY / ROADWAY</b>	<b>\$ 7,380,000</b>	<b>\$ 7,177,745</b>	<b>\$ (202,255)</b>	
<b>NOISE MITIGATION</b>				
Part 150 Study (completion)	\$ 80,000	\$ 27,958	\$ (52,042)	Completion - subject to FAA approval.
Residential Acoustical Treatment Program	25,000	12,759	(12,241)	Completed - subject to above.
<b>TOTAL NOISE MITIGATION</b>	<b>\$ 105,000</b>	<b>\$ 40,717</b>	<b>\$ (64,283)</b>	
<b>DEVELOPMENT</b>				
Replacement Terminal Development	\$ 500,000	\$ 3,457,449	\$ 2,957,449	Ongoing.
B-6 Property Disposition	400,000	168,936	(231,064)	Completed.
Transportation Planning	175,000	60,202	(114,798)	Multi-year Program.
RITC Public Art	-	3,500	3,500	Project ongoing - to be funded with CFC's.
<b>TOTAL DEVELOPMENT</b>	<b>\$ 1,075,000</b>	<b>\$ 3,690,087</b>	<b>\$ 2,615,087</b>	
<b>TOTAL PROGRAM</b>	<b>\$ 14,475,000</b>	<b>\$ 14,287,129</b>	<b>\$ (187,871)</b>	

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
FEBRUARY 21, 2017  
COMMITTEE PENDING ITEMS**

**Current**

1. Award of Aviation Ramp Ground Lease;  
United Parcel Service, Inc.
2. First Amendment to Lease Agreement for HERC Rentals, Inc.
3. FY 2016 Year-End Financial Budget Performance Review

**Future**

1. Market Conditions Analysis – Hangar Facilities
2. New Branding Food & Beverage Concession
3. FY 2018 Proposed Budget Development Schedule
4. FY 2017 Mid-Year Budget Performance Review