



February 2, 2023

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, February 6 2023, at 9:30 a.m., or immediately following the Commission meeting, in the Airport Skyroom of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, California 91505.

In addition to attending the meeting in person, members of the public may observe the meeting telephonically and may offer comment in real time 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

Airport Skyroom  
Monday, February 6, 2023  
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.*

*When in-person attendance or participation at meetings of the Committee is allowed, members of the public are requested to observe the following rules of decorum:*

- *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, February 6, 2023

1. Roll Call
2. Staff Announcement: AB 23
3. Approval of Agenda
4. Public Comment
5. Approval of Minutes
  - a. January 17, 2023
6. Items for Approval
  - a. Month-to-Month Space Lease  
Certified Aviation Services, LLC

*[See page 1]*

*[See page 3]*

***A staff report is attached. Staff seeks a Finance and Administration Committee recommendation to the Commission for approval of a proposed Month-To-Month Space Lease with Certified Aviation Services, LLC for the purpose of providing support space for aircraft and ground equipment maintenance services, commonly referred to as "aircraft line maintenance".***

7. Items for Discussion
  - a. Presentation of Fiscal Year 2022 Financial Statements and Summary of Audit Results

*[See page 5]*

***A staff report is attached. The Authority's independent auditor, Macias Gini & O'Connell LLP has completed its audit of the Burbank-Glendale-Pasadena Airport Authority ("Authority") fiscal year 2022 financial statements. Enclosed with the staff report is a copy of the audited Basic Financial Statements for the fiscal years ended June 30, 2022 ("FY 2022") and 2021 ("FY 2021"). Also enclosed are copies of the audited Single Audit Reports (audit of federal grant programs), Passenger Facility Charge Compliance Report, Customer Facility Charge Compliance Report, Independent Auditor's Report on Compliance with Aspects of Contractual Agreements (bond compliance), and the Auditor's Required Communications to the Authority Regarding the FY 2022 Audits.***

8. Items for Information

- a. Replacement Passenger Terminal Financing Update  
Results of RFP – Letter of Credit

***No staff report attached. This item has been placed as a standing item on the agenda to allow the Committee to discuss the RPT Financing.***

- b. Committee Pending Items

***[See page 12]***

9. Adjournment

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

**TUESDAY, JANUARY 17, 2023**

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 12:21 p.m., by Commissioner Ovrom.

**1. ROLL CALL**

**Present:** Commissioners Ovrom, Wilson and Quintero

**Absent:** NONE

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

Also present:  
Geoff Wheeler, Ricondo & Associates  
Louis Choi, Public Resources Advisory Group

**2. Staff Announcement: AB 23**

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

**3. Approval of Agenda**

Agenda was approved as presented.

**4. Public Comment**

There were no public comments.

**5. Approval of Minutes**

**a. December 19, 2022**

A draft copy of the December 19, 2022, minutes were included in the agenda packet for review and approval.

**Motion**

Commissioner Quintero moved approval of the minutes; seconded by Commissioner Wilson.

**Motion Approved**

The minutes were approved as presented (3–0).

**6. Treasurer's Reports**

**a. October 2022**

A copy of the October 2022 Treasurer's Report was included in the agenda packet for the Committee's review.

- b. November 2022**
- A copy of the November 2022 Treasurer's Report was included in the agenda packet for the Committee's review.
- Motion**
- Commissioner Wilson moved approval to recommend that the Commission note and file the October 2022 and November 2022 Treasurer's Reports; seconded by Commissioner Quintero.
- Motion Approved**
- The motion was approved (3–0) to note and file the reports.
- 7. Items for Discussion**
- a. Proposed Resolution No. 497 Adopting the 2023 Authority Investment Policy**
- Staff sought Committee recommendation to the Commission to adopt proposed Resolution No. 497 approving the 2023 Authority Investment Policy.
- Motion**
- Commissioner Wilson moved approval; seconded by Commissioner Quintero.
- Motion Approved**
- There being no objection, the motion was approved (3–0).
- 8. Items for Information**
- a. Replacement Passenger Terminal Financing Update**
- Mr. Geoff Wheeler of Ricondo & Associates and Mr. Louis Choi of Public Resources Advisory Group briefed the Committee on the Authority's status of financing activities for the Replacement Passenger Terminal.
- b. Committee Pending Items**
- Staff informed the Committee of future pending items that will come to the Committee for review.
- 9. Adjournment**
- There being no further business to discuss, the meeting was adjourned at 12:45 p.m.

**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
FEBRUARY 6, 2023**

**MONTH-TO-MONTH SPACE LEASE  
CERTIFIED AVIATION SERVICES, LLC**

Presented by Scott Kimball  
Deputy Executive Director, Operations, Business, & SMS

**SUMMARY**

Staff seeks a Finance and Administration Committee ("Committee") recommendation to the Commission for approval of a proposed Month-To-Month Space Lease ("Lease") with Certified Aviation Services, LLC ("CAS") for the purpose of providing support space for aircraft and ground equipment maintenance services, commonly referred to as "aircraft line maintenance".

**BACKGROUND**

Currently, Airline Tech Reps, LLC dba STS Line Maintenance ("STS"), is the provider of aircraft line maintenance to the airlines serving the Airport. STS has been a month-to-month tenant at the Airport since 2017 and leases 1,500 square feet of space at the Air Cargo Building located on the southwest quadrant of the Airport. STS contracts directly with the Airlines, under separate agreements, for the performance of aircraft line maintenance services.

STS notified staff that it is terminating its line of business at the Airport and its Lease. STS has worked with CAS on the transfer of the aircraft line maintenance operations. CAS has notified staff that it is entering into separate agreements with the airlines operating at the Airport.

CAS, a Delaware corporation headquartered in Ontario, California, is an independent provider of maintenance, repair and operations services for fleet operators, lessors, and adjusters globally. CAS has over 30 years of service and is backed by more than 500 world class aircraft and power mechanics. CAS currently operates at 15 airports including San Francisco International, Los Angeles International, JFK International, Bergstrom Austin International and Seattle-Tacoma International airports.

The proposed Lease with CAS is for the same space occupied by STS and for the same purposes of providing support space for aircraft line maintenance services. Subject to Commission approval, the proposed Lease would become effective on February 21, 2023.

**DETAILS**

The key components of the proposed Lease are as follows:

Locations: Air Cargo Building

Use:	Support space for aircraft line maintenance operation
Term:	Month-To-Month
Termination:	Thirty (30) days prior written notice by either party
Rent:	\$1,200 per month or \$14,400 per year
Adjustment:	Greater of three percent (3%) per year or 120% of CPI, not to exceed 6% annually
Others:	Tenant responsible for expenses related to occupancy including maintenance, utilities and applicable taxes

#### STAFF RECOMMENDATION

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



**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FEBRUARY 6, 2023**

**PRESENTATION OF FISCAL YEAR 2022 FINANCIAL STATEMENTS AND  
SUMMARY OF AUDIT RESULTS**

Presented by David Kwon  
Director, Financial Services

**SUMMARY**

The Authority's independent auditor, Macias Gini & O'Connell LLP ("MGO") has completed its audit of the Burbank-Glendale-Pasadena Airport Authority ("Authority") fiscal year 2022 financial statements. Enclosed with this staff report is a copy of the audited Basic Financial Statements for the fiscal years ended June 30, 2022 ("FY 2022") and 2021 ("FY 2021"). Also enclosed are copies of the audited Single Audit Reports (audit of federal grant programs), Passenger Facility Charge Compliance Report, Customer Facility Charge Compliance Report, Independent Auditor's Report on Compliance with Aspects of Contractual Agreements (bond compliance), and the Auditor's Required Communications to the Authority Regarding the FY 2022 Audits.

The results are summarized below.

- MGO's "unmodified" opinions are:
  - The Basic Financial Statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles.
  - The Authority complied in all material respects with compliance requirements applicable to its major federal program, the Passenger Facility Charge program and the Customer Facility Charge program and identified no reportable deficiencies in internal control over compliance.
  - MGO identified no reportable deficiencies in internal control over financial reporting or compliance that are required to be reported under Government Auditing Standards.
  - The Schedule of Expenditures of Federal Awards, Schedule of Passenger Facility Charge Revenues and Expenditures and Schedule of Customer Facility Charge Revenues and Expenditures are fairly stated in relation to the Basic Financial Statements as a whole.
  - Based on auditing procedures performed, the Authority complied with the terms, covenants, provisions or conditions of Section 6.05 (Rates and Charges) to Article VI of the Bond Indenture, as amended.

MGO will present the results of its audits. Also included in the accompanying sections of this staff report is a summary of the audit results for FY 2022. Staff seeks a Finance and Administration Committee ("Committee") recommendation to the Commission that it note and file these audit reports.

## BASIC FINANCIAL STATEMENTS

The Basic Financial Statements (“BFS”) of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Government Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing accounting and financial reporting principles.

The Authority reports its financial operations as a government enterprise activity, and as such, its financial statements are presented using the “economic resources” measurement focus and the accrual method of accounting. Under this method of accounting, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. The measurement focus is on determination of changes in net position, financial position, and cash flows. Operating revenues include charges for services, tenant rent, ground transportation, fuel flowage fees, and other operating revenues. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. Grants and similar items are recognized as revenue as soon as all eligibility requirements for reimbursement of expenses have been met.

The BFS report is composed of three parts:

- (i) The Independent Auditor’s Report;
- (ii) Management’s Discussion and Analysis (“MD&A”), a narrative overview and analysis of the Authority’s financial activities; and
- (iii) The Basic Financial Statements, consisting of the Statements of Net Position (Balance Sheets), Statements of Revenues, Expenses and Changes in Net Position (Income Statements), Statements of Cash Flows and Notes to Basic Financial Statements.

The Independent Auditor’s Report reflects an unmodified opinion, indicating that the BFS present fairly, in all material respects, the financial position of the Authority at June 30, 2022 and 2021, and the change in financial position and cash flows for the years then ended, are in conformity with GAAP. The audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The MD&A is required supplementary information. The discussion and analysis in the MD&A is intended to serve as an introduction to the Authority’s Basic Financial Statements.

A summary of the Statements of Net Position at June 30, 2022 and 2021 is as follows:

<b>Summary Statements of Net Position</b>				
<b>Years Ended June 30, 2022 and 2021</b>				
	<b>2022</b>	<b>2021*</b>	<b>Change</b>	
			<b>\$</b>	<b>%</b>
<b>Assets:</b>				
Current unrestricted assets	\$ 47,183,502	\$ 51,842,292	\$ (4,658,790)	-8.99%
Noncurrent unrestricted assets	10,244,382	5,710,548	4,533,834	79.39%
Restricted assets	97,832,280	90,412,599	7,419,681	8.21%
Facility Development Reserve	200,132,453	180,132,453	20,000,000	11.10%
Bond debt service reserve surety, net	9,455	14,183	(4,728)	-33.34%
Capital assets, net	304,807,471	312,584,227	(7,776,756)	-2.49%
<b>Total assets</b>	<b>660,209,543</b>	<b>640,696,302</b>	<b>19,513,241</b>	<b>3.05%</b>
<b>Liabilities:</b>				
Current liabilities and liabilities payable from restricted assets	19,775,763	19,363,459	412,304	2.13%
Noncurrent liabilities	78,436,675	84,723,912	(6,287,237)	-7.42%
<b>Total liabilities</b>	<b>98,212,438</b>	<b>104,087,371</b>	<b>(5,874,933)</b>	<b>-5.64%</b>
<b>Deferred inflows of resources:</b>				
Deferred inflows - leases	14,310,232	7,632,990	6,677,242	87.48%
Deferred amount on refunding of 2005 Bonds	204,018	306,027	(102,009)	-33.33%
<b>Total deferred inflows</b>	<b>14,514,250</b>	<b>7,939,017</b>	<b>6,575,233</b>	<b>82.82%</b>
<b>Net position:</b>				
Net investment in capital assets	226,527,174	228,168,126	(1,640,952)	-0.72%
Restricted	89,368,657	81,824,609	7,544,048	9.22%
Unrestricted	231,587,024	218,677,179	12,909,845	5.90%
<b>Total net position</b>	<b>\$ 547,482,855</b>	<b>\$ 528,669,914</b>	<b>\$ 18,812,941</b>	<b>3.56%</b>

Note \* - FY 2021 balances were restated to reflect the implementation of GASB 87, *Leases*, effective

A summary of the Statements of Revenue, Expenses and Changes in Net Position for the years ended June 30, 2022 and 2021 is as follows:

<b>Summary Statements of Revenues, Expenses and Changes in Net Position</b>				
<b>Years Ended June 30, 2022 and 2021</b>				
	<b>2022</b>	<b>2021*</b>	<b>Change</b>	
			<b>\$</b>	<b>%</b>
<b>Operating revenues</b>	\$ 64,712,780	\$ 34,415,327	\$ 30,297,453	88.03%
<b>Operating expenses before depreciation</b>	<u>49,214,407</u>	<u>40,903,322</u>	<u>8,311,085</u>	20.32%
<b>Operating income before depreciation</b>	<b>15,498,373</b>	<b>(6,487,995)</b>	<b>21,986,368</b>	<b>338.88%</b>
<b>Depreciation</b>	<u>16,391,543</u>	<u>17,126,358</u>	<u>(734,815)</u>	-4.29%
<b>Operating loss</b>	<b>(893,170)</b>	<b>(23,614,353)</b>	<b>22,721,183</b>	<b>-96.22%</b>
<b>Nonoperating revenues, net</b>	<u>12,472,558</u>	<u>12,503,857</u>	<u>(31,299)</u>	-0.25%
<b>Income before capital contributions</b>	<b>11,579,388</b>	<b>(11,110,496)</b>	<b>22,689,884</b>	<b>204.22%</b>
<b>Capital contributions</b>	<u>7,233,553</u>	<u>12,730,126</u>	<u>(5,496,573)</u>	-43.18%
<b>Changes in net position</b>	<b>18,812,941</b>	<b>1,619,630</b>	<b>17,193,311</b>	<b>1061.56%</b>
<b>Net position, beginning of year</b>	<u>528,669,914</u>	<u>527,050,284</u>	<u>1,619,630</u>	0.31%
<b>Net position, end of year</b>	<u><b>\$ 547,482,855</b></u>	<u><b>\$ 528,669,914</b></u>	<u><b>\$ 18,812,941</b></u>	<b>3.56%</b>

Note \* - FY 2021 balances were restated to reflect the implementation of GASB 87, *Leases*, effective July 1, 2020.

## SINGLE AUDIT REPORTS

The Single Audit Reports present the activity of federal award programs of the Authority for the year ended June 30, 2022. The Single Audit Reports include:

- An unmodified independent auditor's report which indicates that MGO identified no instances of noncompliance, reportable deficiencies or other matters that are required to be reported under *Government Auditing Standards*.
- An independent auditor's report that provides an unmodified opinion on compliance with compliance requirements applicable to the Authority's major program and identified no reportable deficiencies related to compliance for that program. The report also indicated that the Schedule of Expenditures of Federal Awards is fairly stated in relation to the Basic Financial Statements as a whole.
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs  
No findings or questioned costs were noted.
- Summary Schedule of Prior Audit Findings and Questioned Costs  
None noted.

## PASSENGER FACILITY CHARGE COMPLIANCE REPORT

The Passenger Facility Charge Compliance Report presents the cash receipts and disbursements of the Authority's Passenger Facility Charge ("PFC") program. The Aviation Safety and Capacity Expansion Act of 1990 authorized the local imposition of Passenger Facility Charges and use of the PFC revenue on Federal Aviation Administration ("FAA") approved projects.

The PFC compliance report includes the following:

- An unmodified independent auditor's report, which indicates that: (i) the Authority complied in all material respects with compliance requirements applicable to the Passenger Facility Charge program; (ii) MGO identified no reportable deficiencies in internal control over compliance; and (iii) the Schedule of Passenger Facility Charge Revenues and Expenditures is fairly stated in relation to the Basic Financial Statements taken as a whole.
- Schedule of Passenger Facility Charge Revenues and Expenditures
- Notes to Schedule of Passenger Facility Charge Revenues and Expenditures

No findings or questioned costs were noted.

## CUSTOMER FACILITY CHARGE COMPLIANCE REPORT

The Customer Facility Charge Compliance Report presents the cash receipts and disbursements of the Authority's Customer Facility Charge ("CFC") program. Assembly Bill 491 of the 2001-2002 California Legislature (codified in California Civil Code Section 1936 et

seq. ("Code")) authorized the local imposition of CFCs and use of CFC revenue to plan, finance, design and construct on-airport consolidated rental car facilities (CRCF). The Authority established the CFC effective December 1, 2009, with adoption of Resolution 429. Based on an amendment of the enabling legislation for the CFC (S.B. 1192; Chapter 642, Statutes of 2010), on December 10, 2010 the Authority approved Resolution No. 439 which repealed Resolution No. 429 and authorized collection of an alternative CFC, effective July 1, 2011, of \$6 per rental car transaction day up to a maximum of five days. Resolution No. 439 authorized collection of the alternative CFC through the period that any debt related to the CRCF is outstanding.

The CFC compliance report includes the following:

- An unmodified independent auditor's report, which indicates that: (i) the Authority complied in all material respects with compliance requirements applicable to the Customer Facility Charge program; (ii) MGO identified no reportable deficiencies in internal control over compliance; and (iii) the Schedule of Customer Facility Charge Revenues and Expenditures is fairly stated in relation to the Basic Financial Statements taken as a whole.
- Schedule of Customer Facility Charge Revenues and Expenditures
- Notes to Schedule of Customer Facility Charge Revenues and Expenditures

No findings or questioned costs were noted.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ASPECTS OF CONTRACTUAL AGREEMENTS (BOND INDENTURE COMPLIANCE)**

Based on audit procedures performed, MGO identified no instances of noncompliance with the terms, covenants, provisions or conditions with Section 6.05 (Rates and Charges) to Article VI of the Indenture dated May 1, 2005 with Bank of New York Mellon Trust Company, as amended (Bond Indenture), insofar as they relate to accounting matters. The report also contains a calculation of the rates and charges ratio and the debt service ratio for the year ended June 30, 2022, as follows:

<b>Rates and Charges Ratio</b>	
Pledged revenues <sup>1</sup>	\$ 72,817,851
Less operating expenses	<u>49,214,407</u>
Net revenues	\$ 23,603,444
Transfers to Surplus Fund	<u>2,599,114</u>
Net revenues plus transfers to Surplus Fund	<u>\$ 26,202,558</u>
Deposits and charges:	
Accrued debt service - 2012 Airport Revenue Bonds	\$ 5,834,956
Deposit of Customer Facility Charge revenue to Debt Service Fund	(4,581,381)
Accrued debt service - 2015 Airport Revenue Bonds	<u>4,561,500</u>
Total deposits and charges	<u>\$ 5,815,075</u>
Deposits and charges coverage ratio	4.51
Required deposits and charges coverage ratio	1.00
<b>Debt Service Coverage Ratio</b>	
Net revenues plus transfers to Surplus Fund	<u>\$ 26,202,558</u>
Net accrued debt service	<u>\$ 5,815,075</u>
Debt service coverage ratio	4.51
Required debt service coverage ratio	1.25

(1) Pledged revenues includes \$14,867,479 in CRRSAA and ARPA grant funds expended in FY 2022 for eligible expenditures.

**STAFF RECOMMENDATION**

Staff seeks a Committee recommendation to the Commission that it note and file the Basic Financial Statements as of and for the fiscal years ended June 30, 2022 and 2021; the Single Audit Reports for the year ended June 30, 2022; the Passenger Facility Charge Compliance Report for the year ended June 30, 2022; the Customer Facility Charge Compliance Report for the year ended June 30, 2022; the Independent Auditor's Report on Compliance with Aspects of Contractual Agreements (Bond Indenture Compliance) for the year ended June 30, 2022; and the Auditor's Required Communications to the Authority regarding the FY 2022 Audits.

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
FEBRUARY 6, 2023**

**COMMITTEE PENDING ITEMS**

	<b><u>Tentative Presentation</u></b>
1. Contract Lease Amendment – Marriott Hotel for Authority Radio Antenna	February 2023
2. FY 2024 Proposed Budget Development Schedule	February 2023
3. Award of Contract TIFIA Loan Arranger; Citigroup	TBD
4. Amendment of Hangar Lease – Innova Aviation Hangar 88	TBD
5. Succeeding Lease - TSA	TBD