



October 2, 2025

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 on Monday, October 6, 2025, 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.

The meeting may also be accessed at the following location:

912 Stagecoach Road
Santa Fe, NM 87501

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, October 6, 2025
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 three 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.*

▼ ▼ ▼

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

October 6, 2025

1. Roll Call
2. Staff Announcement: AB 23
3. Approval of Agenda
4. Public Comment
5. Approval of Minutes

- a. September 15, 2025

[See page 1]

6. Items for Approval

- a. Third Amendment of Aviation Hangar Lease
Earth Star, Inc.

[See page 3]

Staff report attached. Staff seeks a Finance and Administration Committee recommendation to the Commission to approve a proposed Third Amendment of Aviation Hangar Lease with Earth Star, Inc., ("Earth Star") to extend the term for four months to allow Earth Star to go through its internal approval process for a new long-term Aviation Hangar Lease. Earth Star currently occupies Hangars 44 and 45 located in the northwest quadrant of the Airport.

7. Items for Discussion

- a. Auditor Required Communications for the FY 2025 Audits

[See page 7]

Staff report attached. In accordance with applicable professional standards, the Authority's auditor, Macias Gini & O'Connell LLP has provided the attached letter to the Commission outlining its audit responsibilities, and planned scope and timing of the FY 2025 audits. Staff seeks a Finance and Administration Committee recommendation to the Commission that it note and file this Auditor communications letter.

8. Items for Information

- a. Committee Pending Items

[See page 13]

9. Adjournment

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

MONDAY, SEPTEMBER 15, 2025

A regular meeting of the Finance and Administration Committee was called to order this date in the Airport Skyroom, 2627 N. Hollywood Way, Burbank, California, at 9:54 a.m., by Commissioner Wilson.

1. ROLL CALL

Present: Commissioners Wilson (remotely), Ovrom and Quintero

Absent: None

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

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

2. Staff Announcement: AB 23

The 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

The agenda was approved as presented.

Motion

Commissioner Ovrom moved approval; seconded by Commissioner Quintero.

Motion Approved

The motion was approved (3-0).

4. Public Comment

There were no public comments.

5. Approval of Minutes

a. August 18, 2025

A draft copy of the minutes of the meeting of August 18, 2025, was included in the agenda packet for review.

Motion

Commissioner Quintero moved approval; seconded by Commissioner Ovrom.

Motion Approved

The minutes were approved (3-0).

6. Treasurer's Report

a. June 2025

A draft copy of the June 2025 Treasurer's Report was included in the agenda packet for the Committee's review.

Motion

Commissioner Ovrom moved approval to recommend that the Commission note and file the report; seconded by Commissioner Quintero.

Motion Approved

The motion was approved (3–0).

7. Items for Discussion

a. Replacement Passenger Terminal Update

Staff provided an update on the progress of the Replacement Passenger Terminal project.

8. Items for Information

a. Committee Pending Items

Staff reviewed future items to be presented to the Committee.

9. Adjournment

The meeting was adjourned at 10:47 a.m.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
OCTOBER 6, 2025**

**THIRD AMENDMENT OF AVIATION HANGAR LEASE
EARTH STAR, INC.**

Presented by Derrick Cheng
Assistant Manager, Business & Properties

SUMMARY

Staff seeks a Finance and Administration Committee (“Committee”) recommendation to the Commission to approve a proposed Third Amendment of Aviation Hangar Lease (“Amendment”) with Earth Star, Inc. (“Earth Star”) to extend the term for four months to allow Earth Star to go through its internal approval process for a new long-term Aviation Hangar Lease (“Lease”). Earth Star currently occupies Hangars 44 and 45 located on the northwest quadrant of the Airport.

BACKGROUND

Earth Star is the corporate flight department for a world-renowned entertainment company. Earth Star has been a tenant at Hollywood Burbank Airport since 2003, and currently occupies Hangars 44 and 45 located in the northwest quadrant of the Airport.

On June 1, 2003, Earth Star entered into a Lease with the Authority for Hangar 44 and Hangar 45 for the purpose of storing corporate aircraft. Earth Star has exercised all three of its extension options and the Lease is set to expire on October 31, 2025.

In October 2024, Staff began working with Earth Star in preparation of a new long-term Lease for continued use and operations of Hangars 44 and 45. Like the current Lease, the new contract includes certain federally mandated provisions imposed by the FAA as part of the Airport Improvement Program (“AIP”) grant assurances. Since the administration change last January, the FAA has been revising AIP grant assurances. Those revisions impact the new long-term Lease and required changes to the draft being worked on with Earth Star.

To provide additional time for completion of the new long-term Lease and to accommodate its internal procedures for approval, Earth Star has requested that the current Lease be extended by four months. The new long-term Lease will be presented to the Committee and the Commission at a later date.

Earth Star is currently a Tenant in good standing and has met all its obligations under the current Lease with the Authority.

DETAILS

Key components of the current Lease are:

Premises:	Hangars 44 & 45 (located in the northwest quadrant of the Airport)
Use:	Storage of corporate aircraft
Term Requested:	November 1, 2025, through February 28, 2026
Rent:	\$113,461.50 per month; \$1,361,538.00 annually (Total for both Hangars)
Adjustments:	Greater of three percent (3%) or 120% of CPI per year, not to exceed 6% annually
Other:	Tenant responsible for expenses related to occupancy including maintenance, utilities, share of property insurance and applicable taxes

REVENUE IMPACT

The proposed Amendment provides for continued revenue in the amount of \$113,461.50 per month or \$453,846.00 for the duration of the four-month extension period.

STAFF RECOMMENDATION

Staff seeks the Committee's recommendation to the Commission that it approve the proposed Amendment with Earth Star and authorize the President to execute the same.

THIRD AMENDMENT OF AVIATION HANGAR LEASE

THIS THIRD AMENDMENT OF AVIATION HANGAR LEASE ("**Third Amendment**") is dated _____, 2025 for references purposes and is executed by the BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY, a California joint powers agency ("**Landlord**"), and EARTH STAR, INC., a California corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant have entered into an June 1, 2003 Aviation Hangar Lease ("**Lease**") for premises at the Bob Hope Airport located in the City of Burbank, County of Los Angeles, State of California. Capitalized terms used but not defined herein shall have the meaning set forth in the Lease.

B. Landlord and Tenant have executed the following amendments to the Lease (collectively, "**Prior Amendments**"): (i) an April 21, 2008 First Amendment of Lease; and (ii) an April 15, 2013 Second Amendment of Lease.

C. Tenant has exercised its three extension options and the Lease is scheduled to expire on October 31, 2025.

D. Landlord and Tenant are negotiating a long-term contract to replace the Lease and desire to extend the term of the Lease for four months to complete such negotiations and allow for processing of such contract.

AGREEMENT

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

1. Expiration Date. The Expiration Date of the Lease shall be February 28, 2026.
2. Conflict. In the event of a conflict or inconsistency between the terms and conditions of the Lease (as amended by the Prior Amendments) and the terms and conditions of this Third Amendment, the terms and conditions of this Third Amendment shall prevail and control.
3. Continuing Effect; Base Rent Adjustment. Except as specifically modified hereby, the Lease (as amended by the Prior Amendments) shall remain unaffected and unchanged including the Annual Rent as adjusted up to the date of this Third Amendment. The Lease (as amended by the Prior Amendments) is hereby ratified and affirmed by Landlord and Tenant and remains in full force and effect as modified hereby. Commencing November 1, 2025, the Annual Base Rent shall be \$1,361,538.00 per year (i.e., \$113,461.50 per month).
4. Counterparts. This Third Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

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

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

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

LANDLORD:

BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY, a public entity

By: _____
Print Name: _____
Title: _____

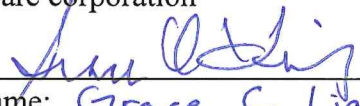
TENANT:

EARTH STAR, INC.,
a California corporation

By:  _____
Print Name: Deanna W. Detchemendy
Title: Vice President

**APPROVED BY LEASE GUARANTOR
(AND GUARANTY REAFFIRMED):**

DISNEY ENTERPRISES, INC.,
a Delaware corporation

By:  _____
Print Name: Grace C. Liang
Title: Vice President

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
OCTOBER 6, 2025**

**AUDITOR REQUIRED COMMUNICATIONS FOR
THE FY 2025 AUDITS**

Presented by David Kwon
Director, Financial Services

SUMMARY

In accordance with applicable professional standards, the Authority's auditor, Macias Gini & O'Connell LLP ("MGO") has provided the attached letter to the Commission outlining its audit responsibilities, and planned scope and timing of the FY 2025 audits. Staff seeks a Finance and Administration Committee ("Committee") recommendation to the Commission that it note and file this Auditor communications letter.

BACKGROUND

In accordance with professional standards issued by the American Institute of Certified Public Accountants ("AICPA"), MGO has issued the attached letter which (1) outlines its responsibilities under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance") related to the Single Audit of federal grant programs; and (2) outlines its planned scope and timing of the FY 2025 audits. The Auditor's responsibilities and management's responsibilities are detailed in the accompanying letters.

As the Committee functions as the Authority's Audit Committee, this letter provides a basic outline of the auditor's responsibilities related to the audits, together with its basic audit approach in accordance with professional standards.

Staff had a conference call with the MGO audit team on August 20, 2025, for an audit planning meeting to discuss in detail any significant accounting, auditing and reporting matters that may affect the FY 2025 audits, as well as to discuss the timing of audit fieldwork and reporting. Audit fieldwork began on August 25, 2025, with the final reports expected to be issued no later than December 12, 2025.

STAFF RECOMMENDATION

Staff seeks a Finance and Administration Committee recommendation to the Commission that it note and file this Auditor communications letter.



Certified
Public
Accountants

September 10, 2025

To the Board of Commissioners
Burbank-Glendale-Pasadena Airport Authority
2627 N Hollywood Way
Burbank, California 91505

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of the Burbank-Glendale-Pasadena Airport Authority (the Authority) financial statements and compliance as of and for the year ended June 30, 2025.

Communication

Effective two-way communication between our firm and the Board of Commissioners is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding the Authority and its respective environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts, instances of noncompliance, or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Shared Responsibilities for Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and nonaudit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of Macias Gini & O'Connell LLP is permitted to have any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain nonaudit services that may be provided by Macias Gini & O'Connell LLP and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

Independence is a joint responsibility and is managed most effectively when management, governing bodies, and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and Government Accountability Office (GAO) independence rules. For MGO to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Commissioners, and MGO each play an important role.

Our responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. MGO is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

Your responsibilities

- Timely inform MGO, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - Changes in the organizational structure or the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units, jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Organization and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with MGO.
- Not entering into arrangements of nonaudit services resulting in MGO being involved in making management decisions on behalf of the Authority.
- Not entering into relationships resulting in close family members of MGO covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Organization.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how the Authority functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of business objectives, strategies, risks, and performance.

As part of obtaining an understanding of your business and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error.

We will also use our understanding of internal controls to identify risks of material noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material noncompliance with laws, regulations, and provisions of agreements that have a direct and material impact on major federal programs. We will also obtain an understanding of the users of compliance reporting in order to establish applicable materiality level(s) for compliance audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements and compliance with applicable requirements for major programs might be susceptible to material noncompliance due to fraud, error, or abuse.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality both in planning and performing the audit, evaluating the effect of identified misstatements and compliance on the audit, and the effect of uncorrected misstatements, if any, on the financial statements, and in forming the opinions in our reports. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial and compliance information needs of users of the financial statements and compliance reports. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further financial audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements and noncompliance as well as financial statements and noncompliance of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results. We will also accumulate information concerning noncompliance during the audit and communicate information concerning noncompliance in accordance with applicable provisions of *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act; the U.S. Office of Management and Budget Uniform Guidance, the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration for the Authority's Passenger Facility Charge Program; and the *California Civil Code Section 1936*, as amended for the Authority's Customer Facility Charge Program.

Significant Risks of Material Misstatement

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur, or that is to be treated as a significant risk in accordance with auditing standards generally accepted in the United States of America. As part of our initial risk assessment procedures, we identified the following risks as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

Risk Name	Risk Description	Planned Response
Management override of control	Management could manipulate, override, improperly recognize accounts, transactions, controls to commit fraudulent financial reporting, and/or misappropriate assets.	We will perform the following procedures: - Obtain an understanding of the Authority's financial reporting process. - Examine selected journal entries and other adjustments. - Conduct procedures to evaluate fraud risks.
Improper Revenue Recognition	Revenue could be misstated due to improper recording of revenues.	We will perform the following procedures: - Review the revenues recognized during the fiscal year against the Authority's revenue recognition policy. - Consider tests of controls over cash receipts process. - Examine supporting documents for material revenue transactions.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the Authority's basic financial statements will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of the Authority's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal controls. Our reports on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of the *Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act, and the Uniform Guidance.

We will issue reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program.

Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with the requirements of the standards and circular identified above.

Using the Work of Internal Auditors

As part of our understanding of internal control, we will obtain and document an understanding of your internal audit function. We will read relevant internal audit reports issued during the year to determine whether such reports indicate a source of potential error or fraud that would require a response when designing our audit procedures. Because internal auditors are employees, they are not independent and their work can never be substituted for the work of the external auditor. We may, however, alter the nature, timing, and extent of our audit procedures, based upon the results of the internal auditor's work or use them to provide direct assistance to us during the performance of our audit.

Timing of the Audit

We have scheduled preliminary audit field work for the week of August 25, 2025, with final field work commencing the week of September 22, 2025. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the Burbank-Glendale-Pasadena Airport Authority.

This communication is intended solely for the information and use of the Members of the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Macias Gini & O'Connell LLP

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
OCTOBER 6, 2025**

COMMITTEE PENDING ITEMS

	<u>Tentative Presentation</u>
1. July/August Treasurer's Reports	October 20, 2025
2. Award of Contract Advertising Concession - RPT	October 20, 2025
3. RPT Financing Schedule Plan of Finance Schedule Review	December 15, 2025
4. Award of Hangar Lease (Hangar 89 – Thornton Aviation)	TBA
5. Amendment to Lease HERC Equipment	TBA