



September 27, 2018

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, October 1, 2018, at 10:30 a.m., or immediately following the Commission meeting, in the Airport Skyroom of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, California 91505.

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

REGULAR MEETING  
OF THE  
FINANCE AND ADMINISTRATION COMMITTEE

Airport Skyroom  
Monday, October 1, 2018  
10:30 A.M. or Immediately Following  
the Conclusion of the  
Regular Airport Authority 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. Allocation of speaker time to another person is prohibited.*

*Members of the public are requested to observe the following decorum when attending or participating in meetings of the Committee:*

- *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.*



*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 Hollywood Way, Burbank) in the administrative office during normal business hours.*



*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

1. Approval of Agenda

2. Public Comment

3. Approval of Minutes

a. September 17, 2018

**[See page 1]**

4. Contracts and Leases

a. Award of Aviation Hangar Lease  
for Hangar 22 With Star Aviation, Inc.

**[See page 4]**

- Staff Report Attached

***Staff seeks the recommendation of the Finance and Administration Committee to the Commission to approve a proposed Aviation Hangar Lease for Hangar 22, copy attached, between Star Aviation, Inc., a Delaware corporation, and the Burbank-Glendale-Pasadena Airport Authority.***

b. Approval of Third Amendment to Ground Lease Agreement  
with D&L Transportation, Inc., dba Desmond's Studio  
Production Service

**[See page 6]**

- Staff Report Attached

***Staff seeks the recommendation of the Finance and Administration Committee recommendation to the Commission for approval of the Third Amendment ("Amendment") to the Ground Lease Agreement with D&L Transportation, Inc., dba Desmond's Studio Production Services. The proposed Amendment provides a two-year extension of the Agreement to December 6, 2020, with an additional one-year extension option subject to written consent of the Burbank-Glendale-Pasadena Airport Authority.***

5. Items for Information

a. Committee Pending Items

**[See page 10]**

6. Other Contracts and Leases

7. Adjournment

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

**MONDAY, SEPTEMBER 17, 2018**

A regular meeting of the Finance and Administration Committee was called to order this date in the Airport Skyroom, 2627 Hollywood Way, Burbank, California, at 10:11 a.m., by Chairman Gharpetian.

**ROLL CALL****Present:**

Commissioners Gharpetian, Adams and Selvidge

**Absent:**

None

**Also Present:**

Staff: John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; David Kwon, Director of Financial Services; Madeleine Zavala, Manager, Business and Compliance

Columbia Investment Management:  
James A. Wilkinson, Director, Institutional Relationship Management; and  
Ronald B. Stahl, CFA, Senior Portfolio Manager  
(both via teleconference)

**1. Approval of Agenda**

There were no adjustments to the agenda.

**2. Public Comment**

There were no public speakers.

**3. Approval of Minutes****a. August 20, 2018**

Draft minutes for the August 20, 2018, Finance and Administration Committee meeting were presented for approval.

**Motion**

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

**Motion Approved**

There being no objection, the minutes were unanimously approved (3-0).

**4. Contracts and Leases****a. First Amendment to the  
Automated Teller Machine**

Staff presented to the Commission for approval a First Amendment to the Automated Teller Machine

**Concession and Lease Agreement – MOBILEMONEY, INC.**

Concession and Lease Agreement (“Agreement”) with MOBILEMONEY, INC. (“MOBILEMONEY”). In December 2017, the Commission approved an Agreement with MOBILEMONEY, INC., for six (6) ATM kiosks; two (2) ATMs pre-security and two ATMs post-security with optional locations in the Regional Intermodal Transportation Center (“RITC”) and the Valet Center. After several months of monitoring transactional data, MOBILEMONEY determined that actual transactions were well below forecasted activity and approached Staff with a request to amend their Agreement in order to sustain ATM operations at Hollywood Burbank Airport.

After Staff investigated their claim and checked ATM usage at other airports and financial institutions, Staff confirmed that there is a continuing downward trend in the use of ATMs at airports throughout the country as more people embrace the use of newer technology, especially mobile banking, and are relying less on cash as a method of payment for transactions.

Based on this data Staff recommends that MOBILEMONEY be allowed to remove the ATM located in the RITC and reduce the rent for the ATM in the Valet Center. The proposed Amendment will reduce the total monthly rent by \$500.00 or \$6,000.00 annually. The total annual rent for the Authority will be \$39,600.00.

This Amendment will allow MOBILEMONEY to maintain their operations and stay committed to fulfilling their five-year term with the Burbank-Glendale-Pasadena Airport Authority to provide ATM services at Hollywood Burbank Airport.

**Motion**

Commissioner Adams moved approval; seconded by Commissioner Selvidge.

**Motion Approved**

There being no objection, the motion was unanimously approved (3–0).

AYES: Commissioner Gharpetian, Adams and Selvidge

NOES: None

ABSENT: None

## 5. Items for Discussion

### a. CMIA Quarterly Investment Portfolio (Quarter Ended June 30, 2018)

CMIA provided an update to the Committee on the status of the Authority's Operating and Passenger Facility Charge Investment Portfolios for the quarter ended June 30, 2018.

### b. Auditor Required Communications for the FY 2018 Audits

Staff discussed with the Committee two required communications provided by the Authority's auditor, Macias Gini & O'Connell ("MGO"), copies of which were included in the agenda packet: (1) a letter to the Commission outlining its basic audit responsibilities, and planned scope and timing of the FY 2018 financial audits; and (2) an annual engagement letter which conforms to the Authority's professional services agreement with MGO for audit services.

Staff recommended that the Committee recommend to the Commission that it note and file these auditor communications.

The Committee agreed unanimously (3-0) to approve Staff's recommendation.

### c. Quarterly Minor Lease Purchase Update (Quarter Ended June 30, 2018)

Staff updated the Committee on one minor lease.

## 6. Items for Information

### a. Committee Pending items

No discussion.

## 7. Other Contracts and Leases

There were no other contracts and leases to be discussed.

Commissioner Gharpetian pointed out that AB 23 Disclosure had not been cited. The Senior Deputy Executive Director then read the disclosure as follows: "As a result of the convening of this meeting of the Finance and Administration Committee, each Committee member is entitled to and shall be provided \$200."

## 8. Adjournment

There being no further business, the meeting was adjourned at 10:48 a.m.

**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
OCTOBER 1, 2018**

**AWARD OF AVIATION HANGAR LEASE  
FOR  
HANGAR 22  
WITH  
STAR AVIATION, INC.**

**SUMMARY**

Staff seeks the recommendation of the Finance & Administration Committee ("Committee") to the Commission to approve a proposed Aviation Hangar Lease ("Lease") for Hangar 22, copy attached, between Star Aviation, Inc. ("Star"), a Delaware corporation, and the Burbank-Glendale-Pasadena Airport Authority ("Authority").

**BACKGROUND**

In 2003, the Authority awarded an Aviation Hangar Lease for the redevelopment and use of Hangar 22 to Chartwell Aviation Services LLC ("Chartwell"). Chartwell completed the required improvements to the hangar, ramp and parking lot and remained a tenant in good standing throughout its presence at the Airport. With the passing of the owner of the aircraft, Chartwell began the process of selling the aircraft and equipment it no longer needed. In April 2018, Chartwell requested a Consent of Assignment for its hangar lease to Star which the Commission granted. Upon being granted the consent, Star began its use of the hangar for the purposes of storage and operation of a Boeing BBJ, 737-series. The expiration date of the assigned lease is October 31, 2018.

In July 2018, Star notified Staff that it was interested in obtaining a long-term aviation hangar lease for Hangar 22. Since April of this year, Star has demonstrated that it is a tenant in good standing meeting all its obligations under the assigned lease. Based on its record and the availability of the hangar at the end of the assigned lease term, Staff entered into negotiations with Star for the proposed Lease with the following terms.

**DETAILS**

Key components of the proposed Lease are as follows:

<b><u>Use:</u></b>	Storage of general aviation aircraft
<b><u>Premises:</u></b>	Hangar 22 with adjacent vehicle parking and aircraft ramp area
<b><u>Commencement:</u></b>	November 1, 2018
<b><u>Expiration:</u></b>	October 31, 2023

<u>Term:</u>	Initial five-year term with one five-year extension option upon mutual agreement
<u>Rent:</u>	\$54,849.63 monthly/\$658,195.56 annually
<u>Adjustment:</u>	Annually at the higher rate of either 120% of CPI or 103% of the preceding year's rent paid
<u>Termination:</u>	Authority has sole discretion to terminate upon six (6) months' notice
<u>Others:</u>	Tenant responsible for expenses related to occupancy including maintenance, utilities, insurances and applicable taxes

### BUDGET IMPACT

If approved, the proposed lease would replace an expiring lease and maintain the revenues derived from it for an initial period of five years.

### RECOMMENDATION

Staff recommends that the Finance & Administration Committee recommend to the Commission that it approve the Aviation Hangar Lease with Star Aviation Inc.. for Hangar 22 and authorize the President to execute same.



**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
OCTOBER 1, 2018**

**APPROVAL OF THIRD AMENDMENT  
TO  
GROUND LEASE AGREEMENT  
WITH  
D&L TRANSPORTATION, INC.  
dba DESMOND'S STUDIO PRODUCTION SERVICES**

**SUMMARY**

Staff seeks a Finance and Administration Committee ("Committee") recommendation to the Commission for approval of the Third Amendment ("Amendment") to the Ground Lease Agreement ("Agreement") with D&L Transportation, Inc., dba Desmond's Studio Production Services ("Desmond"). The proposed Amendment provides a two-year extension of the Agreement to December 6, 2020, with an additional one-year extension option subject to written consent of the Burbank-Glendale-Pasadena Airport Authority ("Authority").

**BACKGROUND**

The Authority awarded a Ground Lease Agreement to Desmond on January 24, 2003, pursuant to which the Authority granted Desmond the non-exclusive right to use the leased area to store equipment and park trucks and other vehicles that are primarily used by the movie and television industry on approximately 15 acres, or 653,400 square feet, located in the northern portion of the Adjacent Property ("Leased Premises").

On November 15, 2004, the First Amendment to the Lease was granted to reflect a reduction of 22,645 square feet resulting from the designation of an airport safety buffer zone on the eastern boundary of the property and the storm water drainage ditch on the northern boundary of the Leased Premises.

The Lease was amended early on November 5, 2012, extending the term for an additional five years to December 5, 2018, and terminating the Desmond's option to lease an additional ten acres south of the Lease Premises.

**AMENDMENT DETAILS**

The key components of the proposed Amendment are as follows:

Premises:	630,755 square feet of space
Use:	Storage of vehicles and equipment used primarily by the movie and television industry

STAFF REPORTS\FINANCE\10-1-18  
APPROVAL OF THIRD AMENDMENT TO  
GROUND LEASE AGREEMENT WITH  
D&L TRANSPORTATION, INC.,  
dba DESMOND'S STUDIO PRODUCTION SERVICE

Term: Extension of the term of Agreement by two years with an additional one-year extension option at the discretion of the Authority

Rent: \$79,635.02 per month; \$955,620.24 per year

Rent Adjustment: Annually at 120% of CPI

Other: Tenant responsible for expenses related to occupancy including maintenance, utilities and taxes

IMPACT ON REVENUE

The proposed Amendment will allow for the continuation of rental income from space located on the Adjacent Property which is also subject to an annual rent adjustment for a minimum of two years.

RECOMMENDATION

Staff seeks a Committee recommendation to the Commission for approval of the proposed Third Amendment to the Ground Lease Agreement with D&L Transportation, Inc., dba Desmond's Studio Production Services, and authorize the President to execute same.

**THIRD AMENDMENT TO  
GROUND LEASE AGREEMENT**

This Third Amendment to Ground Lease Agreement (this "Third Amendment") is dated as of November \_\_, 2018, and is entered into by and between the **BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**, a public entity formed under a joint exercise of powers agreement among the Cities of Burbank, Glendale and Pasadena, California, pursuant to the California Joint Exercise of Powers Act ("Landlord"), and **D&L STUDIO TRANSPORTATION, INC.**, a California corporation doing business as "Desmond's Studio Production Service" ("Tenant").

RECITALS

A. On January 24, 2003, Landlord entered into a Ground Lease Agreement with Tenant and later amended it by a First Amendment to Ground Lease Agreement dated November 15, 2004 and a Second Amendment to Ground Lease Agreement dated November 5, 2012 (the "Agreement"), pursuant to which Landlord granted Tenant the non-exclusive right to use the Leased Premises (as defined and described therein) to store equipment and to park trucks and other vehicles used primarily in the movie and television production business.

B. The Lease expires on December 6, 2018, and Landlord and Tenant desire to extend the term of the Agreement for two (2) years, with a conditional option in favor of Tenant to extend the Agreement for an additional year.

AMENDMENT/AGREEMENT

THEREFORE, the parties hereto agree as follows:

1. Definitions. Capitalized terms used herein, including in the Recitals, shall have the meanings set forth in the Agreement.
2. Extension of Term; Rent. The term of the Lease is hereby extended to December 6, 2020. Tenant shall continue to pay Annual Rent in monthly installments, as heretofore adjusted, subject to further annual adjustments as described in Section 3.1.3 of the Agreement.
3. Conditional Extension Option. Tenant shall have the right to extend the term of the Agreement for an additional year (to December 6, 2021) by giving Landlord written notice of the extension on or before June 6, 2021; however, such extension shall not be effective unless it is approved in writing by the Executive Director of Landlord. During any such additional one year extension, Tenant shall continue to pay Annual Rent in monthly installments, as theretofore adjusted, subject to further adjustment as described in Section 3.1.3 of the Agreement.
4. Conflict. In the event of a conflict or inconsistency between the terms and conditions of the Lease and the terms and conditions of this Third Amendment, the terms and conditions of this Third Amendment shall prevail and control.

5. Continuing Effect. Except as specifically modified hereby, the Lease shall remain unaffected and unchanged. The Lease is hereby ratified and affirmed by Landlord and Tenant and remains in full force and effect as modified hereby.

6. 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.

IN WITNESS WHEREOF, this Third Amendment has been executed by the undersigned as of the date first written above.

**LANDLORD:**

BURBANK-GLENDALE-PASADENA  
AIRPORT AUTHORITY, a public entity

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TENANT:**

D&L STUDIO TRANSPORTATION, INC.,  
a California corporation (dba "DESMOND'S  
STUDIO PRODUCTION SERVICE")

By: David Desmond  
Print Name: DAVID DESMOND  
Title: VICE-PRESIDENT

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
OCTOBER 1, 2018  
COMMITTEE PENDING ITEMS**

**Future**

1. July Treasurer's Report
2. Fed Ex Lease
3. Airport Use Agreement