



June 2, 2017

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, June 5, 2017, at 10:30 a.m., (or immediately following the regular Commission meeting), in the Airport Skyroom of Hollywood Burbank Airport, 2627 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, June 5, 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 prior to the meeting.***

AGENDA

1. Approval of Agenda
2. Public Comment
3. Approval of Minutes
  - a. May 11, 2017 **[See page 1]**
  - b. May 15, 2017 **[See page 3]**
  - c. May 22, 2017 **[See page 5]**
4. Contracts and Leases
  - a. Award of Contract - External Auditing Services **[See page 6]**
    - **Staff Report Attached**

***Staff seeks a Finance and Administration Committee ("Committee") recommendation to the Commission for award of a Professional Services Agreement (copy attached) to Macias Gini & O'Connell LLP in a not-to-exceed amount of \$605,426 for external auditing services for the fiscal years ("FY") 2017 through FY2019 with two one-year option periods for FY2020 and FY2021, and with an option for a***

**Forecasted Revenues and Costs audit. The contract will have a not-to-exceed amount of \$322,947 for the three-year base period, not-to-exceed amounts of \$112,962 and \$115,517 for the option periods, and a not-to-exceed amount of \$54,000 for the Forecasted Revenues and Costs audit.**

5. Proposed Fiscal Year 2017/2018 ("FY 2018") Budget

**No staff report attached. Staff will continue review of the FY 2018 Budget. Should the Committee make a recommendation for approval, the proposed FY 2018 Budget will be presented to the Commission at its June 19, 2017, regularly scheduled meeting.**

6. Items for Discussion

a. CMIA Investment Portfolio Review – First Quarter

**No staff report is attached. Columbia Management Investment Advisors will provide an update to the Committee on the status of the Authority's Operating and Passenger Facility Charge Investment Portfolios for the first quarter ended March 31, 2017. A copy of this quarterly investment review is included in the agenda packet.**

7. Items for Information

a. Committee Pending Items

**[See page 9]**

8. Other Contracts and Leases

9. Adjournment

Subject to Approval

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

**THURSDAY, MAY 11, 2017**

A special meeting of the Finance and Administration Committee was called to order on this date in the Airport Skyroom of the Burbank-Glendale-Pasadena Airport Authority, 2627 Hollywood Way, Burbank, California, at 9:00 a.m., by Chairman Tornek.

**ROLL CALL**

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

**Absent:** None

**Also Present:** Staff: Frank Miller, Executive Director; John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; David Freedman, Director, Strategic Planning and Business Development; Mike Doung, Senior Manager, Business and Compliance

1. **Approval of Agenda** The agenda was approved as presented.
2. **Public Comment** There were no public speakers.
3. **Approval of Minutes**
  - a. **May 1, 2017** Draft minutes for the May 1, 2017, Finance and Administration Committee meeting were presented for approval.

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

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

**4. Contracts and Leases**

- a. **Aviation Hangar Lease - Netflix, Inc.** Staff presented to the Committee a proposed aviation hangar lease with Netflix, Inc. ("Netflix"). Netflix is a diverse media and entertainment company headquartered in Los Gatos, and has

recently expanded its presence in Southern California. The proposed lease is for Hangar 43, which is one of the 8 hangers in the Clybourn Complex and has an initial five-year term. It will be used for storing corporate aircraft.

Key components of the proposed lease are as follows: rent will be at the rate of \$46,656 a month or \$559,872 annually, with annual adjustments the greater of 3% per year or 120% CPI, not to exceed 6% annually; part of the terms of this agreement is that the tenant will receive a \$250,000 rental credit for Authority-approved tenant improvements to be made within a 12-month period; the tenant will be responsible for all expenses related to occupancy including maintenance, utilities, share of property insurance and applicable taxes. The forecasted revenue is expected to be \$309,872 for the first year and each subsequent year, the revenue will be \$559,872 with applicable adjustments.

Staff recommended that the Committee recommend to the Commission that is approve the proposed aviation hangar lease with Netflix and authorize the Authority President to execute same.

**Motion**

Commissioner Adams moved approval of Staff's recommendation, seconded by Commissioner Gharpetian.

**Motion Approved**

The motion was approved unanimously (3-0).

**5. Items for Discussion**

- a. Fiscal Year 2017/2018 ("FY 2018") Budget Development: Proposed Staffing Program (continued)**

Staff continued the discussion with the Committee and answered questions pertaining to the proposed staffing program for FY 2018.

**6. Adjournment**

There being no further business, the meeting was adjourned at 9:38 a.m.

Subject to approval

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

**MONDAY, MAY 15, 2017**

A regular meeting of the Finance and Administration Committee was called to order on this date in the Airport Skyroom of the Burbank-Glendale-Pasadena Airport Authority, 2627 Hollywood Way, Burbank, California, at 9:42 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 Tornek and Gharpetian

**Absent:**

Commissioner Adams

**Also Present:**

Staff: Frank Miller, Executive Director; John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; Bob Anderson, Director, Engineering and Planning

**1. Approval of Agenda**

There were no adjustments to the agenda.

**2. Public Comment**

There were no public speakers.

**3. Treasurer's Report****a. March 2017**

A copy of the March 2017 Treasurer's Report was included in the agenda packet for the Committee' review. Staff noted that since reporting on the mid-year budget report that the EMAS Rehabilitation project would fall into the next fiscal year, that project will actually be completed by June 30, 2017, leaving Runway 15-33 to be programmed into FY 2018's budget.

**Motion**

Commissioner Gharpetian moved that the Committee recommend to the Commission that it approve the March 2017 Treasurer's Report, seconded by Commissioner Tornek.

**Motion Approved**

The motion was approved (2-0, one absent).

**4. Items for Discussion**

- a. Fiscal Year FY 2017/2018 (“FY 2018”) Budget Development – Proposed Capital Program: Financial Impacts**

Staff reviewed with the Committee the proposed FY 2018 budget capital program and funding sources and answered various questions from the Committee.

**5. Items for Information**

- a. Committee Pending Items**

There were no other contracts and leases to be discussed.

**6. Other Contracts and Leases**

There were no other contracts and leases to be discussed.

**7. Adjournment**

There being no further business, the meeting was adjourned at 11:17 a.m.

Subject to approval

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

**MONDAY, MAY 22, 2017**

A special meeting of the Finance and Administration Committee was called to order on this date in the Airport Skyroom of the Burbank-Glendale-Pasadena Airport Authority, 2627 Hollywood Way, Burbank, California, at 9:02 a.m., by Chairman Tornek.

**ROLL CALL**

**Present:**

Commissioners Tornek and Adams

**Absent:**

Commissioner Gharpetian

**Also Present:**

Staff: Frank Miller, Executive Director; John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; David Freedman, Director, Strategic Planning and Business Development

**1. Approval of Agenda**

There were no adjustments to the agenda.

**2. Public Comment**

There were no public speakers.

**3. Items for Discussion**

**a. Fiscal Year 2017/2018  
("FY 2018")  
Budget Development**

Staff presented to the Committee a proposed complete balanced budget, including the projected revenues, O&M highlights and Facility Improvement Program for FY 2018.

**4. Adjournment**

There being no further business, the meeting was adjourned at 9:38 a.m.



**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
JUNE 5, 2017**

**AWARD OF CONTRACT  
EXTERNAL AUDITING SERVICES  
MACIAS GINI & O'CONNELL LLP**

**SUMMARY**

Staff seeks a Finance and Administration Committee ("Committee") recommendation to the Commission for award of a Professional Services Agreement (copy attached) to Macias Gini & O'Connell LLP ("MGO") in a not-to-exceed amount of \$605,426 for external auditing services for the fiscal years ("FY") 2017 through FY2019 with two one-year option periods for FY2020 and FY2021, and with an option for a Forecasted Revenues and Costs audit. The contract will have a not-to-exceed amount of \$322,947 for the three-year base period, not-to-exceed amounts of \$112,962 and \$115,517 for the option periods, and a not-to-exceed amount of \$54,000 for the Forecasted Revenues and Costs audit.

**BACKGROUND**

The Authority requires annual audits of its Basic Financial Statements ("BFS"), as well as its federal grant programs ("Single Audit"), Passenger Facility Charge program ("PFC"), Customer Facility Charge program ("CFC"), and compliance with covenants of its bond indenture. These audits must be performed by a qualified independent external auditing firm.

Upon completion of the FY2016 audit and issuance of all related reports, Staff issued a request for proposals ("RFP") for external auditing services of the Authority's financial statements identified above for the fiscal years ending June 30, 2017 through 2019, with two one-year option periods. The RFP, issued on February 15, 2017, was issued through the PlanetBids System.

The PlanetBids system provided a significant outreach to potential external audit firms and the Authority received proposals from sixteen firms. Upon review, seven proposals were deemed to be responsive to the RFP requirements. The seven firms were, in alphabetical order:

- BKD LLP
- Crowe Horwath
- LSL CPAs
- Macias Gini & O'Connell LLP
- Moss Adams LLP
- Vasquez & Co.
- Vavrineck, Trine, Day & Co., LLP

## EVALUATION PROCESS

The evaluation of each proposal consisted of the following criteria:

- Firm suitability and capability
- Expertise and experience
- Audit and technical approach
- Price including level of staff and audit hours proposed
- References

A five-person evaluation team reviewed the technical and cost proposals of the respondents. The evaluation team consisted of: the Assistant Controller; the Director, Engineering and Planning; the Director, Operations and Maintenance; the Deputy Executive Director, Finance and Administration; and the Senior Deputy Executive Director. The respondents represent a cross-section of sizes of independent auditing firms ranging from a large national public accounting firm, mid-size regional firms, and smaller local firms.

Using an equally weighted average points-allocation process for each of the criteria above, out of 500 total available points (100 points per evaluator) the scoring and ranking for each firm was as follows:

• BKD LLP	430	2
• Crowe Horwath	410	3
• LSL CPAs	382	6
• Macias Gini & O'Connell LLP	471	1
• Moss Adams LLP	404	4
• Vasquez & Co.	397	7
• Vavrineck, Trine, Day & Co., LLP	403	5

Each of the evaluators ranked the firms differently and MGO was ranked the highest by four out of the five evaluators. While each firm has a level of experience auditing governments and transportation agencies, BKD LLP and MGO have the most depth and experience auditing commercial airports. However, MGO has greater experience with commercial airports as a firm and has a local office presence in Southern California. While not proposing the lowest level of fees, based on its audit approach and its estimated audit hours by audit segment and staff classification for tasks required, MGO was deemed by the evaluation team to have the best grasp of the nature of these audits.

MGO has served as the Authority's external auditor and performed satisfactorily during the past ten years. It is also credited with assisting the Authority in successfully issuing the State's first CRCF Forecast Report under the amended CFC enabling legislation.

## FEES

The proposed not-to-exceed fees for the base period, the option periods, and the additional service for an audit to adjust the CFC for the CRCF are as follows:

<b>Basic contract:</b>	
FY 2017	\$ 105,167
FY 2018	107,413
FY 2019	<u>110,367</u>
Total basic contract	<u>322,947</u>
Option periods:	
FY 2020	112,962
FY 2021	<u>115,517</u>
Total option periods	<u>228,479</u>
Total annual audits	551,426
CRCF Forecast audit (*)	<u>54,000</u>
Grand total	<u>\$ 605,426</u>

(\*) – if required

**BUDGET IMPACT**

Appropriations for the external audit services will be included in the proposed FY2018 Budget and subsequent fiscal years during the term of the agreement.

**RECOMMENDATION**

Staff seeks a Committee recommendation to the Commission for award of a Professional Services Agreement to MGO in a not-to-exceed amount of \$605,426 as set forth above for external auditing services for FY2017 through FY2019 with two one-year option periods for FY2020 and FY2021, and with an option for an audit of Forecasted Revenues and Costs to support a rate level change in the CFC.

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FINANCE AND ADMINISTRATION COMMITTEE  
JUNE 5, 2017  
COMMITTEE PENDING ITEMS**

**Future**

1. Award of Aviation Ramp Ground Lease;  
United Parcel Service, Inc.
2. New Branding Food & Beverage Concession
3. Market Conditions Analysis – Hangar Facilities