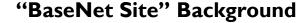


Proposed Lease with Jet Aviation, Inc. Fixed Base Operation at Van Nuys Airport

Los Angeles World Airports
Board of Airport Commissioners
January 14, 2016





- Developed pursuant to a lease with Performance Aircraft, which was later assigned to J & D Air, then to Pentastar, and finally assigned to BaseNet, a Pentastar shareholder
- Lease expired January 6, 2013. BaseNet filed Chapter 7 and site has been managed by trustee of bankruptcy court for 15 months
- Functioned as a FBO site since 1983; annual fuel throughput of approx. 1.2 million gallons
- 90%+ of the buildings on the site exceed 40 years in age and have both code and hazmat challenges as a result
- VNY Master Plan of February 2006, designated site for aviation use, consistent with FBO uses
- VNY Real Estate Redevelopment Plan was adopted after an outreach process from 2011 to 2013, with input from all stakeholders.
 - Identified site as the #1 redevelopment opportunity, in part due to its prominent location, aged/obsolete facilities, and poor "front door" for VNY



Competitive Process



- August 2013: RFQ released; nine responses received
- April 2014: Board approved five respondents as eligible to receive the RFP, as these proposers scored more than the required 85 points established as the threshold in the RFQ
- **January 2015:** Board designated all nine respondents as eligible to receive the RFP on the advice of the City Attorney
- **February 2015:** RFP issued to nine qualified firms including:
 - American Airports Corporation
 - Atlantic Aviation FBO, Inc.
 - Castle & Cooke Aviation Services, Inc.
 - Clay Lacy Aviation, Inc.
 - FBO Investment VNY, LLC

- Jet Aviation of America, Inc.
- Piedmont Hawthorne Aviation, LLC (dba
 - Landmark Aviation)
- Signature Flight Support Corporation
- Sun Air Jets, LLC
- May 2015: Two responses to the RFP were received
 - Jet Aviation
 - FBO Investments VNY
- October 2015: Evaluation Panel concluded the proposal review and interview process and unanimously ranked let Aviation's proposal #1

Lease Terms



• **Investment:** Required minimum of \$40 million for redevelopment of the entire site with completion estimated in three years

• **Premises:** 17.4 acres

Term: 30 years

 Allowable Uses: Fixed Based Operator and related services, including aircraft maintenance

 Minimum Annual Jet fuel Guarantee: 760,000 gallons, generating at least \$83,000 in annual LAWA revenue

• Rent: \$936,016 in year one; with at least \$28 million over the term

Acquisition Fee: For existing LAWA-owned facilities \$700,000 (likely to be demolished)

• Annual Funding: At least \$0.5 million for improvements and maintenance

• **CEQA:** Development will require a CEQA analysis upon submission to LAWA of let Aviation's Conceptual Development Plan

Benefits of Jet Aviation Proposal



Increased annual revenue for LAWA:

Under now-expired BaseNet lease: \$720,000

- Currently under Chapter 7 Trustee: \$285,000

Initially under Jet Aviation lease: \$936,000

After site development by Jet Aviation: \$1,140,000

Benefits to VNY and the local economy:

- The lease will require investment of \$40 million that is guaranteed by General Dynamics,
 a Fortune 100 Company traded on the NYSE
- The project has an estimated impact of \$89 million to the local economy
- The business is forecast to provide 230 high-wage jobs, many of which are skilled jobs related to aircraft maintenance





