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

Los Angeles World Airports
Board of Airport Commissioners
January 14, 2016
“BaseNet Site” Background

- 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 Jet 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 Jet 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
Proposed Concept

View from Roscoe Boulevard