

VAN NUYS AIRPORT CITIZENS ADVISORY COUNCIL
Tuesday, April 6, 2010
MINUTES

A meeting of the Van Nuys Airport Citizens Advisory Council (CAC) was called to order at 7:15 p.m. by Chairman Rick Flam. Members present: Rick Flam, Ron Merkin, Wayne Williams, Wendy Saunders, Harold Sullivan, Bob Jackson, Bob Frazier, Ken Miller, Harold Lee, Gerald Silver, Chris Nassif and Elliot Sanders.

Members Absent: Laurence Rabe and Dave Sotero.

The Council vacancies as of April 6 are as follows: one appointment from the Office of Councilmember Alarcon, one appointment from Councilmember Cardenas, and one appointment from Councilmember Krekorian.

The minutes from March 2, 2010 meeting were unanimously approved.

1.) STAFF REPORTS

Mr. Kim Ellis, The Assistant Manager of VNY introduced himself to the CAC.

The CAC welcomed Mr. Ellis.

2.) REPORT FROM THE CHAIR and Committee Reports

The Chairman stated that earlier that evening Mr. Frazier, Mr. Miller and he had met with Steve Martin, Ron Domash, Debbie Bowers and Jim Bickhart to discuss land use and rental policy issues. He stated that the LAWA Staff provided insight into how they are approaching the lease adjustment issues at VNY and that the meeting was very productive. He stated that LAWA had explained how they are attempting to put together a proposal to be submitted to BOAC that addresses lease adjustment issues. He stated that while LAWA Staff did not provide specifics on individual leases they did provide an explanation of how they are looking at a variety of approaches designed to deal with the rental adjustment issues. . The Chairman also mentioned LAWA staff did not provide a final proposal for dealing with rent adjustment issues because their review is not yet complete.

Mr. Frazier stated that he concurred with the Chairman's remarks that the meeting had been valuable, and that LAWA Staff had opened up a communication process with the CAC on the subject of rental policy. He also noted that LAWA's staff had tried to explain how they are attempting to equalize rental adjustment as between the various users at the airport...

Mr. Miller stated that the meeting indicated to him that LAWA was beginning to take more seriously the input of the CAC on issues such a leasing policy.

The Chairman stated, that based on the comments made by LAWA staff at the meeting he is of the belief that LAWA does not see real estate and rental income as the primarily device to make the airport self sufficient.

Mr. Silver asked if it was the perceptions of The CAC members who attended the meeting that LAWA has a good grasp on the competing priorities between encouraging propeller aviation and the significant ongoing effort versus the perception of raising more money and using rental income as a

driving force. Mr. Silver stated he knows LAWA is listening; but he wants to know if they take that to heart.

Mr. Miller stated it appears they do take it to heart and it was definitely one of the points that were an issue in part of putting the master plan together; however, they are fully aware of how it was constructed and they respect that.

Mr. Williams asked why the 30 year leases were not being offer to tenants anymore.

Mr. Miller stated that 30 year leases are only being given when a tenant makes substantial leasehold improvements that require a 30 year lease to amortize those costs. If a tenant is proposing to spend 10 to 20 million dollars the lease will be lengthy so that they can amortize the investment...

Mr. Silver stated propeller aviation has a relatively small investment and they do not have a lot of money to spend so he wants to know does that equate to shorter leases.

Mr. Miller stated the propeller park already has a 30 year lease.

There was a lengthy discussion regarding this item between the Council members. The Chairman stated he will agendize the issue of leasing policy for the next CAC meeting and he would encourage the VNY tenants to attend the meeting, and that he will also invite LAWA representatives to attend to discuss policy issues. The Chairman noted that the discussion would not include a discussion of any specific lease that is being negotiated.

3.) BOAC AGENDA ITEMS CONCERNING VNY

A. Syncro Aviation – Discussion/Action

Mr. Ron Domash from LAWA's Real Estate Division proposed the approval of a first amendment to Lease VNA-8242 and modification to the settlement agreement with Syncro Aircraft Interiors, Inc. located at 7701 Woodley Avenue at Van Nuys Airport, extending the term and generating an annual rental payment of \$728,763. Syncro, an aircraft interior refurbishing company, has been operating at Van Nuys Airport (VNY) since 1990. The first lease (VNA-7006) with Syncro commenced April 1, 1990 and covered 4,687 square feet of building space at Hangar 902 and 0.7535 acres of land; the use of the premises was for office space, aircraft repair shops with related aircraft ramp area and automobile parking. The second lease (NBV-1145) commenced April 15, 1992 and covered 32,000 square feet of hangar space in the west half of the main hangar area and the use was for aircraft storage, maintenance, and aircraft component fabrication. The proposed action is to approve the first amendment to Lease VNA-8242 with Syncro Aircraft Interiors, Inc. (Syncro) that will extend the lease term from February 10, 2010 to March 31, 2012. Syncro specializes in aircraft interior design and furnishing, and also provides for aircraft storage. Syncro has been a tenant at Van Nuys Airport since 1990 and occupies the site located at 7701 Woodley Avenue which consists of 7.6246 acres of aviation land and a total of 150,559 square feet of hangar, office, and shop space. The Lease amendment and modification to the settlement agreement will also provide for the resolution of long standing utility billing issues, transfer roof maintenance responsibilities from LAWA to Syncro, and provide for the addition of the Airport Deficit Recovery Program provision. Rental Rates have been previously set by the Board and are subject to periodic and annual adjustments in adherence to the LAWA leasing policy.

Mr. Domash stated the settlement agreement LAWA worked out with Syncro in 2005 basically stipulated that the written agreement of the parties couldn't change, amend or modify the settlement

agreement. This lease amendment is in fact a vehicle to amend the settlement agreement. Syncro has also agreed to the airport recovery deficit program; however it has not been approved by the BOAC yet.

The Chairman stated Mr. Domash did an outstanding presentation.

There was a brief discussion between the CAC members on this item.

The CAC recommended to the BOAC with a unanimous vote to approve the Syncro Aviation lease amendments.

4.) PUBLIC COMMENT – NON-AGENDA ITEMS – Discussion

Mr. Kurt Castagna from the public stated that the CAC is getting educated on the issues in order to recommend decisions on behalf of the policy. He stated he is the president of the company that has two lease holds at VNY; they have 18 acres of land, one on the west side of the airport where they have a 20 year lease in exchange for \$3 million worth of work. On the east side of the airport they have invested \$15 million on a project. Mr. Castagna stated they started on that project in January, 2001 and they received their lease in October of 2006; the project was finished in July, 2008. He has been told that is a fast, expedited process. He stated he commends the CAC for trying to receive feedback and agendizing the real estate issues; the tenants will appreciate that. He also mentioned to Mr. Silver that what the CAC should want is a balanced airport for the propeller and the jet community; that discussion has gone on for many years. He stated their company has been at the airport since 1977 and they know the history of the issue of balance; he believes that is the issue the CAC should support. There are different standards at the airport that come along with changes at the airport such as the next Mayor's election and the next BOAC election; due to those factors, everything can change. The basis on how the airport development takes place is the set of standards called minimum standards. It basically means what minimum standards it would take for a business to invest on the airport for an exchange for a lease term. The benefit for the community is the higher the standards for the airport, the higher the quality of the business they will have, the higher the standards that are there; it protects those investing in the airport. Those set of standards in the last couple of years have gone through a set of gyrations and changes at every new airport. Mr. Castagna asked what percentage of the Syncro's facility is used by Syncro and what percentage is being sublet for other uses which he believes is not consistent with the Master Plan. This information was not in Mr.Domash's report.

Mr. Maroni, the President of Syncro Aviation indicated that the majority of the operations are related to serving aircraft at VNY and he gave several examples.

Mr. Moroni thanked the CAC for supporting the Syncro lease. He stated that today they have 16 aircraft at the Syncro hangar. Mr. Moroni also stated he is taking two more gulfstream's in two weeks and the reason he has the aircraft parked at the hangar is because they are working on them. He stated that if they were doing something wrong than LAWA would be the first to tell them they are doing something wrong. Syncro is spending \$730,000.00 a year at VNY and when LAWA doesn't want to receive those monies they will vacate. Right now they are happy to spend the money and LAWA is happy to receive it.

The Chairman thanked both Mr. Castagna and Mr. Moroni for their time and their input.

Membership Committee: Report by Bob Jackson:

Mr. Jackson was appointed by the Chairman to speak with members of the CAC who had been absent for more than three meetings in the past nine months. Mr. Jackson stated that he has spoken to those members and reminded them of their obligation to attend meeting and to notify the Chairman in advance if they will be absent.

5.) NEW BUSINESS

A. Airport/Neighborhood Landscaping Improvements – Discussion/Action

The Chairman stated that VNY Staff had brought copies of the VNY Landscaping Plan and there were available on the table outside. He also stated he would like to form a standing committee with responsibility to report back to the CAC on this issue; however, he sees this one as being long term and having a broader scope. The Chairman asked the CAC if any of them believe we do not need a committee.

Mr. Merkin stated that per the Bylaws all of the CAC's committees' are adhoc.

The Chairman stated that this committee will then be an adhoc committee.

Mr. Silver stated that the Bylaws state the Council Chair may appoint ad hoc committees as needed to advance the work of the Council. That does not mean the Chairman couldn't establish an ongoing committee.

The Chairman stated he will appoint an adhoc committee to stay consistent with the Bylaws. He asked the CAC if there are any objections to forming that committee.

There were no objections.

The Chairman asked if a member of the CAC has an interest in serving on this committee to let him know.

Mr. Merkin stated that at the last meeting Mr. Rodine had said that the TSA has more recent documents regarding landscaping at VNY.

Mr. Rodine stated his previous comment was about fencing and not landscaping.

Mr. Merkin stated the fencing could be construed as part of the landscaping plan and it would be interesting seeing the materials.

Mr. Rodine stated he could present the paper work on this matter.

Mr. Frazier stated TSA has requirements for fencing for all the GA Airports and are very specific with commercial service airports. The fencing put up at VNY is because of LAWA's standards.

The Chairman stated the CAC needs specifications on what that standard is.

Mr. Frazier stated it is LAWA's standard that we have adopted from the TSA versus a TSA standard for GA Airports.

Mr. Silver stated he would advise the adhoc committee is appointed a non-voting member from LAWA or the property department.

The Chairman stated the adhoc committee will work in conjunction with LAWA Staff.

B. Van Nuys Airport BOAC--Discussion/Action

Mr. Schultz passed around a motion he has written regarding this item.

The Motion states:

I move that the Van Nuys Airport Citizens Advisory Council proceed with the request that the City of Los Angeles create a Board of Airport Commissioners that is solely in charge of Van Nuys Airport with regard to all issues that pertain to Van Nuys Airport.

Mr. Schultz stated this is a very simple motion; however it would take years for it to go into effect due to a Charter change. He would like to get feedback from the CAC about the wording and about the proposed idea. He stated we all have been here long enough to know that up until tonight's Real Estate meeting we were just whistling in the wind.

Mr. Miller asked if these commissioners would be paid.

Mr. Schultz said no. He stated this may or may not have an impact on the City; it depends how the Charter is amended.

Mr. Williams asked if Mr. Schultz would consider putting in the motion the value of doing this.

Mr. Schultz stated that in putting together this motion he felt the more he puts into it the more complicated it becomes because any additions would have more basis for opposition. He stated that many of the CAC members over the years have gone through the frustrations of going to the BOAC and their concerns go unanswered. He has been on this Council for 25 years and that is a very long time to be ignored; the CAC are not policy makers, but we are an advisory council and we need our own BOAC that only deals with VNY issues.

Mr. Merkin stated that this particular motion is too soon in the making. He stated he needs reasons as to why the CAC should support the motion. What we want and how we want it done will come out sooner or later and if Mr. Schultz wants the CAC's, the City Council's, the Community's support, he needs to get all the ducks in a row. A lot of questions will need to be answered and we need to be prepared. Mr. Merkin stated he recommends an amendment to the motion.

Mr. Lee and Mr. Schultz recommended not taking action on this motion and delaying it to the next CAC meeting so the aviation community has an opportunity to hear some of this debate.

Mr. Miller stated this will require a Charter amendment which will have to go through political maneuvers. They will look at what the current Board's work load is and how often they deal with issues regarding VNY. Mr. Miller stated that when he goes on LAWA's website there is not very much activity so he wonders if LAWA is giving us the time that we should have or is it legitimate that we do not have that many issues that would require their attention. We need to figure this out before we go forward.

Mr. Schultz stated if VNY had its own BOAC a lot of the issues that get pushed under the carpet at LAWA would be dealt with here.

The Chairman stated he could appoint an adhoc committee to review this entire matter then have a hearing on it because a lot of questions will need to be answered before we propose a motion.

Mr. Merkin stated he would like to amend Mr. Schult's motion:

The amended motion states:

"I move that the Van Nuys Airport Citizens Advisory Council look at the feasibility and interest of creating a Board of Airport Commissioners that is solely in charge of VNY Airport with regard to all issues that pertain to VNY Airport.

The CAC voted ten in favor and one abstention in adopting the amended motion.

There was a lengthy discussion on this matter between the Council Members. They voted on the amended motion.

The amended motion passed with 9 in favor, one opposed and one abstention.

Mr. Schultz proposed that we table the action on this motion until the next CAC meeting.

The Council voted unanimously to table the motion.

C. Committee Reports - Discussion/Action

You have indicated this in your Staff reports.

Mr. Schultz stated VNY Airport Police has indicated there is minimal crime at the airport. Lieutenant Sansburry had a wish list for the airport. He wanted the FBO's to have more security at their gates and the tenants to have badges. FBO's in the past have resisted this.

Mr. Sullivan mentioned that VNY Airport has a lot of problems with the paparazzi. Apparently there are tenants that notify them if there is a famous person landing or leaving at the airport.

Mr. Merkin stated that the communications Committee Meeting was held March 18, 2010. Members present were Don Schultz and himself. VNY Staff present were Jess Romo, Diana Sanchez and Ron Domash. He stated that the purpose of the meeting was to meet with VNY Airport Manager to discuss a previously agreed upon memorandum regarding the flow of information between VNY management and staff to CAC. There was general agreement between all parties and the original agreement reached in April of 2009 was working well. They decided to go over the original discussion points for possible revision. Some small changes were agreed upon, but overall agreement remains the same. Mr. Ron Merkin asked that when verbal reports are made by the Airport Manager (or Assistant), they be supplemented by handouts with discussion points listed. Mr. Romo agreed.

Following are the flow of points agreed upon:

1. The CAC should be apprized of any proposed policy affecting the operations of VNY that is within the CAC's purview as soon as it is brought to VNY management attention.
2. VNY Staff will provide monthly updates to the CAC on all relevant VNY subjects LAWA is currently engaged in. Printed handouts should accompany all verbal reports. Whenever possible, PowerPoint presentations should be included.

3. No later than September's CAC meetings VNY Management and staff will provide the CAC with a "year in preview" report. This report will include listing of policies and initiatives planned for the coming year.

6.) OLD BUSINESS

None

7) EMERGENCY ITEMS SINCE POSTING OF AGENDA – Discussion

The Chairman requested that the CAC consider an emergency matter relating to LAWA's consideration of a proposed lease between LAWA and MPG Aviation. There being no objection the Council proceeded to consider this matter on an emergency basis, and the following resolution was adopted: The CAC recommends that LAWA approve a lease between LAWA and MPG Aviation as approved by MPG Aviation and LAWA's property management division, and that the Chairman of the CAC write a letter to LAWA confirming that the CAC recommends such action.

8) ADVISORY COUNCIL MEMBERS' COMMENTS - NON-AGENDA ITEMS

None

9) ADJOURNMENT:

9:20 p.m.