

THE AGENDA FOR THIS BOARD OF AIRPORT COMMISSIONERS' MEETING WAS POSTED FOR PUBLIC REFERENCE ON THE OUTSIDE BULLETIN BOARD AND AT THE FRONT LOBBY OF THE DEPARTMENT OF AIRPORTS, CLIFTON A. MOORE ADMINISTRATION BUILDING, #1 WORLD WAY, LOS ANGELES, CALIFORNIA 90045 ON FRIDAY, OCTOBER 5, 2009 AT 10:16 A.M. AND ON THE WEBSITES OF BOTH THE DEPARTMENT OF AIRPORTS AT <http://www.lawa.aero> AND THE CITY OF LOS ANGELES AT <http://lacity.org>. THE MEETING WAS TELEVISED BY CHANNEL 35 FOR VIEWING AFTER THE BOARD MEETING, AND WAS ALSO MONITORED BY COUNCIL PHONE.

MINUTES

OF THE MEETING OF THE BOARD OF AIRPORT COMMISSIONERS OF THE CITY OF LOS ANGELES CONVENED IN REGULAR SESSION IN THE SAMUEL GREENBERG BOARD ROOM NO. 107/116 IN THE CLIFTON A. MOORE ADMINISTRATION BUILDING AT LOS ANGELES INTERNATIONAL AIRPORT, #1 WORLD WAY, LOS ANGELES, CALIFORNIA 90045 ON MONDAY, OCTOBER 5, 2009 AT 1:30 P.M.

PRESENT: Commissioners Aredas, Lawson, Narzarian, Torres-Gil, Velasco, Zifkin and President Rothenberg

Gina Marie Lindsey	Executive Director
Steve Martin	Chief Operating Officer
Debbie Bowers	Deputy Executive Director
Wei Chi	Deputy Executive Director
Roger Johnson	Deputy Executive Director
Samson Mengistu	Deputy Executive Director
David Shuter	Deputy Executive Director
Jacqueline Yaft	Deputy Executive Director
Kelly Martin	General Counsel
Sandra J. Miller	Secretary

oOo

In addition to the above listed Executive staff, there were approximately eleven staff members present.

oOo

Discussion Items: 1 and 3

Discussion begins on page 12

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services, and activities.

OCTOBER 5, 2009

ITEM 1. RESOLUTION NO. 23914 – **Prepayment of RAIC Bonds for LAWTFC Improvements:** ADOPT the resolution authorizing (1) the prepayment and defeasance of outstanding Regional Airports Improvements Corporation Facilities Lease Revenue Bonds, Issue of 1983, issued to finance the Los Angeles West Terminal Fuel Corporation improvements, (2) approving the form of the escrow agreement, (3) authorizing the Executive Director to enter into the escrow agreement with such changes thereto as the Executive Director may approve after approval as to form by the City Attorney, (4) authorize the Executive Director to issue a written notice to Los Angeles West Terminal Fuel Corporation of Los Angeles World Airports' intent to defease the Regional Airports Improvement Corporation Bonds, (5) authorizing the use of Los Angeles World Airports cash as the funding source, and (6) authorize staff to take all required actions to complete the transaction and to satisfy certain escrow fund release conditions

EXECUTIVE SUMMARY: Due to the construction of Bradley West, staff has determined that it is in Los Angeles World Airports' (LAWA) best interest to defease the Regional Airports Improvement Corporation (RAIC) bonds associated with the non-exclusive pipeline license agreement between LAWA and Los Angeles West Terminal Fuel Corporation (LAWTFC). Construction delays related to the Bradley West project could occur if portions of the LAWTFC pipeline are not timely relocated or decommissioned on schedule. Any delay in the start of relocation/decommission of pipelines would have a ripple effect of construction delays for the entire Bradley West project.

Approval of this item will (1) authorize staff to prepay and defease the outstanding RAIC Bonds issued to finance the LAWTFC improvements in an amount not-to-exceed \$1,500,000, (2) approve the form of the escrow agreement used to complete the transaction, (3) authorize the Executive Director to enter into the escrow agreement with such changes thereto as the Executive Director may approve after approval as to form by the City Attorney, (4) authorize the Executive Director to issue a written notice to LAWTFC of LAWA's intent to defease the RAIC Bonds, (5) authorize the use of LAWA funds as the source of prepayment, and (6) authorize staff to take all required actions to complete the transaction and to satisfy certain escrow conditions.

RECOMMENDATION: Adoption of the Report requesting that the Board of Airport Commissioners adopt the resolution (Attachment A) authorizing the prepayment and defeasance of the outstanding Regional Airports Improvement Corporation Bonds, issued to fund the Los Angeles West Terminal Fuel Corporation improvements and authorizing staff to take all required actions to complete the transaction and to satisfy certain escrow conditions; approve the form of the escrow agreement (Attachment B) for use in conjunction with the prepayment and defeasance of the outstanding Regional Airports Improvement Corporation Bonds issued to fund the Los Angeles West Terminal Fuel Corporation improvements; authorize the Executive Director to enter into the escrow agreement with such changes thereto as the Executive Director may approve after approval as to form by the City Attorney; further authorize the use of Los Angeles World Airports funds to expedite the prepayment and defeasance of Regional Airports Improvement Corporation Bonds pursuant to the terms of the escrow agreement; further authorize the Executive Director to issue a written notice to Los Angeles West Terminal Fuel Corporation of Los Angeles World Airports' intent to defease the Regional Airports Improvement Corporation Bonds; and further authorize staff to take all required actions to complete the transaction. (Debbie Bowers, 424-646-7142)

ITEM 1. Continued

RECOMMENDATION APPROVED
AS AMENDED

Moved by:
Seconded by:

Ayes:

Nays:

Discussion: See page 12

ITEM 2. BOARD ORDER NO. AO- – **Consent to Assignment, Lease Award, and Consent to Sublease:** ADOPT a NEGATIVE DECLARATION for the CASTLE AND COOKE AVIATION SERVICES, INC. VAN NUYS AIRPORT FIXED BASE OPERATOR PROJECT; APPROVE CONSENT TO ASSIGNMENT of Lease No. VNA-8327 from THORNTON AVIATION, LLC, a California limited liability company, to CASTLE AND COOKE AVIATION SERVICES, INC., a California corporation; APPROVE a thirty (30)-year consolidated LEASE between the CITY OF LOS ANGELES and CASTLE AND COOKE AVIATION SERVICES, INC. at VAN NUYS AIRPORT; APPROVE CONSENT TO SUBLEASE between CASTLE AND COOKE AVIATION SERVICES, INC. and THORNTON AIRCRAFT COMPANY, LLC

EXECUTIVE SUMMARY: Staff requests Assignment of Thornton Aviation, LLC's ("Thornton") Lease No. VNA-8327 to Castle and Cooke Aviation Services, Inc. ("C&C") and subsequent approval of a thirty (30)-year Master Lease with C&C at Van Nuys Airport ("VNY"). The proposed Master Lease will consolidate C&C's five (5) leases at VNY (VNA-2952, VNA-8164, VNA-8277, VNA-8480, and VNA-8327) at VNY (the "Prior Leases"). Upon execution of C&C's Master Lease, a portion of Thornton's old lease (VNA-8327) will be subleased back to Thornton. The total leasehold size of the consolidated Master Lease will be 7.52 acres.

As part of the proposal, C&C will invest approximately \$10.8 million in new construction and mid-term refurbishments. In addition, C&C will purchase from Los Angeles World Airports the existing facilities located at the Thornton parcel (VNA-8327) and the former Century Aero Club parcel (VNA-8277) at \$1.3 million and \$330,000, respectively, prior to demolition.

C&C, whose predecessor company is Pacific Holdings, Inc., has been operating at VNY since December 10, 1980. C&C provides hangar and office rental and aviation services to companies and individuals, flight departments, aircraft management companies and air charter companies. It is a privately held company owned by David H. Murdock, who also serves as Chairman and Chief Executive Officer.

RECOMMENDATION: Adoption of the Report requesting that the Board of Airport Commissioners consider the proposed Negative Declaration together with the comments received during the public review period; find that, on the basis of the entire record, including the Initial Study and all comments received: (a) there is no substantial evidence that the project will have a significant effect on the environment, (b) the project will not result in a safety hazard or noise problem for persons using the airport or for persons residing or working in the project area, and (c) the Initial Study/Negative Declaration reflects the independent judgment and analysis of the Board of Airport Commissioners; adopt the proposed Negative Declaration; approve the Consent to Assignment of Lease No. VNA-8327 from Thornton Aviation, LLC to Castle & Cooke Aviation Services, Inc.; further approve the proposed thirty (30)-year consolidated Lease between the City of Los Angeles and Castle & Cooke Aviation Services, Inc.; further approve the Consent to Sublease between Castle & Cooke Aviation Services, Inc. and Thornton Aviation, LLC; recommend that the City Council also consider the Negative Declaration together with the public comments, make the findings identified above, adopt the Negative Declaration and approve the proposed thirty (30)-year Consolidated Lease between the City of Los Angeles and Castle & Cooke Aviation Services, Inc.; and authorize the Executive Director to execute the Consent to Assignment of Lease, the Consent to Subleases, and proposed Consolidated Lease upon approval as to form by the City Attorney, and upon approval by the Los Angeles City Council. (Debbie Bowers, 424-646-7142)

ITEM 2. Continued

Note: President Rothenberg recused himself from the meeting.

DEFERRED

Moved by:
Seconded by:

Ayes:

Nays:

Discussion: See page 13

ITEM 3. BOARD ORDER NO. AO- 5146 – **Fourth Amendment to Concession Agreement No. LAA-7879:** With DFS GROUP, LP to ADD A CAPITAL INVESTMENT REIMBURSEMENT FEE of an additional 2% of gross revenues with regards to the Tom Bradley International Terminal pre-security shop, EXTEND THE TERM to December 31, 2012, with two (2) additional one (1)-year Extension Options; and UPDATE CONTRACT PROVISIONS for the locations at LOS ANGELES INTERNATIONAL AIRPORT

EXECUTIVE SUMMARY: Staff requests Board of Airport Commissioners approval of the Fourth Amendment to the Concession Agreement between the City of Los Angeles and DFS Group, LP (“DFS”). The Amendment adds a 2% Capital Investment Reimbursement fee with regards to the Tom Bradley International Terminal (TBIT) landside store; extends the term to December 31, 2012, with two (2) additional one (1)-year Extension Options; establishes a new Minimum Annual Guarantee of \$26,021,528; and adds various provisions. DFS operates duty free shops at Los Angeles International Airport in Terminals 2, 3, 4, 5, 7, TBIT and an off-site store in Hollywood.

RECOMMENDATION: Adoption of the Report requesting that the Board of Airport Commissioners approve the Fourth Amendment to Concession Agreement No. LAA-7879 with DFS Group, LP for a Duty Free Concession at Los Angeles International Airport to add a Capital Investment Reimbursement fee of an additional 2% of gross revenues with regards to the Tom Bradley International Terminal pre-security shop, extend the term to December 31, 2012, with two (2) additional one (1)-year Extension Options, and add contract provisions; and authorize the Executive Director to execute the Fourth Amendment to the Concession Agreement No. LAA-7879 with DFS Group, LP upon approval as to form by the City Attorney, and upon approval by the Los Angeles City Council. (Debbie Bowers, 424-646-7142)

RECOMMENDATION APPROVED
AS AMENDED

Moved by:
Seconded by:

Ayes:

Nays:

Discussion: See page 12

ITEM 4. BOARD ORDER NO. AO- 5147 – **Award of one (1)-year Lease:** With MERCURY AIR CENTER – ONTARIO, INC. dba Atlantic Aviation for a fixed base of operation at 2161 E. Avion Street; and approval of RENTAL RATES for buildings and improvements at LA/ONTARIO INTERNATIONAL AIRPORT

EXECUTIVE SUMMARY: Mercury Air Center – Ontario, Inc. (“Mercury”) dba Atlantic Aviation (“Atlantic”) has requested a short-term lease for its fixed base of operation (“FBO”) at LA/Ontario International Airport (“LA/Ontario”). The proposed lease term is one (1)-year with a one (1)-year Renewal Option for a total term not-to-exceed two (2) years. The leasehold premises are comprised of approximately 40,008 square feet (sf) of improvements and 257,900 sf of land with annual revenue of approximately \$439,890 for the proposed Lease. Rental rates for the improvements are subject to Board of Airport Commissioners’ approval.

LA/Ontario offers FBO services through two (2) providers, Mercury/Atlantic and Guardian Air Services that compete for increasingly limited but unique general aviation market segments. Mercury/Atlantic is part of Atlantic’s FBO network, the largest FBO service provider in the country with sixty-five (65) FBO locations across the United States.

RECOMMENDATION: Adoption of the Report requesting that the Board of Airport Commissioners approve a twelve (12)-month Lease, with a one (1)-year Renewal Option, with Mercury Air Center – Ontario, Inc. that will generate approximately \$439,890 in annual revenue at LA/Ontario International Airport; approve the rental rate for buildings and improvements; and authorize the Executive Director to execute the Lease with Mercury Air Center – Ontario, Inc. dba Atlantic Aviation upon approval as to form by the City Attorney. (Debbie Bowers, 424-646-7142)

RECOMMENDATION APPROVED

Moved by:
Seconded by:

Ayes:

Nays:

Discussion: See Page 12

ITEM 5. RESOLUTION NO. 23915 – **Administrative Action:** To authorize the Executive Director to EXERCISE EARLY TERMINATION RIGHTS under Lease No. LAA-8377 with MENZIES AVIATION, USA, INC. for property located at 6951 WORLD WAY WEST at LOS ANGELES INTERNATIONAL AIRPORT

EXECUTIVE SUMMARY: The Board of Airport Commissioners (BOAC) previously approved a lease with Menzies Aviation USA, Inc. (“Menzies”) for a ground service equipment operation with a thirty (30)-day termination provision. The leasehold is in the path of improvement projects that are essential to the proposed Bradley West Project, and must be acquired for project implementation. Staff recommends that the BOAC authorize the Executive Director to exercise the early termination provision of the Lease as may deem necessary because the existing Menzies facility will be scheduled for demolition in January 2010. This requested approval will be exercised only upon certification of the Environmental Impact Report prepared for the Bradley West Project.

RECOMMENDATION: Adoption of the Report requesting that the Board of Airport Commissioners authorize the Executive Director to exercise rights granted under Section 2.1 of Lease No. LAA-8377 with Menzies Aviation USA, Inc. regarding early termination. (Debbie Bowers, 424-646-7142)

RECOMMENDATION APPROVED

Moved by:
Seconded by:

Ayes:

Nays:

Discussion: See page 12

ITEM 6. RESOLUTION NO. 23916 – **Los Angeles International Airport FlyAway Site License Agreement:** With the CITY OF IRVINE and the IRVINE REDEVELOPMENT AGENCY for a three (3)-year use of parking and facilities for proposed FLYAWAY BUS SERVICE between IRVINE STATION and LOS ANGELES INTERNATIONAL AIRPORT

EXECUTIVE SUMMARY: Los Angeles World Airports (LAWA) is proposing to partner with the City of Irvine and the Irvine Redevelopment Agency to establish a License Agreement for the purpose of operating FlyAway bus service from Irvine Station, located at 15215 Barranca Parkway, Irvine, California to Los Angeles International Airport (“LAX”) for a three (3)-year program period. The License Agreement includes exclusive use of a bus dock and shelter, and a 495 space surface parking lot on property owned by the Irvine Redevelopment Agency.

The Irvine Station site is proposed as the fourth site in the FlyAway network of express bus routes to LAX. The non-stop bus transportation service is designed to reduce vehicle traffic and related vehicle emissions in the region by encouraging high-occupancy ridership. Expanded FlyAway bus service is a requirement of the LAX Master Plan Mitigation Monitoring and Reporting Program, under section MM-AQ-3, Transportation-Related Mitigation Measure, and by direction of the LAX Stipulated Settlement Agreement.

RECOMMENDATION: Adoption of the Report requesting that the Board of Airport Commissioners approve a License Agreement with the City of Irvine and the Irvine Redevelopment Agency for a three (3)-year use of parking and on-site facilities at Irvine Station for proposed FlyAway bus service between the Station and Los Angeles International Airport, and authorize the Executive Director to execute the License Agreement with the City of Irvine and the Irvine Redevelopment Agency, upon approval as to form by the City Attorney. (Michael Feldman, 424-646-5111)

RECOMMENDATION APPROVED

Moved by: Commissioner Torres-Gil
Seconded by: Commissioner Velasco

Ayes: Commissioners Aredas, Lawson, Nazarian, Torres-Gil, Velasco, Zifkin and President Rothenberg
Nays: None

Discussion: None

ITEM 7. RESOLUTION NO. 23917 – **First Amendment to Contract No. DA-4349:** With W.W. GRAINGER, INC. dba Grainger Industrial Supply in Cooperative Arrangement with the State of Nevada, Contract No. 7066, for purchase of industrial supplies for an amount not-to-exceed \$200,000 at LA/ONTARIO INTERNATIONAL AIRPORT and an amount not-to-exceed \$50,000 at VAN NUYS AIRPORT

EXECUTIVE SUMMARY: Staff requests that the Board of Airport Commissioners approve the First Amendment to Contract No. DA-4349 with W.W. Grainger, Inc. dba Grainger Industrial Supply for purchase of industrial supplies for an amount not-to-exceed \$200,000 at LA/Ontario International Airport and an amount not-to-exceed \$50,000 at Van Nuys Airport.

RECOMMENDATION: Adoption of the Report requesting that the Board of Airport Commissioners find that this Contract is exempt from competitive bidding under City Charter Section 371(e)(8); approve the First Amendment to Contract No. DA-4349 with W.W. Grainger, Inc. dba Grainger Industrial Supply in Cooperative Arrangement with the State of Nevada, Contract No. 7066, for purchase of industrial supplies for an amount not-to-exceed \$200,000 at LA/Ontario International Airport and an amount not-to-exceed \$50,000 at Van Nuys Airport; and authorize the Executive Director to execute the First Amendment to Contract No. DA-4349 with W.W. Grainger, Inc. dba Grainger Industrial Supply upon approval as to form by the City Attorney. (David V. Shuter, 424-646-5111)

RECOMMENDATION APPROVED

Moved by:
Seconded by:

Ayes:

Nays:

Discussion: See page 12

ITEM 8. RESOLUTION NO. 23918 – **Travel Request/Expense:** For three (3) LOS ANGELES FIRE DEPARTMENT employees to the JRI, Inc. assembly plant located in Newark, California to attend a CONSTRUCTION/ENGINEERING PROGRESS MEETING for three (3) Aircraft Rescue Fire Fighting vehicles scheduled for delivery to Los Angeles International Airport

EXECUTIVE SUMMARY: Funding and approval is requested to send three (3) Los Angeles Fire Department employees, assigned to Los Angeles World Airports facilities, to the JRI, Inc. assembly plant located in Newark, California to monitor the construction/engineering progress of three (3) Aircraft Rescue Fire Fighting vehicles scheduled for delivery. The funding is for attendance at a construction/engineering progress meeting with meeting date to be determined as vehicle construction progresses.

RECOMMENDATION: Adoption of the Report requesting that the Board of Airport Commissioners approve funding for the requested travel for estimated cost not-to-exceed \$1,560. (Jacqueline Yaft, 424-646-5060)

RECOMMENDATION APPROVED

Moved by:
Seconded by:

Ayes:

Nays:

Discussion: See page 12

ITEM 9. RESOLUTION NO. 23919 – **Board of Airport Commissioners support:** For ERROLL SOUTHERS, Assistant Chief of Police, LOS ANGELES WORLD AIRPORTS, in his NOMINATION by President Barack Obama as ASSISTANT SECRETARY, UNITED STATES DEPARTMENT OF HOMELAND SECURITY to head the Transportation Security Administration

EXECUTIVE SUMMARY: Board of Airport Commissioners support for Erroll Southers, Assistant Chief of Police, Los Angeles World Airports, in his nomination by President Barack Obama as Assistant Secretary, United States Department of Homeland Security to head the Transportation Security Administration. (Gina Marie Lindsey, 424-646-6250)

APPROVED

Moved by: Commissioner Velasco

Seconded by: Commissioner Aredas

Ayes: Commissioners Aredas, Lawson, Nazarian, Torres-Gil Velasco, Zifkin and President Rothenberg

Nays: None

Discussion: None

CONSENT CALENDAR

President Rothenberg requested a motion of approval for the following enumerated items that did not need amendments or further discussion: 4, 5, 7 and 8.

Motion of approval of the consent calendar was made by Commissioner Lawson, seconded by Commissioner Aredas and it was unanimously adopted.

DISCUSSION ITEMS

ITEM 1. **Prepayment of RAIC Bonds for LAWTFC Improvements:** ADOPT the resolution authorizing (1) the prepayment and defeasance of outstanding Regional Airports Improvements Corporation Facilities Lease Revenue Bonds, Issue of 1983, issued to finance the Los Angeles West Terminal Fuel Corporation improvements, (2) approving the form of the escrow agreement, (3) authorizing the Executive Director to enter into the escrow agreement with such changes thereto as the Executive Director may approve after approval as to form by the City Attorney, (4) authorize the Executive Director to issue a written notice to Los Angeles West Terminal Fuel Corporation of Los Angeles World Airports' intent to defease the Regional Airports Improvement Corporation Bonds, (5) authorizing the use of Los Angeles World Airports cash as the funding source, and (6) authorize staff to take all required actions to complete the transaction and to satisfy certain escrow fund release conditions

Debbie Bowers, Deputy Executive Director, requested the Board amend the item to increase the not-to-exceed amount to \$1.8 million.

Commissioner Zifkin amended the Board Report to increase the not-to-exceed amount to \$1.8 million, seconded by Commissioner Lawson and it was unanimously adopted. Motion to approve the amended item was made by Commissioner Zifkin, seconded by Commissioner Aredas and the amended item was unanimously adopted.

ITEM 3. **Fourth Amendment to Concession Agreement No. LAA-7879:** With DFS GROUP, LP to ADD A CAPITAL INVESTMENT REIMBURSEMENT FEE of an additional 2% of gross revenues with regards to the Tom Bradley International Terminal pre-security shop, EXTEND THE TERM to December 31, 2012, with two (2) additional one (1)-year Extension Options; and UPDATE CONTRACT PROVISIONS for the locations at LOS ANGELES INTERNATIONAL AIRPORT

Debbie Bowers, Deputy Executive Director, requested the Board amend the item by correcting Section 7. (a) to read: Notwithstanding anything to the contrary contained in the Agreement, including Section 1.7 thereof, City may at any time after January 1, 2009 and during the Term of this Agreement issue Requests for Proposals and enter into agreements of any type that allow other persons, firms or corporations to sell, offer for sale or deliver duty free merchandise (i) in the new TBIT West Facilities in the event they open during the Term of this Agreement and (ii) in any other place at the Airport so long as they open after the term of this Agreement .

Commissioner Lawson moved the above noted amendment from Ms. Bowers for Item No. 3, seconded by Commissioner Aredas and it was unanimously adopted. Commissioner Lawson moved Item 3 as amended, seconded by Commissioner Aredas and it was unanimously adopted (Commissioner Nazarian was absent).

At 3:30 p.m., President Rothenberg recused himself from the meeting and left the meeting permanently; and Vice President Velasco took comments from the public, after announcing no public comments the Board recessed their meeting to return to the Closed Session portion of their meeting.

At 3:38 p.m., the Board returned to the Regular Meeting and Vice President Velasco announced that Item 2 will be deferred for two weeks.

oOo

COMMENTS FROM THE PUBLIC

The Board received comments from Mickey Mitchell, Mickey's Bus Company.

There being no further business, Vice President Velasco with the unanimous consent of the Board ordered the Meeting adjourned at 3:40 p.m.

ATTEST:

PRESIDENT

SECRETARY

NOTE: A complete tape/video recording of this Meeting, exclusive of closed session, has been made and is on file as a public record in the office of the Secretary of the Board of Airport Commissioners. This tape is a public record in accordance with the California Public Records Act (Sections 6250-6260 of the Government Code).