

RESOLUTION NO. 27340

WHEREAS, on recommendation of Management, there was presented for approval, Lease Termination Agreement with National Helicopter Service and Engineering Company, with a waiver of deferred rent, as consideration for an earlier termination of said company's Lease VNA-7770, covering premises at Van Nuys Airport; and

WHEREAS, under its Lease VNA-7770, National Helicopter Service and Engineering Company (National Helicopter) leases two (2) acres of aviation land and an 8,000-square-foot office/hangar building. It provides helicopter sales and leasing, charter, maintenance services, sightseeing, aerial photography, and aerial cinematography at 16750 Roscoe Boulevard at Van Nuys Airport; and

LAX

Van Nuys

City of Los Angeles

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Justin Erbacci
Chief Executive Officer

WHEREAS, the Second Amendment to the lease, which was approved on March 17, 2016, required National Helicopter to complete certain improvements to the premises by no later than December 31, 2018, at which point the lease term would extend to January 8, 2029. At the tenant's request, Los Angeles World Airports (LAWA) extended the improvement milestone completion date to December 31, 2019. However, National Helicopter was not able to complete any of the improvement milestones by said deadline. Therefore, the term of the lease was not extended, and LAWA had the right to terminate the lease no earlier than January 8, 2022 upon a twelve (12)-month termination notice to National Helicopter. On July 16, 2021, LAWA issued such notice establishing a termination date of July 15, 2022; and

WHEREAS, National Helicopter was already experiencing financial difficulties when the COVID-19 shelter-in-place restrictions were imposed in late March 2020. As a result of those restrictions, National Helicopter struggled to maintain operations at the airport and stopped making rent payments beginning on July 1, 2020. It exercised its right under Los Angeles City Ordinance 186585 to defer its monthly rent until the local emergency period was declared over. LAWA and National Helicopter executed a Letter Agreement to confirm the obligation to repay the deferred rent in six (6) equal installments on the first day of the month following the end of the local emergency period. As of today, the local emergency period remains in effect; and

WHEREAS, based on those impacts, National Helicopter and LAWA have now agreed to terminate the lease earlier than July 15, 2022, without the required twelve (12)-month notice period. Terminating the lease early will permit LAWA to initiate a competitive process for the premises and reestablish revenue from the property. To secure the earlier termination, LAWA agreed to waive collection of the deferred rent that has accumulated since July 1, 2020; and

WHEREAS, as of September 1, 2021, National Helicopter owes \$141,749.39 in deferred rent to LAWA. The amount of deferred rent will continue to grow at a monthly rate of \$9,972.49, as shown in the following table, until termination of the lease. If the Termination Agreement is not executed, the termination date will remain July 15, 2022, and National Helicopter will owe \$231,501.80.

Date	Amount of Deferred Rent
09/30/2021	\$141,749.39
10/31/2021	\$151,721.88
11/30/2021	\$161,694.37
12/31/2021	\$171,666.86
01/31/2022	\$181,639.35
02/28/2022	\$191,611.84
03/31/2022	\$201,584.33
04/30/2022	\$211,556.82
05/31/2022	\$221,529.31
06/30/2022	\$231,501.80; and



WHEREAS, this action, as a continuing administrative activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines; approved the Lease Termination Agreement with National Helicopter Service and Engineering Company, with a waiver of deferred rent, as consideration for an earlier termination of said company's Lease VNA-7770, covering premises at Van Nuys Airport; and authorized the Chief Executive Officer to execute said Lease Termination Agreement with National Helicopter Service and Engineering Company after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27340 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Tuesday, September 14, 2021.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS