

# SAN FERNANDO VALLEY BUSINESS JOURNAL

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## Up Front



There were hot deals at the San Onofre auction run by a local firm. **PAGE 3**

## News & Analysis



Think Costco is cheap? Its Westfield lease is even cheaper. **PAGE 5**

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Full Throttle: Surf Air CEO Jeff Potter at Burbank Bob Hope Airport with one of the airline's three \$4 million Pilatus PC-12 aircraft.

PHOTO BY THOMAS WASPER

# SURF'S UP!

## Members-only airline taking off as it expands flights

By **MARK R. MADLER** Staff Reporter

When **Surf Air** announced its all-you-can-fly membership model two years ago it generated excitement in the tech community as a way to connect Silicon Valley with the growing Silicon Beach area around Santa Monica. But after delays in getting the airline going and a failure to establish its hub at Santa Monica Airport as first planned, doubts began to grow about the service. Now, though, the airline has made progress that may give pause to detractors skeptical the business model can work.

Surf Air started its scheduled flights last summer to the San Francisco area from Burbank Bob Hope Airport, began flying to Las Vegas last month and plans to add Truckee near Lake Tahoe as another destination in May.

Also, it has raised \$11 million from private investors, signed up 450 members and hired former **Frontier Airlines** head **Jeff Potter** to run the airline after founding chief executive **Wade Eyerly** stepped aside in favor of an experienced airline executive. "There is a chapter two," Potter said. "They

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## FDA Panel Inflates Stock

**BIOTECH:** Body advises OK for MannKind's inhalable insulin.

By **ELLIOT GOLAN** Staff Reporter

After more than a decade of constant losses and massive investments from its billionaire founder just to stay afloat, **MannKind Corp.** is one step away from hitting the jackpot.

Investor confidence in the Valencia biotech has never been higher, with the stock price doubling in after-hours trading last week following an announcement that a Food and Drug Administration advisory panel in Washington, D.C. recommended approval of its first pipeline drug, **Afrezza**, an inhalable insulin system.

Shares rose more than 100 percent after the April 1 announcement, but then lost some ground the next day. Overall, they were up 74

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## Santa Clarita On a Mission

**TRADE:** Economic agency organizes first China trip.

By **JOEL RUSSELL** Staff Writer

Santa Clarita has organized its first-ever trade mission to China, entering a field of competition with nearby cities that have a history courting companies and investors from the world's most dynamic economy.

The Santa Clarita Valley Economic Development Corp. is coordinating the trip that was scheduled for April 5-13 to Shenzhen and Hong Kong. Six area representatives will participate.

Other localities that have a head start in establishing Chinese connections not only include San Gabriel Valley cities such as

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## That Country Twang in the Land of Glitz, Glamour

**ENTERTAINMENT:** Academy of Country Music keeping Valley headquarters.

By **MARK R. MADLER** Staff Reporter

In the week leading up to its annual awards show, the staff of the **Academy of Country Music** decamps for Las Vegas where it coordinates the three-hour awards presentation, a two-day fundraiser and a second show featuring country stars.

But instead of heading west from Nashville – the mother ship for country music – the 23 Academy employees head east from ... Encino?

That's right, one of the top two national organizations dedicated to the promotion of country music is in the San Fernando Valley – and it's not going anywhere.

Indeed, the Academy was founded in 1965 to help broaden the reach of the musical genre by locating itself in the media capital of the world, said **Bob Romeo**, chief executive for the last 11 years.

"It's great to have a presence here so that we can reach out and carry the banner for country music," the 56-year-old Romeo said.

Here's another fact music lovers who turn their nose up at country may not know: Los Angeles is home to the most-listened-to country radio station in the nation, **Go Country 105 FM** with a weekly audience of 1.2 million.

There are other signs of a deep love for all things down home and country in a city best known for its glitz. The Santa Clarita Cowboy Festival featuring traditional country musicians draws thousands each April, as does

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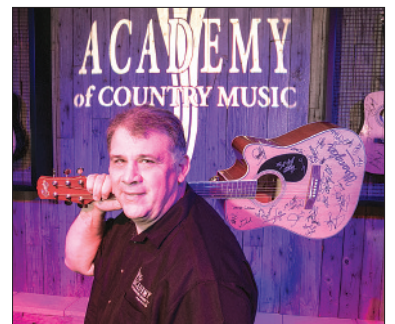


PHOTO BY DAVID SPRAGUE

Staying Put: Bob Romeo in Encino.

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# Calabasas Auction House Relocates, Trades Up

**MEMORABILIA:** Growing props business spurs Profiles in History move.

**Profiles in History** has relocated to a new space in Calabasas that is much more conducive to its business of auctioning Hollywood memorabilia.

The Calabasas business didn't move far — just across Agoura Road — but the change was dramatic for founder and Chief Executive **Joe Maddalena**. The company has gone from a traditional office setting with shallow 10-foot ceilings to a spacious warehouse space with roomy 40-foot ceilings.

"We can process more items and have more items on hand especially when it comes to the larger pieces," Maddalena said.

Previously, Maddalena or a staffer had to take interested buyers to a warehouse in Moorpark to see larger items. Profiles will keep that warehouse for storage.

The move coincides with Profiles starting a new division, Hollywood Prime, which will work directly with the major studios to dispose of physical assets — costumes, props, background dressing, etc. — on the secondary market.

Hollywood Prime will significantly grow Profile's inventory from 6,000 items a year to more than 20,000 items. That in turn means more objects that are affordable to the everyday buyer. "We will be selling items in the under



**Auction Item: For a song?**

up during her storied career dating back to the late 1940s.

Among the pieces are clothing worn by

\$200 range in vast quantities," he said.

At an upcoming auction May 17-18 the company will sell items from the personal collection of actress and singer **Debbie Reynolds**, the third such

auction Profiles has curated. The previous two auctions in 2011 brought in a combined \$25 million.

The items up for sale in May won't bring in nearly that amount but do represent a cross-section of Hollywood history that Reynolds picked

Ingrid Bergman, Mae West, Vivien Leigh and Gregory Peck; a wig and hat that belonged to Harpo Marx; the VistaVision movie camera used on "Mary Poppins" and other Disney films; and tuxedos worn by members of the Rat Pack, including one that Reynolds personally picked from Frank Sinatra's closet, Maddalena said.

## Disney's Maker

**Walt Disney Co.**'s acquisition of Maker Studios was the most viable way to get a YouTube audience — even with the deal's \$500 million price tag.

The move late last month by the Burbank entertainment and media company represents one of the largest YouTube network purchases to date. Maker Studio, founded in 2009 and headquartered in Culver City, has more than 340 million subscribers for its lifestyle, music, and entertainment programming.

Disney's acquisition was a smart one in that short-form content viewed over the Internet in small doses of three to 10 minutes is popular with younger audiences, said **Marty Shindler**, an entertainment technology consultant at **Shindler Perspective** in Encino.

Large entertainment companies face a "make or buy" decision, and in this case Disney opted to buy an existing short-form network rather than create their own, Shindler said.

"Maker Studios was already well established in terms of its studio and in terms of the audience they have been able to attract," he added. "If Disney started

this on their own, they might get the content right but not get the audience."

The acquisition is in the same vein as the one done last year by **DreamWorks Animation SKG Inc.**, which bought AwesomenessTV of Los Angeles as a platform for a DreamWorks Animation channel.

The Glendale studio paid \$33 million upfront, with additional payments totaling more than \$100 million if certain earnings targets are met in the following two years.

Both Maker Studios and AwesomenessTV target similar teenage audiences with similar types of content, Shindler said.

"DreamWorks does animation and Disney does some animation and they have to have multiple revenue streams," he added.

## Animators Outdoors

The Downtown Burbank Arts Festival April 19-20 will feature for a second year a group of animators, visual effects and video game artists among its exhibitors.

The display by up to 50 artists, many employed at nearby Hollywood studios, was put together by **Creative Talent Network**, a community for creators of traditional and digital animated films.

The exhibit will be set up along San Fernando Boulevard between Olive Avenue and Angeleno Avenue. The network will have a shuttle operating between the fair and Center Stage Gallery at 847 Hollywood Way, owned by talent network founder **Tina Price**.

Visitors can view artwork, purchase books and take drawing lessons. Students can have their portfolios reviewed by professionals from DreamWorks, Disney, **Nickelodeon**, **Cartoon Network**, and other studios.

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