

Yours Truly

Air Charter Acquisition Proposal



Facility Location

Located at the Lee's Summit Airport - 2525 NE Douglas



Formal Offer

- On September 2, 2016, City staff received an offer letter to purchase the Air Charter facility for \$1.5M.

Formula for a Successful Lee's Summit Airport

We Have to Provide the Entire Package

- **Runway/Taxiway Improvements:**
 - Runway Length/Width
 - Grooved Runway Surface
- **Airport Facilities:**
 - Modern Terminal Building
 - Hangar for Storage
 - Adequate Fuel Farm
- **Service:**
 - Professional Line and Customer Service
 - Concierge Service
 - Ground Support Equipment
- **Airfield Maintenance**
 - Snow Removal Equipment
 - Grounds Maintenance Equipment
 - Dedicated Airport /Maintenance Facility



2017 Marketing Plan Presented to BOAC April 11, 2016

According to the Airport Business Plan Adopted
in 2010:

- The attraction of new corporate aviation users in the form of tenants and transient business activity offer the greatest long-term benefit to the city at the airport.
- Airport activity impact, in terms of revenue enhancement, creates a strong opportunity to improve the long-term viability of the Airport.
- A viable airport is a strong contributing partner in the economic development initiatives of the city

Valuation Process

- **Two appraisals were completed:**
 - Valbridge Property Advisors: \$1.6M
 - Dillon Appraisal: \$1.7M
- **Received an estimate to construct a new comparable facility with a larger hangar door:**
 - Estimated cost \$1.6M
- **Inspection of the facility and major components (hangar door and roof) were completed:**
 - Estimated \$12,500 in repairs need to be made. (will be taken off the purchase price)
- **Five year cash flow completed:**
 - End of presentation

Facility Information

- Construction completed in 2002
- 1.84 acres
- 200' x 200' building - approximately 42,500 sq. ft. of space
- Includes a ground level lobby, restrooms, ramp, and hangar access.



Facility Information

- 2nd level has four offices with a leased FAA Testing Center.
- Testing center is open on weekends only.
- Expect that Test Center lease will continue



Current Lease Agreement Terms

- Current Ground Lease Agreement with City:
 - 20 Year Ground Lease
 - Three 5 year renewal options
- Facility must be used for aviation purposes
- City has right of first refusal on any purchase offer



Past Operations

- Air Charter operated a charter business between 2002-2011, provided flight training, and stored private aircraft including:
 - 2 Jets
 - 2 Turbo Prop
 - 1 Twin
 - 6 Single Engine



Current Operations

- Operates two aircraft for flight training, rental of hangar space, and FAA Testing.
- Over the past four years the facility has been under utilized and is only providing minimal service to cover utility cost until the building sells.



How will this facility benefit the Airport?

- Allows the airport to operate a facility capable enough to accommodate up to 10-13 additional based customers, and provide space for overnight transient corporate aircraft.
- Fuel sales
- With expansion and hangar storage facilities, it further enables the airport to act as a gateway into the surrounding region for companies doing business in the area by serving new customers.
- The facility is capable of acting as a segway for uninterrupted service during runway and taxiway improvements.
- Delays the immediate need to design and construct a new terminal building.



Additional Benefits

- The facility will become more attractive w/ higher rents with the runway extended
- Will increase the number of based customers.
- Allow overnight storage of corporate aircraft during inclement weather
- The facility would be capable of hosting Aviation and Non-Aviation related events.
- More based and transient aircraft means more fuel sales



Marketing the Airport

- Attending NBAA(National Business Aircraft Association) Conference Nov. 2016.
- NBAA Schedulers and Dispatchers Conference Feb. 2017.
- Direct Mailing
- Surveys
- Advertising on Industry Websites



Lee's Summit, Missouri

LEE'S SUMMIT MISSOURI LXT

LEE'S SUMMIT MISSOURI LXT

The Lee's Summit Municipal Airport will soon be serving corporate aircraft in the fall of 2017 with the 18/36 runway expansion to 5,500' x 100'.

We are conveniently located in the Kansas City metropolitan area, providing travelers quick access to area cities including Kansas City, MO; Independence; Blue Springs; Olathe, KS and many more!

LSairport.net | 816.969.1186 | 2751 NE Douglas St | Lee's Summit, MO 64064



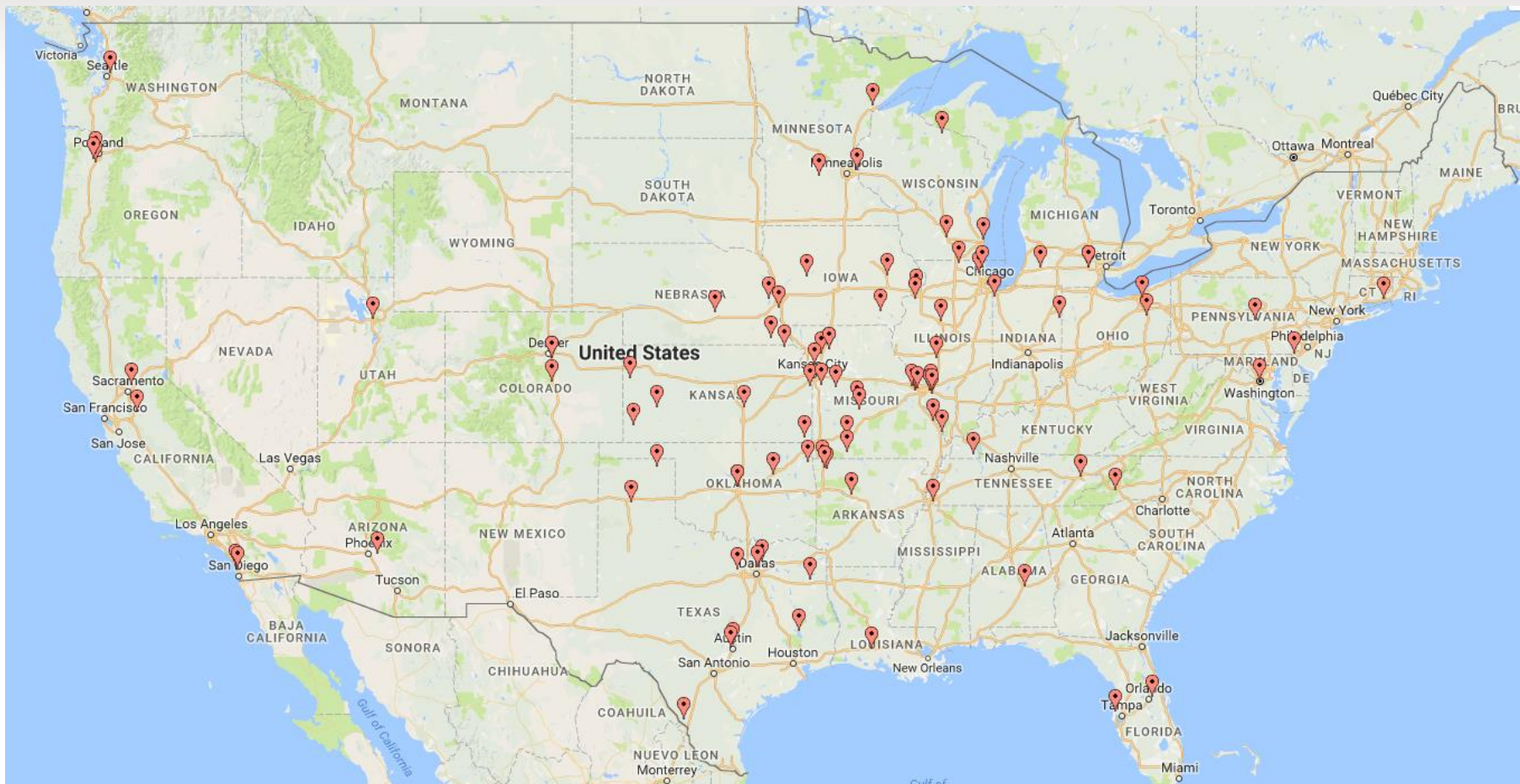
LEE'S SUMMIT MISSOURI LXT

featuring

Grooved 5,500 ft x 100 ft Runway: Fall 2017 Quick & easy access to the Greater Kansas City area	Overnight heated hangar space Catering and rental cars available Two aircraft maintenance facilities Nearby hotels and restaurants
--	---

15 Avtrip Points/gal!
Present this card to the Lee's Summit Municipal Airport and receive 15 Avtrip points/gal
Offer Expires April 30, 2017

Transient Customers who Purchased Services 8-1-16 thru 9-25-16



5yr Projections

Revenue	Current Hangar Rental Rates	Current 2016 Aircraft	Capacity					2017	2018	2019	2020	Capacity 2021
			2017	2018	2019	2020	2021					
Single Engine	\$ 500	3	3	3	2	2	\$ 18,000	\$ 18,000	\$ 12,000	\$ 12,000	\$ 12,000	
Multi Engine	\$ 825	1	1	2	3	3	\$ 9,900	\$ 19,800	\$ 29,700	\$ 29,700	\$ 29,700	
Turbo Prop	\$ 1,100	0	0	1	2	3	\$ -	\$ 13,200	\$ 26,400	\$ 39,600	\$ 39,600	
Jets	\$ 1,500	1	1	2	3	4	\$ 18,000	\$ 36,000	\$ 54,000	\$ 72,000	\$ 90,000	
Total Aircraft		5	5	8	10	12						
Area Lease 1500 sqft @.75/sqft	1500	0	0	1	1	1	\$ -	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	
Office Rental	700	0	2	2	2	2	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	
PSI Testing							\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
Transient Overnight							\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	
Rent on "P" Hangar							\$ 13,284	\$ 13,550	\$ 13,821	\$ 14,097	\$ 14,379	
*New Fuel Profit 1200 gal./mo on Jets. Totals do not include existing net fuel sales of approx. \$8000/year								\$ 54,660	\$ 92,100	\$ 129,540	\$ 148,260	
**Estimated Revenue							\$ 94,984	\$ 209,010	\$ 281,821	\$ 350,737	\$ 387,739	
* Fuel Estimates are based on the greatest discount given to based customers. Not all customers will receive this level discount.												
**Estimated revenues are conservative and do not include CPI increases.												
Expenses							2017	2018	2019	2020	Capacity 2021	
Debt Service on \$1.5M							\$ 115,500	\$ 115,500	\$ 115,500	\$ 115,500	\$ 115,500	
Electric							\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989	
Water							\$ 1,000	\$ 1,020	\$ 1,040	\$ 1,061	\$ 1,082	
Insurance							\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	
Facility Improvements							\$ 9,000	\$ 14,000	\$ 14,500	\$ 21,000		
Loss of Current Ground Lease							\$ 7,090	\$ 7,232	\$ 7,376	\$ 7,524	\$ 7,674	
Misc. Annual Repairs							\$ 3,500	\$ 3,570	\$ 3,641	\$ 3,714	\$ 3,788	
Expenses							\$ 151,090	\$ 156,562	\$ 157,543	\$ 164,534	\$ 144,034	
							\$ (56,106)	\$ 52,448	\$ 124,278	\$ 186,203	\$ 243,705	