



## Regular Meeting Agenda May 8, 2023 – 4:00pm

- **Call to Order**
- **Pledge of Allegiance**
- **Agenda Approval**
- **Staff Report**
- **Business Partner Updates**
- **New Business Items**
  - **Volato's Proposal for FBO & MRO Facility**
- **Public Comment – General**
- **Member Comments and Reports**
- **Adjournment**



# **Staff Reports – Items of Interest & Update of Projects**

**Nothing to Report**



# Business Partner Updates –

- Mr. Henry Dean, St. Johns County Commissioner
- Mr. Vinny Beyers, Atlantic Aviation
- Mr. Jose Riera / Mr. Jaime Topp, SAAPA Liaison
- Mr. Nate McKendrick, NGC
- Mr. Courtney Pittman, ATC Manager



## Staff Reports – Operations

### April 2023

#### Air Traffic Volume -

2023 (2022)

- *Month:* 11,756 (11,399)
- *YTD:* 38,044 (39,528)

#### Fuel Volumes – Gallons

##### FBO -

2023 (2022)

##### Jet A -

- *Month:* 166,364 (194,928)
- *YTD:* 653,996 (699,343)

##### 100LL -

- *Month:* 7,932 (8,117)
- *YTD:* 32,170 (32,391)

##### Self Serve - 100LL

- *Month:* 16,260 (14,806)
- *YTD:* 63,428 (57,918)

## **NEW BUSINESS ITEM – Volato’s Proposal for FBO & MRO Facility**

- **Staff Introduction**
- **Volato’s Presentation**
  - **Initial Airport Authority Review**
    - **Reference Lease Policy & Procedures**
      - **Section 8.2 Agenda Items**
- **Chad Roberts Comments**
- **Staff Direction**

# Public Comments

- Three (3) Minutes per Speaker
- Address Matters that Reasonably May Need Attention of the Authority

## **RULES OF DECORUM**

- May Not Disrupt the Meeting with Personal, Impertinent or Slanderous Remarks or Boisterous Behavior
- Please Address the Authority as a Whole, Not Any Individual Member or Staff
- Please Refrain From Making any Demand for an Immediate Response From the Authority



# Authority Members

## Comments and Reports

### **Ms. Michelle Cash-Chapman**

- Aerospace Academy

### **Mr. Dennis Clarke**

### **Ms. Jennifer Liotta**

### **Ms. Reba Ludlow**

- TPO

### **Mr. Robert Olson**

- EDC

# Proposed Meeting Dates

**Regular Meetings** – 2<sup>nd</sup> & 4<sup>th</sup> Monday

- May 22<sup>nd</sup>
  - June 12<sup>th</sup>
  - June 26<sup>th</sup>
  - July 10<sup>th</sup>
  - July 24<sup>th</sup>
- 
- *\*All Meetings Begin at 4pm Except as Otherwise Note*

**ADJOURNMENT**



# Fixed Based Operator and Repair Facility Proposal

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Monday, April 10, 2023



## Innovative Aviation Solutions

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<https://flyvolato.com/>  
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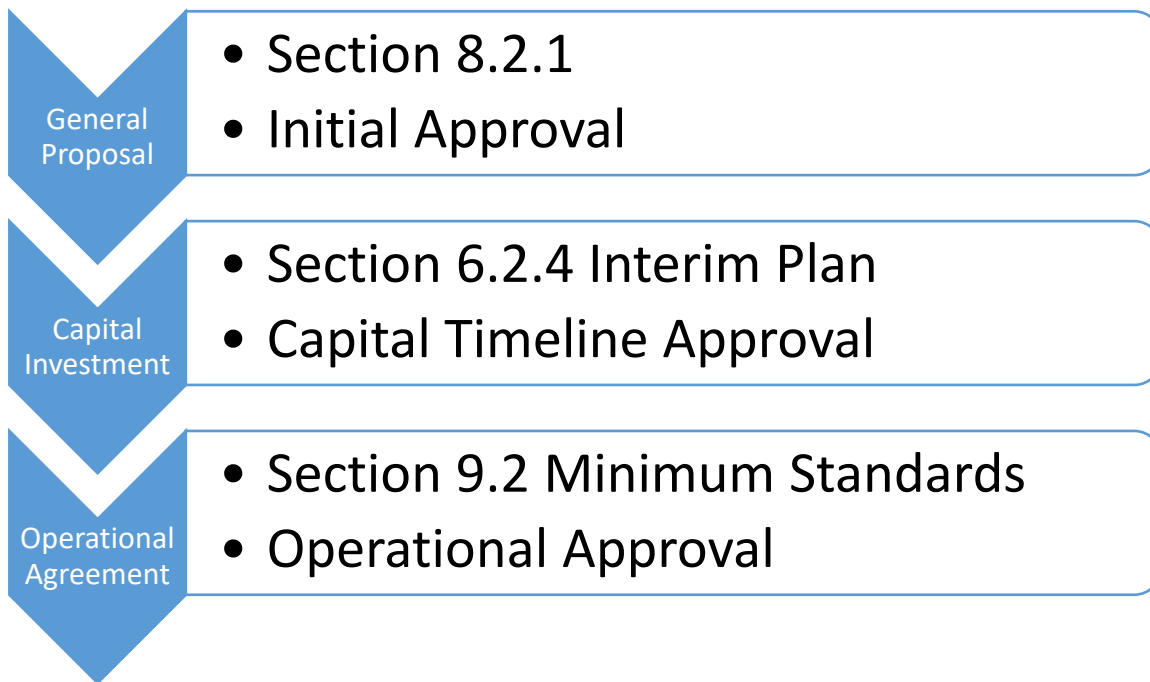
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## Executive Summary

The St. Augustine – St. Johns County Airport Authority lease policy and minimum standards documents provide a tiered approach to establishing a lease at the Airport. A proposal complying with the requirements of Section 8, specifically 8.1, should result in an “initial Authority Review prior to substantive (SIC) negotiations accomplished by the Executive Director.” Section 8.2.1. The Authority reviews the proposal to determine the “public use and benefit” of the proposal under Section 6.2.1. As defined in Section 2, “public use and benefit” refers to the determination and assurance that the airport and its facilities must be available to be used in common with the public, and that terms imposed on those who use the airport and its services must be fair, reasonable, and applied without unjust discrimination in exchange for granted rights for the offering of services to the public as related to aeronautical activities. Section 6.2.1 contains provisions that are required in the ultimate lease document. Presuming an initial approval of the proposal under Section 8.2, **substantive** negotiation begins.

The lease policy at Section 6.2.4, requires that all aviation leases contain specific language including what services are to be provided, capital requirements, and date-certain phasing of capital requirements. Prior to commencing operations, a detailed application under Section 9.2, is drafted and presented to the Authority for approval. The approval of the operating application results in an operating agreement.



This flow is not specifically detailed in the Lease Policy.

Volato, Inc. (Volato) initially expressed interest in developing vacant land at the Northeast Florida Regional Airport in August of 2021. Additional expressions of interest to develop vacant land occurred in September of 2021, October of 2021, January of 2022, March of 2022, and September of 2022. Ultimately, Volato filed a Part 16 Complaint with the FAA requesting resolution of issues related to the St. Augustine – St. Johns County Airport Authority (Authority) interpretation of the FAA grant assurances.

This proposal is a good faith effort to resolve the Part 16 Complaint and an attempt to abide by the Authority’s policy in so far as reasonable under current FAA guidance and as applicable to the development of a public aeronautical or commercial aeronautical service provider or fixed based service provider.

## **1. Volato Proposal based on Section 8.2.1 of the Lease Policy and Procedures adopted in June of 2020.**

Section 8.2.1 of the Lease Policy and Procedures provides as follows:

### **Tenant Provided Information:**

1. Full Description of Proposed Scope of Operation.
2. Description of Business Entity and Character
3. Evidence of Technical Competency
4. Statement of Compliance with Authority's Minimum Operating Standards for Commercial ventures
5. Evidence of Insurability
6. Description of Security Provisions associated with venture.
7. Start-up Businesses may be required to submit a "Business Plan" for Authority Review

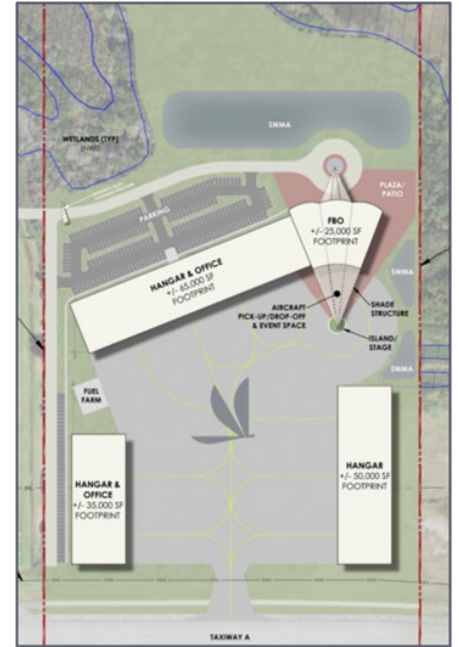
### **Staff Provided Information:**

1. Statement of Compliance with current Airport Master Plan
2. Description of Property to be leased and/or constructed and associated development timeline.
3. Statement of Compliance with Minimum Operating Standards
4. Airport Infrastructure and Operational Impact Statement

#### **A. Volato's Proposal**

Volato is proposing to design and build an FBO and maintenance and repair facility that will ultimately be comprised of up to 175,000 sq. ft. of hangar and aeronautical based office space. Volato is proposing a phased development plan that will ultimately include a fuel farm or the provision of fuel by transport vehicle, airframe and powerplant repair, 14 C.F.R. Part 135 charter operations, flight training, and aircraft sales. Volato specifically intends for the new facility to meet the following goals:

- Increased jobs on the Airport, including high wage jobs
- Increased fuel flow estimate
- Increased Airport activity
- Increase competition for existing FBO
- Increased activity for existing FBO
- Increase business opportunity for other aviation businesses
- Increase economic potential for St. Augustine area
- Meeting the demand for business jet hangar space
- Development of vacant land without jeopardizing self-sufficient airport status or requiring public financing.



Volato agrees to abide by the lease provisions defined in Section 6.2.1. The Authority’s Minimum Standards define an FBO as a “full service commercial aeronautical service provider.” Based on existing policy, the proposed development meets the definition of a public provider of “aeronautical services” and a provider engaged in commercial activity meeting the public use and benefit requirement.

B. Volato Tenant Required Detail Under 8.1. – 21 Acre Identified as Potential MRO on Master Plan – Preferred Alternative

In compliance with Exhibit 8.1, Volato submits the following detail:

1. **Proposed Scope of Operation.** Volato proposes to develop the 21-acre identified on Master Plan Sheet 4 in a phased approach beginning with the area identified as the FBO Reception Area. The initial operation shall include charter flight operation, aircraft management, aircraft servicing, and other full service FBO activities. Volato shall enter a separate operating agreement upon development of non-owned aircraft fuel servicing.

The operation will proceed based on a financial structuring agreement and activity triggers. See Interim Plan Below. In the event Volato is unable to proceed with any phase within a reasonable time, as defined in our lease agreement with the airport, Volato shall release that portion of the operation to the airport.

2. **Description of Business Entity and Character.** Volato is an innovative private aviation company offering efficient, friendly, and rewarding solutions for private aircraft travel. Volato is associated and affiliated with a variety of aviation service providers and intends to provide a comprehensive selection of FBO services.

Volato is the second largest employer at the Northeast Florida Regional Airport. Volato’s long-term plan is to expand its fleet of HondaJets from 17 to 85. There are currently 25 HondaJets on order. Additionally, Volato anticipates delivery of four G280s in 2024. Volato’s five-year plan includes the expansion of its fleet to over 100 aircraft.

Volato is not and has not been in default on any of its obligations to the Airport.

3. **Evidence of Technical Competency.** Founded in 2021, Volato acquired significant operating experience with the acquisition of Gulf Coast Aviation (GCA) in March of 2022. GCA boast a 25-year history in the private aviation market, including an Argus Platinum and State 3 IS-BAO rating. Argus standing is granted to companies that demonstrate operations excellence though the implementation of best safety practices relative to their operations and maintenance, with safety management activities fully integrated into their culture. Volato retained much of GCA’s experience and continues to expand on its safety-first culture.
4. **Statement of Compliance with the Airport’s Minimum Standards.** Volato asserts that it is and shall remain in compliance with the Authority’s minimum standards for all FBO operations it engages in or will undertake.
5. **Evidence of Insurability.** Volato asserts that it is now and will remain insured as required by the Authority’s minimum standards.
6. **Description of Security Provisions associated with venture.** Volato will provide Authority with plans and other documents during all phases of the project to permit Authority input on proposed security measures. Volato shall comply with all FAA and TSA requirements regarding access and access points.
7. **Start-Up Business may be required to submit a “business plan” for Authority Review.** Volato is not a start-up, however, Volato is happy to address non-proprietary business model elements with the Authority.

C. Volato Tenant Required Detail Under 8.1. – Additional Parcel Identified as Potential FBO Development on Master Plan – Alternative 1

At Authority's request, in compliance with Exhibit 8.1, Volato submits the following detail for the 5 Acre site identified on the Airport Layout Plan as Potential FBO Development:

1. **Proposed Scope of Operation.** Volato proposes to develop the Potential FBO Development identified on Master Plan Sheet 4 in a phased approach beginning with an FBO Reception Area and a storage hangar. The initial operation shall include charter flight operation, aircraft management, aircraft servicing, and other full service FBO activities. Volato shall enter a separate operating agreement upon development of non-owned aircraft fuel servicing.

The operation will proceed based on a financial structuring agreement and activity triggers. See Interim Plan Below. In the event Volato is unable to proceed with any phase within a reasonable time, as defined in our lease agreement with the airport, Volato shall release that portion of the operation to the airport.

Items 2 – 7 are not impacted by the reduction in the area subject to lease.

**2. Volato Proposal based on Section 6.2.4 related to capital requirements and date-certain phasing of capital requirements.**

There are standard industry processes for developing private airport projects on obligated public use airports. The chart outlines the key phases of the overall project proposed. At present, the project is in the concept phase. The vision for the project is broadly outlined to arrive at a meeting of the minds between the private developer and the airport. Ultimately, the airport will own the improvements. The private owner must obtain a sufficient return on investment in the interim to justify the investment.

In the initial phase, the cost of the project evolves from a rough capital estimate to a fully built out project. The cost of a project and financial triggers are refined as the project develops. Two types of financial triggers govern each phase of the project: 1) financial feasibility triggers and 2) outside demand triggers. This chart incorporates both.

Phase	Specific Facility	Minimum Investment Planned	Min Std Required	Min Invest Required	Financial Trigger	Outside Demand Trigger	5-Acre	21-Acre
1	FBO Reception	\$500k	2,000 ft2	~\$250k	Initial Requirement	Lease Policy	\$500k	\$2.5m
1	Hangar	\$400k	10,000ft2	~\$400k	Initial Requirement	Lease Policy	\$400k	\$1.3m
2	Hangar Office Combo	\$1.4m	NA	NA	Demonstrated Demand or ROI > 10% over 5 years	5 years or Bon Fide Offer	NA	\$1.4m
3	Hangar	\$1.6m	NA	NA	Demonstrated Demand or ROI Phase 1 and 2 > 10% over 5 years	5 years or Bon Fide Offer	NA	\$1.6

Phase 1	FBO Reception 21 Acre	Hangar 21 Acre	FBO Rec Unknown Acres	Hangar Unknown Acres
<b>Concept</b>	Fall 2023	Fall 2023	Fall 2023	Fall 2023
<b>Commence Construction</b>	Winter 2023	Winter 2023	Winter 2023	Winter 2023
<b>Construction Complete</b>	May 2024	July 2024	May 2024	June 2024
<b>Operation Date</b>	June 2024	August 2024	June 2024	July 2024
<b>Rent Commencement Date</b>	December 2024	January 2024	December 2024	January 2024
<b>Lease Conclusion and Building Surrender Date</b>	January 2054, up to 4 extensions of 5 years	January 2054, up to 4 extensions of 5 years	January 2054, up to 4 extensions of 5 years	January 2054, up to 4 extensions of 5 years



### 3. Volato Proposal based on Section 9.2 of the Lease Policy and Procedures adopted in June of 2020.

The following section complies with the provisions of Northeast Florida Regional Airport Minimum Commercial Aviation Operation Standards as incorporated in the St. Augustine – St. Johns County Airport Authority Lease Policy and Procedures adopted in June of 2020.

#### Application Components

##### Part III, 2

- a. *Detailed description of the scope of the proposed operation, a detailed description of the means and methods employed to accomplish the intended operation and a proposed commencement date.*
  - Volato intends to operate an FBO as described in Part VI, Subpart A of the minimum standards. The minimum standards require an FBO with fuel sales to provide aircraft guidance, parking, retail fuel sales, aircraft charter, aircraft maintenance services, basic flight training, ground support, flight planning facilities, and public amenities. Volato is the largest employer on the field and successfully operates facilities around the country.
- b. *The amount of land or building space desired to be used or occupied.*
  - Volato desires to develop the 21-acre parcel in the East Corporate area. The Northeast Florida Regional Airport Minimum Standards require Fixed Based Operators to obtain no less than 3 acres for this purpose. The approximately 5-acre parcel designated Potential FBO Development may also be suitable for Volato's purpose.
- c. *Preliminary plans, specifications and dates for any improvements that the Applicant intends to make on the Airport as part of the activity for which approval is sought. Please see above.*
  - A preliminary site plan for this area is available. Preliminary plans cannot transition to detailed plans until the exact location of the facility is known.
- d. *A list of current or proposed assets that will be used in the business on the Airport.*
  - Volato is the second largest employer on the Airport. Volato will use its fleet of aircraft and existing maintenance assets in the new operation. Volato is committing to a **minimum** investment of \$1,000,000 in the new facility. If permitted to invest on the 21-acre site, the investment is likely in the tens of millions of dollars, exclusive of the aircraft assets that will be located on the field.
- e. *Periods (days and hours) of proposed operation.*
  - The FBO will operate at a minimum of 7 days a week from 7:00 a.m. to 10:00 p.m.
- f. *The current financial statement, together with financial projections for the first three years of operation, as prepared by a Certified Public Account. Volato requests waiver or confidential treatment regarding this requirement.*
- g. *The name, address, telephone number and email address of the Applicant.*

Volato, Inc.

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Email: [matt.liotta@flyvolato.com](mailto:matt.liotta@flyvolato.com).

Volato requests in corporate structure of the actual ownership of developed facilities for practical liability and tax compliance purposes.

- h. *The name address and telephone number of any person who holds a controlling interest, directly or indirectly, in the entity which is making application.*
  - N/A
- i. *Sample signature.*
  - Digital signature will be provided.
- j. *The total number of persons to be employed by the proposed operation. Phase 1-20; Phase II-10; Phase III-5. This is a very conservative estimate of direct employees. The nature of the development will result in indirect employment.*
- k. *A current credit report for each party owning or having ten (10%) percent or more financial interest in the business and a credit report on the business itself covering all geographic areas in which it has done business in the ten-year period immediately prior to application.*
  - Based on status as existing business at the Airport, Volato requests that this requirement be waived.
- l. *Copies of all licenses, certifications and permits processed by the Applicant and its key employees to be based at the leased premises that are necessary or required to perform the proposed services.*
  - Volato request an assurance from Authority that all personal protected information (PPI) contained in this request is subject to appropriate security prior to providing the requested information.
- m. *An agreement to provide bond or suitable guarantee of adequate funds to Airport to be used to defray any expenses and fees normally paid by the Operator between the estimated time the Operator may default and a new lease is executed and another Operator takes over.*
  - Volato requests that this requirement be waived until such time as the bond or guarantee can be estimated.
- n. *A written authority for the FAA, any aviation or aeronautics commissions, administrators and departments of all states in which the Applicant has engaged in aviation business to release information in their files relating to the Applicant or its operation [the Applicant will execute such forms, release or releases as may be required by those agencies].*
  - Volato does not object to providing a release for the FAA or other state aviation entities.

- o. *Copies of insurance company letter of intent of liability coverage for the business operation, flight operations, itinerant Aircraft and operators and premises insurance.*
  - Volato will provide required documents in conjunction with the operation agreement.
- p. *Amenities and methods to attract new business. A fully executed operating agreement or lease / operating agreement with the Authority shall be required of all based commercial users.*
  - See proposed scope of project detailed above. Volato intends to sign an operating agreement with the Authority.
- q. *Any other information the Director may reasonably required (SIC) to evaluate the application.*
  - Volato does not object to providing additional information that might assist in the evaluation of this application.
- r. *No requirement stated.*
- s. *No requirement stated.*
- t. *Each person shall comply with Airport Security and the Authority's rules on Pedestrian / Vehicle Gate Access.*
  - Volato does not object to complying with the Authority's security rules and regulation.

Part III, 3

Requirements for FBOs.

- a. *A prospective FBO will meet requirements for an FBO.*
  - Volato does not object to meeting the requirement for an FBO.
- b. *Leases for any prospective FBO shall be for such term and duration as mutually agreed upon between the parties with due consideration for similar operations at the Airport, the financial investment of the prospective FBO, amortization of the investment, the Airport's Master Plan and ALP, governing FAA regulations and deed restrictions, and with due consideration that the prospective FBO is not provided any unfair competitive advantage over the existing FBO Operator or Operators.*
  - Volato concurs with this statement and seeks to abide by the terms with the agreement provided.
- c. *The Person operating the prospective FBO shall have such business background and shall have demonstrated such business capability to the satisfaction of the Director. Such Person shall further demonstrate that they have adequate resources to realize the business objectives agreed to by the Director and the Applicant.*
  - Volato requests that this "requirement" be waived. It does not establish objective criteria for evaluating the requirement. Additionally, the business objectives of the private entity are subject to the Director's "objectives."