

October 5, 2021

Mr. Rufus A. James, Airport Manager Ft. Lauderdale Executive Airport 6000 NW 21st Avenue Fort Lauderdale, FL 33309

Re: FXE Parcel 7B lease requirements

Dear Rufus,

With regard to the lease amendment and restatement for this parcel that is dated April 8, 2020, I want to bring you up to date with the construction on the parcel, the wrinkle we encountered, and the remedy Sheltair proposes.

The amended and restated lease has a scope, schedule, and minimum expenditure for required improvements to the parcel, all of which are detailed in Exhibit "B" to the restated lease (attached). In the period ending March 31, 2021, there is paving work both airside and landside, as well as LED lighting and landscaping upgrades. The paving is \$1.30 million airside, \$80,000 in parking lot improvements, and the lighting and landscaping total \$110,000.

The history of the \$1.3 million in paving was originally based upon an estimate for replacing the existing (largely asphalt) ramp with concrete. Earlier versions of the draft amendment referenced "poured concrete" in the scope, with the \$1.3 million minimum expenditure. Our internal estimates for removing the existing asphalt and concrete and converting the ramp to poured concrete was \$1.25 million.

As discussions continued, right up until final versions were prepared for approval, the concrete was seen as 'overkill' given the operations expected to be conducted on the parcel, and the final, signed lease amendment specifies "new asphalt". Asphalt is significantly less expensive than concrete, as you know, yet the dollar commitment was unchanged at \$1.3 million. This was a miss in communication on our part. Our internal estimates on an asphalt project, using worst-case assumptions to remove existing asphalt to base rock, re-work rock and compact, and apply new Type III asphalt, was \$880,000.

Even that estimate assumed worst case conditions and was extremely high out of caution to not come in over our internal budget. Core samples showed a good base throughout the project area, which reduced the project even further to a mill and re-pave. All apron, parking, and lighting/landscaping work was completed in August 2021, and our final expense for that work is \$416,385.

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The end result is that Sheltair met the scope of the work in Exhibit B for approximately \$1,073,000 less than the minimum expenditure outlined in Exhibit B. I've shared with you more back story here so there's an open understanding of how the disconnect between scope and minimum expenditure occurred.

To be absolutely clear, Sheltair budgeted the full amount per the lease agreement and we have funds committed and immediately available. The entire scope requirement has been met by the completed project and we have the \$1,073,000 in committed, unspent funds. Sheltair is required to further invest in each of the buildings on 7B over the next few years already, and the parcel is very limited in size and complexity, so there is little opportunity to create additional work on the parcel.

As a result, we propose that Sheltair be granted permission to fulfill the minimum expenditure for pavement by repairing structural pavement issues in adjacent lease parcels. To date, we have identified seven areas spread across Parcels 21, O, 4, and 5 that meet the visual criteria for mill/replace/base repair. We completed the engineering work and permitting and estimate the total cost of the work proposed at \$1,101,102—for a total expenditure of \$1,517,487, in excess of original commitment.

I have attached surveys showing the work areas proposed.

Sheltair requests your support and submittal to the appropriate oversight authority for approval to fulfill Sheltair's \$1.3 million "new asphalt" commitment in the Parcel 7B lease by performing equivalent work in other adjacent lease parcels at Ft. Lauderdale Executive Airport. We anticipate the additional work would be completed before the March 2022.

I am happy to provide you with any more details that you would require to be able to submit this request to City management, the City's airport advisory board, and the City Commission.

Thank you for your continued partnership.

Regards,

Milo Zonka

Vice President, Real Estate mzonka@sheltairaviation.com

(321) 863-1812

Milo M. Tonka

Attachments: Exhibit B from Parcel 7B Amended and Restated Lease dated April 8, 2020

FXE Additional Paving Prospects survey maps