

To: Lee Feldman, City Manager for the City of Fort Lauderdale  
Cc: Rufus James, Airport Manager  
From: Chad Farischon, Partner, Lynx FBO Network  
Date: 11/15/2018  
Re: Parcel 8, 10 & 11 Project & Lease Proposal

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Lynx FBO Network (“Lynx” or the “Company”) is under an asset purchase agreement to purchase substantially all of the FBO assets of World Jet, Inc., a FBO presently operating at Fort Lauderdale Executive Airport (FXE) (the “Transaction”). As a condition to closing the Transaction, Lynx seeks: (i) a new 30-year lease for Parcels 10 & 11 (in lieu of the existing four (4) year term); and (ii) a new 30-year lease for Parcel 8 (in lieu of the existing ten (10) year term remaining).

In consideration for the new leases, Lynx would commit to undertake a significant rehabilitation of Parcels 8, 10 and 11 – ***investing \$14 million in capital improvements*** – with the goal of constructing a world-class FBO at FXE. In addition, Lynx proposes increasing the rent it would pay to FXE during the term of the new leases. The key terms of Lynx’s proposal (outlined below) not only result in the construction of a new, world-class FBO facility, but also ***result in FXE receiving an additional \$472,000 a year in rent***, as compared to the current rent for Parcels 8, 10 & 11 (see Table 1 below). ***The Lynx proposal produces ~\$1.9 million in additional rent in just the first four (4) years alone, and secures a rental income stream of ~\$25 million over the next 30 years.***

#### **Key Terms Proposed:**

The Company proposes the following terms for the new 30-year leases:

- **Parcel 8:**
  - Reset lease term to 30 years
  - Increase ground rent to current market rate of \$0.40 per square foot **immediately** (***worth over \$2.3 million in rents paid over the first ten (10) years*** - current remaining lease term) (see Table 2)
  - In addition to ground rent paid to FXE, remit 5% of the gross hangar rental receipts **immediately** (***worth over \$1.1 million in rents paid over first ten years*** - current remaining lease term) (see Table 2)
  - Spend \$2.5 million in Years 6-10 of the new lease for a new hangar development project
- **Parcels 10 & 11:**
  - Reset lease term to 30 years
  - Increase ground rent to current market rate of ~\$0.40 per square foot **immediately** (***worth over \$345,000 over first four (4) years*** – current remaining lease term) (see Table 2)
  - In addition to ground rent paid to FXE, remit 5% of the gross hangar rental receipts **immediately** (***worth over \$350,000 over first four (4) years*** – current remaining lease term) (see Table 2)
  - Spend \$4.5 million in first 24 months of the new lease for leasehold beautification (curb appeal) and demolition and subsequent construction of a new FBO terminal
  - Spend \$2.5 million in Years 6-10 for demolition and subsequent construction of new hangar on Parcel 11
  - Spend \$4.5 million in Years 11-15 for rehabilitation/construction of hangars on Parcel 10

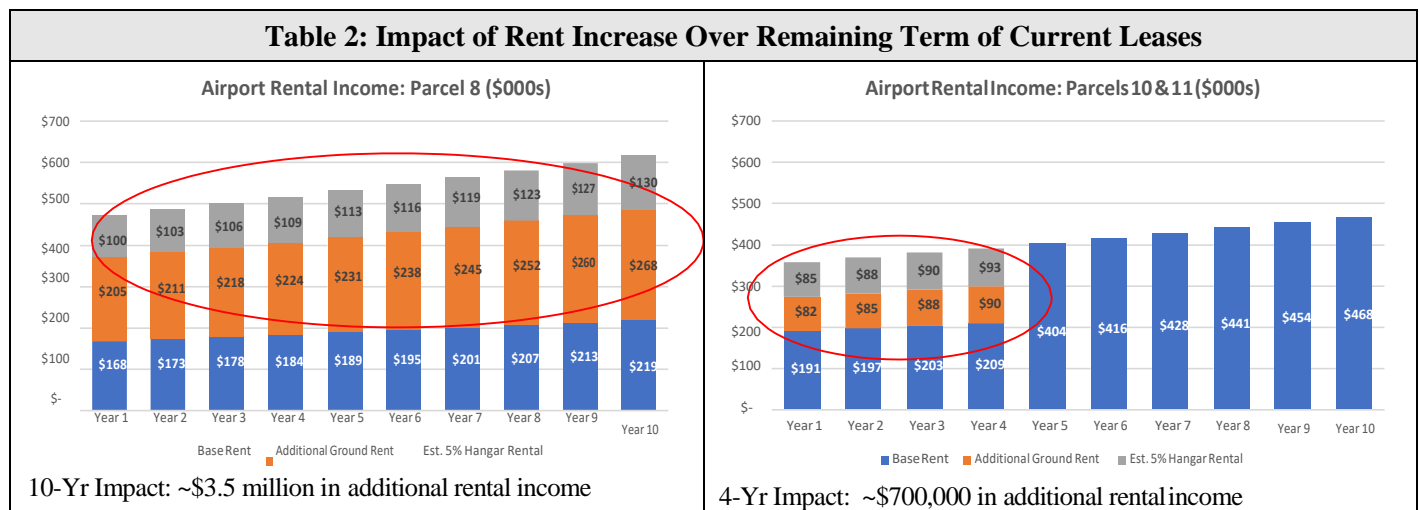
In the table below, the Company has outlined the annual impact of the increase in ground rent from current levels to \$0.40 per square foot immediately, as well as the annual impact of remitting 5% of gross hangar rental receipts to FXE, beginning immediately. Annual rental income from Parcels 8, 10 & 11 will be over \$830,000, **an immediate increase of approximately \$472,000 per year**, once the new leases are signed.

Parcel	Parcel Square Feet	Avg. Rent Per SF	Current Annual Rent	Proposed Rent Per SF	Proposed Annual Rent	Estimated Annual Increase
Parcel 8	933,062	\$ 0.18	\$ 167,951	\$ 0.40	\$ 373,225	\$ 205,274
Parcel 10AB*	227,775	0.19	73,145	0.40	91,110	37,698
Parcel 10C**	78,931			0.25	19,733	
Parcel 10D**	78,930			-	-	
Parcel 11ABC**	407,155	0.29	118,075	0.40	162,862	44,787
Sub-Total	1,725,853		\$ 359,170		\$ 646,929	\$ 287,759
Plus: Estimated 5% Gross Hangar Rental			-		185,000	185,000
<b>Total</b>			<b>\$ 359,170</b>		<b>\$ 831,929</b>	<b>\$ 472,759</b>

\* Current rent for Parcel 10ABCD is \$73,145  
 \*\* Parcel 10D & 11D revert back to the airport for the taxiway project. Parcel 10C remains restricted small aircraft parking use

*Note: Excludes impact of sales tax on rental income and lease rental rates*

***It is important to recognize that by establishing new leases immediately, FXE will increase its rental income by ~\$3.5 million in the first ten (10) years associated with Parcel 8 (the lease currently has ten (10) years remaining) and by over \$700,000 in the first four (4) years associated with Parcels 10 & 11 (the leases currently have four (4) years remaining).*** The annual impact of the rent increases, including the addition of the gross hangar receipts income, over the course of the next ten (10) years is outlined below in Table 2.



Lynx requests approval from the City to: (i) agree to a term sheet outlining the foregoing as soon as possible; and (ii) thereafter, draft, negotiate the legal points of, and execute two new leases.

Respectfully,  
 Lynx FBO Network