



# Asset Management for Aviation Leaders

Tuesday, October 16<sup>th</sup>: 10:30 a.m. – 12 Noon

Presenters: Jeff Agur – VanAllen, Sean Lancaster – Bristol Associates and Mark Ringel – HCH Legal

# Getting to Know Each Other

- Us
- You

# Managing Your Aviation Asset

## Why is it important?

- Value
- Financing considerations
- Reliability
- Regulatory compliance

# Managing Your Aviation Asset

How you can be proactive:



# Life Cycle Planning

## Preserve value over your ownership cycle

- Take action on a regular basis
- Get attention during Budget Planning for the upcoming year
  - What investments do you need to make and why?
    - Equipment, cosmetics, etc.
    - Preference, comfort, function, value or regulatory mandates
  - What is your maintenance projection for the year and who will perform it?
    - Are you under a program and required to use certain providers?
    - What can/should be done in-house?

# Life Cycle Planning

## Other considerations

- What is the expected Life Cycle of the aircraft? How long will you own it? Why?
- Are certain upgrades available?
- What is the financing arrangement?
  - Is the aircraft on lease? If so, what are the lease obligations and return conditions?
    - Mid-life condition requirements
    - Use limits
    - Periodic evaluations or only at the end of the term
- How often should we have our aircraft records audited?
  - Who should be doing this evaluation?

# Life Cycle Planning

## Real-life scenarios



### 1999 Gulfstream GIVSP

- Owner is upgrading within 2 years
- Legacy CMS system
- No Wi-Fi



### 2010 Citation Sovereign

- Coming off lease in 6 months
- Lessee has no intentions to purchase aircraft
- No ADS-B compliance

# Aircraft Transaction

## Consider different goals of buyer and seller

- Seller
  - Maximize sales price
  - Avoid unnecessary costs
- Buyer
  - Turnkey
  - Good value

# Aircraft Transaction

## Maximize the value of your asset

### Ownership Cycle Planning

You are ahead of the game if you've considered this before your end-of-ownership. Start this when and before you buy.

### Make smart investments

Consider investments that will help the marketing or resale versus what the buyer would want to do themselves.

### Know your market

Domestic or Intl?  
Leverage your broker/consultant to educate you on data. Evaluate your sources of information.

### Pre-buy inspection

Understand what should be done before the inspection and what could/should be done as part of the inspection.

# Aircraft Transaction

## Other considerations

- Tax consequences and timing
  - No more LKEs
  - Plan for gain/loss recognition
  - 100% depreciation can offset gain (same tax year)
- Damage history or unique circumstances
  - Disclosure is best (but don't panic!)
  - Log books
    - Keep two sets so you can provide buyer with basic information, not dirty laundry

# Aircraft Transaction

## Real-life scenarios



### 2002 Challenger 604

- Replacement aircraft in pre-buy
- Damage history



### Dassault Falcon 7X

- Buyer looking for “best value” in market
- Firming market conditions
- Maintenance considerations

# Aircraft Availability

## Keep your asset available and reliable

### WHY:

- Minimize scheduled downtime
- Mitigate AOG events

### HOW:

- Have a plan in place
  - Schedule maintenance accordingly
  - Time various upgrades (i.e. Wi-Fi) with other maintenance events
  - Monitor and manage the process
    - Do you have time to stay on top of it or can you hire someone to help?

# Aircraft Availability

## Other considerations

- Event-based maintenance vs. continuous inspection programs
- Parts inventory strategies
  - Do you have a go kit or a go team?
  - Can you rely on parts from another vendor or do you stock yourself?
- AOG support and planning
  - When do you send a technician or rely on a manufacturer support while aircraft is remote?
  - Part of the flight planning process

# Aircraft Availability

## Real-life scenarios

What strategies are you leveraging?

# Any Questions?

## How to contact the presenters:

- Jeff Agur [jagur@vanallen.com](mailto:jagur@vanallen.com)
- Sean Lancaster [slancaster@bristolassociates.com](mailto:slancaster@bristolassociates.com)
- Mark Ringel [mringel@hghlegal.com](mailto:mringel@hghlegal.com)



 **NBAA|BACE**<sup>®</sup>  
OCTOBER 16-18, 2018 · ORLANDO, FL