

MEMORANDUM

DATE: July 8, 2010

TO: Beaufort County Airports Board

FROM: HXD Hangar Sale Study Committee

The Committee of BCAB members studying the issue of whether or not to recommend the sale of the County-owned hangars at Hilton Head Island Airport ("HXD") met to discuss various sale scenarios. In all such scenarios, there is one, over-riding factor and uncertainty that exerts great influence on the potential success (or lack thereof) of such a transaction. That factor is the 25% management fee currently retained by Signature Flight Support ("Signature") for administering the hangar rental business at HXD.

The Committee has been informally advised that the right of Signature to continue to act as manager for such hangars would terminate with their sale to a third party. However, because this management fee is quite substantial...about \$40,000 for the year 2010...and the question so important, the Committee believes a formal, written, legal opinion confirming the above, is necessary at this time and before proceeding further with our study and recommendation. Without termination of the management fee, sale possibilities will be extremely limited.

Accordingly, the Committee respectfully requests the County Attorney provide us with his written opinion that, in the event of a hangar sale to a third party, the right of Signature to continue as manager and collection agent for such hangars pursuant to Lease Addendum No. 1 of June 21, 2005, ceases as of the date of hangar sale, and further, the purchaser would have no obligations remaining under this Addendum, to Signature. A new agreement between Purchaser and Signature relative to the latter's continued occupancy of the largest box hangar would be substituted.

Upon receipt of the requested opinion, the Committee will move as quickly as possible to submit its recommendation to the BCAB.

The Committee: Will Dopp
Derek Gilbert
Joe Mazzei
Joe Zimmerman