



PRIVATE AVIATION CASE STUDY

# Private Equity Investor





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### SERVICES UTILIZED

Charter, Fractional, Acquisition Services, Ongoing Consulting

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### INDUSTRY

Finance, Energy

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### TYPE OF PROJECT

Charter to Acquisition

## THE CHALLENGE

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When you run a finance company that specializes in capital solutions and financing for the energy industry, it's crucial that you be able to meet face-to-face with clients, regardless of where they are in the world. That was the challenge one private equity investor encountered that motivated him to work with Essex Aviation. With his own clients spread out across the continental U.S. and Canada, often in remote locations with limited commercial airline options, it soon became clear to this client that flying commercial was an impractical solution.



Aircraft: **Bombardier Challenger 350**

After a friend recommended Essex Aviation's aircraft acquisition and advisory services, the client began to work closely with Lee Rohde and Thomas Mitchell of Essex to determine which service best suited his travel needs. When asked about the most important factors driving his decision, the client cited cost, quality of service and quality of aircraft, but listed time as his chief concern. At the time, the client was preparing to sell his company and found that the amount of hours he spent flying fluctuated significantly from year to year. Based on this information, Essex helped the client come to the conclusion that charter services would most closely meet his aviation needs.

The client, as well as his assistant, mentioned that they were particularly impressed by Rohde's honesty.

*“[Lee] could have pushed us toward fractional service or toward signing an agreement, but he never did that,” said the client’s assistant.*

*“He encouraged us to go for the charter because it made the most sense. It left us with a good feeling, which is why we went back to [Essex] time and time again.”*

After a few years of chartering, the client's needs changed once again. Between founding a new business, moving to a new location with inconsistent airport service and sending one of his children to school out of state, the client found that he regularly exceeded his 50-hour charter cards. It became clear to the client that it was time to go back to the drawing board — and back to Essex for further assistance.

## THE SOLUTION

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With the help of Essex, the client realized that the recent tax reform bill would enable him to depreciate a significant portion of the cost of a private plane during the first year of ownership (depending upon its utilization), making it more financially practical to acquire a plane than continue to use charter, fractional or regional services. According to the client, Essex's team of experts walked him through every step of the acquisition process by providing accurate cost assessments, building operating cost models, helping him choose the right aircraft model, helping him hire the right lawyers and accountants, and leveraging their connections in the manufacturing industry to negotiate a very competitive price for the aircraft.

*"I don't know how I would have bought this thing without these guys," said the client.*

*"It would have been ridiculously hard because in the normal course of business you don't run across these things. Lee and Tom have very detailed experience and knowledge to fall back on, and they're really good at listening to you and making recommendations based on that."*

The client noted that Essex continued to go the extra mile long after the acquisition was complete by overseeing post-delivery aircraft renovations, helping him identify potential charter clients, and even offering to help train the client's new assistant when his current assistant goes on maternity leave.



Aircraft: **Bombardier Challenger 650**

"Lee is my best friend," joked the client's assistant, adding that the entire Essex team is always available and has made a concerted effort to foster an excellent working relationship over the years.

When asked what stood out to him the most about his experience with Essex Aviation, the client said that throughout the acquisition process, "they treated it like it was their own plane. Any time they say, 'We can get it done,' I feel good about it."



## THE AIRCRAFT

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Prior to the acquisition, the client was already familiar with the Bombardier Challenger 300 and 350, having used both during his years of charter and fractional service. The client originally intended to acquire a Challenger 350 but, also looked at the Challenger 650 and decided to head in a that direction.

The client was impressed by the Challenger 650's spacious additional cabin volume and recognized its value on the chartering market for potential third-party charters. The client also considered the Gulfstream G280 but ultimately settled on the Bombardier Challenger 650. Once the client had made his decision, Essex Aviation stepped in to handle the purchase of the new white-tail aircraft from Bombardier closing on the aircraft in just a few weeks.



Aircraft: **Gulfstream G280**

The Essex team provided comprehensive representation for the client throughout the acquisition process. Essex helped the client evaluate the various aircraft options to determine which one most closely met his defined mission, arranged trips for demonstrations and to view available aircraft, negotiated the Letter of Intent and Purchase Agreements, and provided on-site management for final review, acceptance and closing on the aircraft.

Essex continued to provide support post-delivery, guiding the client and his assistant through post-delivery work on the aircraft, including exterior paint striping and XM Weather and 4G internet system installations at Bombardier's Wichita (Kansas) Service Centre. The aircraft is managed by Meridian Jet and will be placed on the company's Part 135 charter certificate; Essex will continue to assist the client by helping him identify potential charter clients and providing on-going review of the management statements.