

Town of Nantucket
NANTUCKET MEMORIAL AIRPORT
14 Airport Road
Nantucket Island, Massachusetts 02554

Thomas M. Rafter, Airport Manager
Phone: (508) 325-5300
Fax: (508) 325-5306



Commissioners
Daniel W. Drake, Chairman
Arthur D. Gasbarro, Vice Chair
Anthony G. Bouscaren
Andrea N. Planzer
Jeanette D. Topham

NANTUCKET MEMORIAL AIRPORT COMMISSION

December 1, 2016

Special Meeting Agenda

1. Announcements
 - a. This Meeting is Audio Recorded
2. Review and Approve Agenda
3. Public Comment
4. **071216-1** Flat Roof Building Disposition Discussion
5. **091316-3** McGrath Family Trust request to Sub-Lease to Allies Air Freight, LLC
6. **120116-1** Blade Sub-Lease Renewal Discussion
7. **110816-4** FY18 Operating Budget
8. **120116-2** FY17 1st Quarter Update
9. **120116-3** Long Range Financial Planning Discussion
10. Public Comment
11. Adjourn



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Memo To: Airport Commissioners

From : Tom Rafter, Airport Manager *TR*

Subject : Flat Roof Building Use

Date : November 22, 2016

Commissioners,

During the November 11, 2016 Commission meeting, discussion was held concerning the possible use of the old FBO building for handling of air freight. In that regard I have prepared the attached list of some of the advantages and disadvantages to using this building for such a function.

As you may know, both Cape Air and Rectrix have expressed interest in the use of this building for handling air freight. While not the ideal use of this facility, with some modifications, it could be made to function as a freight facility.

Based on this analysis, I would recommend that we maintain our original course of action and develop a Request for Proposals (RFP) for this facility with consideration being given to all potential opportunities, including freight.

Additionally, I would suggest approving the sublease of the existing freight building (Hangar #8) to facilitate the relocation of freight operations from the terminal. This function was temporarily approved after the cessation of operations by Island Airlines.

	Advantages	Disadvantages
Airside		
	Proximity of aircraft to facility permits cart operation and eliminates (possible) need for a vehicle.	Proximity to SIDA area could require freight to go in and out of SIDA
	Provides both airside and landside access	Access from airside for freight is limited to same area as possible customer pick up.
Facility/Processing		
		Facility needs work. Freezing pipes, HVAC very old, deck repairs, roof in poor condition
		Processing system needed
		Customer service/pick up & Drop off conflicts with airside access (security & congestion concern)
		Size may be more than required, leaving potential for some vacant area.
Landside		Limited vehicle parking/staging, especially for trucks
		Current vehicle spaces used by Airport Administration would be lost
		Added congestion to the front drive
		Wayfinding/directional needs (signs etc.)

LEASE AGREEMENT

LESSEE NAME: MC GRATH FAMILY TRUST (hangar-2)

**ADDRESS: Post Office Box #2640
Nantucket, MA 02584**

PHONE: 228-7575

SPACE: North Ramp

INTENDED USE: Airfreight Delivery & Distr.

LOCATION: Old South Road

SIZE: 22,000 (SQ. FT.)

**RENT ANNUALLY: \$16,164.00 or
plus an amount in lieu of taxes**

MONTHLY: \$1,347.00 + landings

SECURITY DEPOSIT: \$4,041.00

STARTING DATE: 4/1/00

ENDING DATE: 3/31/20

This Agreement, made this first day of April, 2000, between the Nantucket Memorial Airport Commission, hereinafter called "LESSOR" and "LESSEE", named above hereinafter called "LESSEE".

In consideration of the mutual covenants and agreements hereinafter set forth, LESSOR and LESSEE agree as follows:

1. **SPACE:** LESSOR agrees to lease to LESSEE the above space (the "space" or "premises") at LESSOR's facility known as Nantucket Memorial Airport (the "Airport"), all on the terms and subject to the conditions of this Agreement.
2. **ADDITIONAL TERMS OF THIS LEASE IN EXHIBIT A:** Set forth in Exhibit A attached hereto, entitled "LEASE AGREEMENT: ADDITIONAL TERMS" are additional provisions. These provisions and other set out in Exhibit A, are considered to be a part of this Agreement.
3. **TERM:** The term of this Agreement shall be for a period of up to twenty (20) years commencing on the starting date above, subject to Exhibit A.
4. **RENT:** For use of the space, LESSEE shall pay LESSOR its rent annually, or monthly, the sum stated above (subject to increase under Exhibit A) in advance of the first day of the term. Payment shall be made at LESSOR's office located at the Airport. LESSEE shall also be responsible for Airport fees determined annually by LESSOR. The 10-year option rate review will be re-negotiated at the then current rate.

IN WITNESS WHEREOF, each party signed and sealed this Agreement.

NAME: McGrath Family Trust II

**NAME: Nantucket Memorial Airport
Commission**

By: _____

William F. McGrath, Jr.

By: _____

E. Foley Vaughan Chairman

LEASE AGREEMENT ADDITIONAL TERMS

This Lease Agreement made this first day of April, 2000, in the Town of Nantucket, Commonwealth of Massachusetts, by and between the Town of Nantucket acting by and through the NANTUCKET AIRPORT COMMISSION, an agency duly created by the Town of Nantucket, pursuant, to the powers contained in Massachusetts General Laws, Ch. 90, Sec. 51D, hereinafter called the Lessor, and MC GRATH FAMILY TRUST (hangar-2), hereinafter called the Lessee, and the Lessee hereby leases the Premises described below in accordance with the following terms and conditions.

ARTICLE ONE

Premises: The premises pursuant to this lease are situated in Nantucket, Nantucket County, Massachusetts, contain approximately 22,000 square feet of land and a general hangar, located at the Nantucket Memorial Airport as more completely depicted on Exhibit "B", attached hereto and made a part hereof.

The Lessor will provide the Lessee with written affirmation of a 21E study, including a groundwater assessment as proof that the parcel is environmentally safe.

It is further noted that on the fifteenth (15th) year anniversary date, the Lessee will put up a bond to cover the removal/cleanup of premises at the Lessee's departure from the leased premises.

The Lessee shall be solely responsible for obtaining all building permits, licenses and approvals required by federal, state or local law. Wherever approval of the Lessor is required hereunder, such approval will not be unreasonably withheld.

ARTICLE TWO

Term: The term of this lease shall be for a period of twenty (20) years, commencing on April 1, 2000 and ending on March 31, 2020. If, after the termination of this agreement Lessee shall remain in possession without any express written agreement as to such holding over, Lessee shall be deemed to be a tenant from day to day at a daily rental rate as established by Lessor, and all other provisions of this Agreement shall continue to be operative. See Article Fifteen.

ARTICLE THREE

Base Rent: Lessee shall pay to the Lessor, during the term hereof, the sum of \$16,160.00 as base rent annually, subject to adjustment as set forth below. The base rent will be paid in 12 equal installments, due on the first day of each month, commencing on the first full month following the execution of this lease.

Rent Review: The commission will have three-year appraisals conducted on lease land to ascertain "fair market rental". The next appraisal will be conducted in the year 2003. Rents will be adjusted by this method on the anniversary date in the years 2003, 2006, 2009, 2012, 2015, and 2018.

Annual Business Fee: The Lessee shall also pay to the Lessor, an annual business fee of \$1,200, which will be due annually on every April 1.

Additional Rent: In addition to the basic rent set forth above, the Lessee shall pay annually, as additional rent, an amount equal to the municipal taxes which would have been levied on the leased premises, and the improvements constructed thereon, if the Lessee were the owner thereof in fee. The Lessor will bill the Lessee for the Additional Rent due with respect to each municipal tax year and the payment shall be due within 15 days thereafter.

ARTICLE FOUR

Additional Charges: Lessee shall pay to Lessor, as additional rent, such charges and fees as shall be established by Lessor from time to time during the term hereof. Such charges and fees shall be consistent with the usual charges established by Lessor for all comparable or similar type tenants at the Airport.

Lessee will be responsible for bringing to the site and for making all connection to public utilities. All connection charges will be paid for by the Lessee.

ARTICLE FIVE

Use of Premises: The Lessee shall use the premises solely for the use of a airfreight and delivery business and activities necessary and incidental thereto, including any additional activities as approved by the Airport Commission.

Further, to use, in common with others the common areas of the Airport and appurtenances thereto which have been designated by Lessor for common use, together with all facilities, equipment, improvements and services which are provided at or in connection with the airport including authorization for pertinent use of all taxiways, runways, landing and takeoff facilities, parking, and other Airport facilities normally utilized by the general public, all subject to applicable laws, rules and regulations and to charges established by Lessor.

ARTICLE SIX

Liens and Alterations: Lessee shall keep the premises free and clear of any and all mechanic's and materialmen's liens, including any alterations, improvements, or repairs or additions which Lessee may make or permit or cause to be made, or construction by, for, or permitted by Lessee with respect to the premises of Lessee. Any and all liens or encumbrances on the property are wholly and expressly subordinate to the rights of Lessor hereunder including without limitation.

Lessee shall not make any alterations or additions to the premises without the prior written consent of the Lessor, which consent shall not be unreasonably withheld.

ARTICLE SEVEN

Assignment-Subletting: Lessee shall not assign this lease nor sublet any portion of the Premises without, in each instance, having first obtained the prior written consent of Lessor, which consent shall not be unreasonably withheld. Any assignment or sublease under such consent shall be void unless the assignee or sublessee acknowledges in writing that it will be bound by and subject to the terms of this Agreement. No permitted assignment or subletting shall in any way impair the continuing primary liability of the Lessee hereunder and no consent by the Lessor in a particular instance shall be deemed to be a waiver of the obligation to obtain the Lessor's consent in a subsequent instance.

ARTICLE EIGHT

General Use of Airport and Facilities: Lessee shall have the right to operate in the manner authorized by proper governmental authority and agencies, and shall have the following specific rights and privileges:

1. The Lessor reserves unto itself, its successors and assigns, for the use and benefit of the public a right of flight for the passage of aircraft in the airspace above the surface of the real property as described in the Lease Agreement, together with the right to cause in said airspace such sound as may be inherent in the operation of aircraft, now known or hereafter used for the navigation of or flight in said airspace, together with the emission of fumes or particles incidental to aircraft navigation, and for the use of said airspace for the landing on, taking off from or operating on Nantucket Memorial Airport.

2. The Lessee expressly agrees for itself, its successors and assigns to prevent the use of the premises for purposes which will create or result in hazards to flight such as, but not limited to, purposes which will (a) produce electrical interference with radio communications, (b) make it difficult for pilots to distinguish between airport lights and others, (c) project glare in the eyes of the pilots, (d) impair visibility in the vicinity of the airport, or (3) otherwise endanger the landing, take-off or maneuvering of aircraft.

3. The Lessor retains the continuing right in the subject property to prevent the erection or growth of any building, structure, tree, or other objects extending in to the airspace (above 45 feet Mean Sea Level [MSL]) and to remove from said airspace, at the Lessee's expense or at the sole option of the Lessor, as an alternative, to mark and light as obstructions to air navigation, any such building, structure, tree, or other object now upon, or which in the future may be upon the property together with the right of ingress to, passage over, and egress from Lessee's property for the above purposes.

4. The Lessee expressly agrees for itself, its successors and assigns, that the reservations and restrictions set forth in this instrument shall run with the land which shall be the servient tenement, it being intended that the lands now and hereafter comprising the Airport shall be the dominant tenement; excepting, however, that such reservations and restrictions shall become void and of no force and effect on such date as the lands comprised in the aforesaid Airport shall cease to be used for Airport purposes.

5. The Lessee for themselves, their heirs, personal representatives, successors in interest and assigns do hereby agree that if any aeronautical services or activities are to be offered, performed or conducted upon the Premises that:

In the exercise of the rights and privileges granted for the furnishing of aeronautical services to the public, lessee will

- (1) furnish said service on a fair, equal, and not unjustly discriminatory basis to all users thereof, and
- (2) charge fair, reasonable, and not unjustly discriminatory prices for each unit or service; provided that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

6. It is mutually understood and agreed by the parties hereto that nothing contained in this Agreement shall be construed as granting or as authorizing the granting of an exclusive right within the meaning of Section 308 (a) of the Federal Aviation Act of 1958.

ARTICLE NINE

Additional Rules, Terms and Conditions: Lessee shall observe and obey all rules and regulations promulgated from time to time by Lessor, the Federal Aviation Administration and the Massachusetts Aeronautics Commission, governing the safe conduct and efficient operation of the Airport and its facilities. Lessor agrees that any such rules and regulations shall not be inconsistent with any rules and regulations of the Federal Aviation Administration, Massachusetts Aeronautics Commission or other government authority. Lessee further agrees to comply with all fire fighting and safety equipment requirements consistent with the nature of the premises to comply with local codes and fire regulations of the town of Nantucket

Lessee covenants and agrees that it will not permit any placard or sign to be placed upon the premises or approaches thereto except in such place or manner as shall have first been approved in writing by Lessor, such approval not to be unreasonably withheld or delayed; that it will not place or allow to be placed on the premises any goods, wares, merchandise, substance, materials, article or thing which is deemed hazardous under the Dept. of Environmental Protection regulations or fire laws or whereby any insurance would be either impossible to obtain or premiums increased:

The Lessee will maintain the leased premises and any structures erected thereon in good condition and repair, including painting the exterior of the building to prevent rusting or deterioration of any portions thereof; shrubbery, plantings and lighting will also be maintained. Any visible damage or defacement to the building, windows, or appurtenances will be corrected by the Lessee as quickly as possible to prevent a continuing condition of apparent disrepair or will remove the damaged remains from the demised premises, and any replacement structure will be subject to the same terms and conditions as the original structure. The Lessee will not make or suffer any unlawful, improper, noisy or offensive use of the premises, or permit any use that shall be liable to endanger, affect, or make voidable any insurance on the leased premises, or the building or any of its contents, or to increase the cost of any such insurance. Lessee covenants and agrees that the premises shall not be used for any objectionable, unlawful purpose, or for any purpose which will constitute a nuisance; that it will permit Lessor's Management to enter the premises at all reasonable times for the purpose of inspecting the same and that upon the termination of this lease it will quietly and peacefully surrender possession of the premises to Lessor in good order and condition, ordinary wear and tear, damage by the elements and unavoidable casualty only excepted.

Lessee shall supply at its own expense a receptacle suitable for the disposal of refuse and shall be responsible for the disposal of all refuse. Lessee shall not permit any refuse to accumulate so as to constitute a fire or health hazard within the premises. If Lessee fails or neglects to keep the premises and area herein described in a clean and sanitary condition at all times, Lessor shall have the right, without any obligation to do so, to enter upon the premises and put them in a clean and sanitary condition in the event that Lessee fails to do so within twenty-four (24) hours after notice of any such condition. In the event the Lessee fails to comply with any such notice and Lessor acts to clean the premises, Lessee shall reimburse Lessor for all cost and expense incurred by Lessor to clean the premises.

Ninety days prior to the conclusion of the lease term, Lessee is required to perform a 21-E Study including a groundwater assessment as to the presence of hazardous waste, and will provide the Lessor with written affirmation of the study.

ARTICLE TEN

THE LESSEE SHALL DEPOSIT WITH THE LESSOR CERTIFICATES FOR ALL INSURANCE REQUIREMENTS LISTED BELOW PRIOR TO THE COMMENCEMENT OF THEIR TERM, AND

THEREAFTER WITHIN THIRTY (30) DAYS PRIOR TO THE EXPIRATION OF ANY SUCH POLICIES. ALL SUCH INSURANCE CERTIFICATES SHALL PROVIDE THAT SUCH POLICIES SHALL NOT BE MATERIALLY CHANGED, ALTERED OR CANCELED WITHOUT AT LEAST TEN (10) DAYS PRIOR WRITTEN NOTICE TO EACH ASSURED NAMED THEREIN.

ADDITIONAL INSURED:

All certificates will indicate the "Town of Nantucket/Nantucket Memorial Airport (LESSOR)" as an additional insured.

Indemnification.

Lessee shall indemnify and hold harmless the Lessor, its Commissioners, Officers, agents and employees from all claims and demands of third persons, including employees of the Lessee and the Lessor, but not limited to those for death, for personal injuries, or for property damage arising out the activities of the Lessee under this agreement or out of any of the acts or omissions of the Lessee, its officers, members, employees, agents, representatives, contractors, customers, guests, invitees and other persons doing business with it where such acts or omissions are on the leasehold premises or arising out of any acts or omissions of the Lessee, employees, agents and representatives where such acts or omissions are elsewhere on the facility known as the Nantucket Memorial Airport.

LESSEE's Liability Insurance. The LESSEE shall maintain, with respect to the leased premises and the property of which the leased premises are a part, comprehensive public liability insurance, in the amount of \$1,000,000, with property damage insurance in limits of \$500,000, in responsible companies qualified to do business in Massachusetts, and in good standing therein, insuring the LESSOR as well as LESSEE against injury to persons or damage to property as provided (unless different amounts specified on front page of contract).

Fire Insurance. The LESSEE shall procure and keep in force, fire and extended coverage insurance upon its building and leasehold improvements, furniture, furnishings, fixtures and equipment to the full insurable value thereof and any applicable equipment vendors or lenders give the Airport satisfactory releases from fire and extended coverage liability.

Automobile Insurance. The LESSEE shall procure and keep in force, a policy of comprehensive automobile liability insurance in a combined single limit of not less than \$300,000, including owned, hired and nonowned vehicles,

Worker's Compensation Insurance. The LESSEE shall procure and keep in force statutory Worker's Compensation Insurance and any other policies of insurance as reasonably required by Lessor.

The companies providing the insurance herein shall be authorized to do business in the Commonwealth of Massachusetts. Lessee shall furnish copies of all such insurance policies to Lessor and shall not review or amend them without prior written consent of Lessor. Lessor may request from time to time reasonable increases in such limits. The Lessor shall be named as an additional insured on property damage and liability policies with respect to the Lease premises.

ARTICLE ELEVEN

Construction and Development: Lessee recognizes that from time to time during the term of this lease it may be necessary for Lessor to initiate and carry forward programs of construction, expansion, maintenance and repair, and that such construction, expansion, maintenance and repair or relocation to an equal or better location may temporarily inconvenience or temporarily interrupt Lessee in its operations at the Airport. Lessee agrees that no liability shall be attached to Lessor, its agents or employees by reason of such relocation, temporary inconvenience or temporary

interruption, so long as Lessor has made reasonable efforts to mitigate the effect of such work on the Lessee, and Lessee waives any right or claim to damages or other consideration therefor, except for reasonable and proportionate rental abatement in the event the premises may not be used during any such period of time, or, in the alternative, the cost of the relocating the Lessee to an alternative location.

ARTICLE TWELVE

Default: This lease is upon the further condition that, if Lessee shall neglect or fail to perform or observe any of Lessee's covenants herein, and such neglect or failure shall continue for a period of ten (10) days in case of nonpayment of money or otherwise for a period of twenty (20) days after written notice to Lessee, or the Lessee shall become unable to meet its obligations as they become due, or if a receiver is appointed for the Lessee, or if any assignment shall be made of Lessee's property for the benefit of creditors, then the Lessor shall have the right thereafter, while such default continues, to re-enter and take complete possession of the leased premises, to declare the term of this lease ended, and remove the Lessee's effects, without prejudice to any remedies which might be otherwise used for arrears of rent or other default. The Lessee shall indemnify the Lessor against all loss of rent and other payments, which the Lessor may incur by reason of such termination during the residue of the term. If the Lessee shall default, after reasonable notice thereof, in the observance or performance of any conditions or covenants on Lessee's part to be observed or performed under or by virtue of any of the provisions in any article of this lease, the Lessor, without being under any obligation to do so and without thereby waiving such default, may remedy such default for the account and at the expense of the Lessee. If the Lessor makes any expenditures or incurs any obligations for the payment of money in connection therewith, including but not limited to, reasonable attorney's fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred, with interest at the rate of one and one-half percent, per month (18% per annum) and costs, shall be paid to the Lessor by the Lessee as additional rent.

If Lessee shall be dispossessed therefrom by or under any authority other than Lessor, or if the Leasehold hereby created shall be taken on execution or by other process of law, or if any assignment or trust mortgage shall be made of Lessee's property for the benefit of creditors, or if a receiver or similar officer shall be appointed to take charge of all or any part of Lessee's property by a court of competent jurisdiction and shall not be discharged within thirty (30) days after his appointment, or if Lessee commits any act of bankruptcy or is adjudged a bankrupt, or if a petition is filed by Lessee under any insolvency or bankruptcy law, or if a petition is filed against Lessee under any insolvency or bankruptcy law and the same shall not be dismissed within thirty (30) days after the date upon which it is filed, then, and in any of said cases, Lessor lawfully may, immediately or at any time thereafter and without demand or notice, enter upon the same as Lessor's former estate and expel Lessee and those claiming through or under it and remove it and their effects, forcibly if necessary, without being deemed guilty of any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants, and upon such entry this lease shall terminate.

ARTICLE THIRTEEN

Miscellaneous: Failure on the part of either Lessor or Lessee to complain of any action or omission on the part of the other, no matter how long the same may continue, shall never be deemed to be a waiver by Lessor or Lessee of any of its rights hereunder. Nor shall any waiver (expressed or implied) at any time of any of the provisions hereof by Lessor or Lessee be construed as a waiver of any of the other provisions hereunder, and a waiver at any time of any of the provisions hereof shall not be construed as a waiver at any subsequent time of the same provisions. The consent or approval by Lessor to or of assignment or subletting or any other action by Lessee requiring the

Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any other assignment or subletting or to any subsequent similar act by Lessee; nor shall Lessee's consent or approval to or of any action by Lessor be deemed to waiver or render unnecessary any required consent or approval to or of any subsequent action.

If any term or provision of this lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this lease shall be valid and be enforced to the fullest extent permitted by law. It is hereby declared as the intention of Lessor and Lessee that they would have provided for such application to other persons and circumstances without including therein the term or provision or application thereof hereafter declared invalid or unenforceable.

ARTICLE FOURTEEN

Quiet Enjoyment: Lessor agrees that, on payment of the rentals herein provided for and the performance of the covenants and agreements on the part of the Lessee to be performed hereunder, Lessee shall peacefully have and enjoy the leased premises, rights and facilities herein granted.

ARTICLE FIFTEEN

Termination of Lease: Subject to the provisions hereof, upon the expiration or earlier termination of this Lease, the Lessee shall have the obligation, at its expense, to dismantle and remove the structures it has constructed upon the Premises and to remove and dispose of any hazardous waste deposited thereon by the Lessee. Such removal and restoration shall be commenced only after written notice is given to the Lessor and shall be completed within 45 days; provided, however, that if, upon receipt of such notice, the Lessor determines that Lessee is in default of any provision hereof, Lessor, in its discretion may elect by written notice to instruct the Lessee not to remove the improvements, or any part thereof, and may take possession thereof as security for the performance of the terms hereof. Notwithstanding Lessor's election to take possession of the improvements, Lessee shall continue to be obligated to restore the Premises as aforesaid. In the event of the LESSEE's failure to remove any of LESSEE's property from the premises, LESSOR is hereby authorized, without liability to LESSEE for loss or damage thereto, and at the sole risk of LESSEE, to remove and store any of the property at LESSEE's expense, including expending the bond, which was posted for such use, or to retain same. At the termination of this lease, the Airport Commission will not unreasonably withhold its permission for a subsequent reasonable aeronautical use.

As stated in Article Nine, above, prior to the termination of the lease, Lessee is required to perform a 21-E study including a groundwater assessment as to the presence of hazardous waste, and will provide the Lessor with written affirmation of the study.

ARTICLE SIXTEEN

Nondiscrimination:

A. The lessee for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this lease for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49,

Code of Federal Regulations, Department of Transportation, Part 21, non-discrimination in Federally-assisted programs of the Department of Transportation and as said Regulations may be amended.

B. The LESSEE for himself, his personal representatives, successors in interest, and assigns, as apart of the consideration hereof, does hereby covenant and agree as a covenant running with the land that

- (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.
- (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination,
- (3) that the lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation and as said Regulations may be amended.

That in the event of breach of any of the above nondiscrimination covenants, the Nantucket Memorial Airport shall have the right to terminate the lease and to re-enter and repossess said land and the facilities thereon, and hold the same as if said lease had never been made or issued.

ARTICLE SEVENTEEN

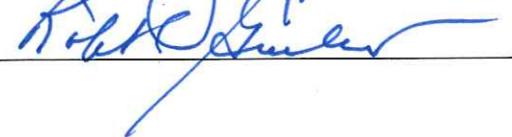
Notices: Unless otherwise specified herein, all notices, by either party to the other provided for in this lease shall be in writing and shall be sent by registered or certified mail, address to the Lessee at the address as shown on Lease Agreement and when addressed to the Lessor, shall be to the Airport Manager, Nantucket Memorial Airport, 30 Macy Lane, Nantucket, MA 02554, or to such other address as may be designated by either party to the other by like notice and the date on which said notice is deposited in a United States Post Office, postage prepaid, shall be the date of the giving of such notice.

This lease is to be construed as a Massachusetts contract, sets forth the entire contract between the parties, and may be canceled, modified or amended only by a written instrument executed by both Lessor and Lessee.

IN WITNESS WHEREOF, the Lessor and Lessee have caused this Lease Agreement to be executed under seal as of the day and year first above written.

NANTUCKET MEMORIAL AIRPORT
COMMISSION

By: 



LESSEE: MC GRATH FAMILY TRUST (hangar-2)

By: 
William F. McGrath, Jr.

APPROVED AS TO FORM:

(Airport Counsel)

OLD SOUTH

200.00
382-32-01E
JONES, JONES & WELLS
DOC # 39492
201.25 N13-44-59E
201.75 S13-44-59W
200.00 N82-32-01W
1010.00

182.65
382-09-25E
UNITED PARCEL SERVICE
(NO RECORDED LEASE)
N3539
N82-09-25W
263.63

110.00
382-25-52E
ROBERT C. CHIRABRANT
(NO RECORDED LEASE)
200.00 N07-45-52W
507-45-52W
200.00 N07-45-52E
507-45-52W
200.00 N07-45-52E
507-45-52W
MARINE LUMBER CO.
(NO RECORDED LEASE)
SEE NOTE 200.00

AIRPORT CARWASH
DOC # 45199

100.49
141.31
424.00
PHASE I
PHASE II
N 95-00-23W
18.14
64.04
388-76-19E
AIRD DRONE PLANT
DOC # 452327
225.00

NOTE: THE MARINE LUMBER CO. LEASE IS COMPRISED OF A LEASE OF A 6' STRIP OF LAND ALONG SOUTH ROAD FROM THE NANTUCKET AIRPORT COMMISSION WITH THE REMAINDER BEING A SUB-LEASE FROM THE F.A.P.

SUBLEASE AGREEMENT

Made as of the 13 day of SEPTEMBER, 2016, by and between McGrath Family Trust ("Sublessor") and Allies Air Freight, LLC a [MASSACHUSETTS] limited liability company ("Sublessee").

WITNESSETH:

WHEREAS. Sublessor has leased from Nantucket Memorial Airport Commission ("NMAC") (Major Lessor) approximately 22,000 square feet of land and a general hangar located at the Nantucket Memorial Airport as more completely described on Exhibit "A" ("Premises") and made a part hereof under an Indenture of Lease dated April 1, 2000 hereinafter referred to collectively as the ("Major Lease") copies of said Lease Indenture being attached hereto as Exhibit "B" and made a part hereof; and

WHEREAS, Sublessee is desirous of subleasing all of the Premises under the Major Lease on substantially the same terms and conditions as the Major Lease; and

WHEREAS, Sublessor is willing to sublet the Premises on that basis;

WHEREAS, Article VII of the Major Lease requires that NMAC approve any sublease of the demised premises and NMAC is willing to approve a sublease on the terms set forth herein;

NOW THEREFORE for good and valuable consideration the parties agree as follows:

- 1) Sublessor hereby sublets to Sublessee all of the Premises as shown as Exhibit "A" attached hereto consisting of approximately 22,000 square feet of land and a general hangar for a term commencing on [SEPT. 13, 2016] and ending on March 31, 2020. Said hangar is now known and numbered as Hangar 8.
- 2) Sublessee shall pay Sublessor as rent the total rent calculated under Article III and Article IV of the Major Lease including Base Rent, Annual Business Fee, Additional Rent in the form of municipal taxes and additional charges by Sublessor under the Major Lease, and said rent to be payable at such times, in such amounts and subject to such amendments as are set forth in the provisions of the Major Lease.
- 3) With respect to the Premises, and with the addition of the provisions of Paragraph 5 below, and those specific terms hereinafter noted in this Paragraph 3, all terms, covenants, and conditions of the Major Lease are made a part hereof, Sublessor herein being considered as Lessor and Sublessee herein being considered as a lessee, this Sub-Lease shall operate as though it was an assignment pro tanto:
 - a. Sublessee shall not be required to provide any Department of Environmental 21E study or assessment, but will fully reimburse Sublessor for any and all cost or expense incurred to procure same.
 - b. Sublessee shall not be required to put up a bond to cover the removal and/or cleanup of the Premises at the Lessee's departure from the Premises, but will fully reimburse

Sublessor for any and all cost or expense incurred to produce same.

- 4) Sublessee hereby accepts the Premises as is and in their present condition.
- 5) Notwithstanding the foregoing, it is agreed that the Premises shall be used by Sublessee solely as an airfreight delivery and distribution business, including activities necessary and incidental thereto, but for no other purposes without written approval of the NMAC. Sublessee further acknowledges and agrees in fulfillment of its obligations under the Major Lease to accept, handle, store, move, and process air freight through the facility and on the airfield for other air carriers on a commercially reasonable basis and for commercially reasonable compensation. Sublessee agrees to up-date NMAC with its schedule of commercial handling rates.
- 6) Sublessee further acknowledges and agrees that, in fulfillment of its obligations under the Major Lease under Article VIII (5), that Sublessee will provide NMAC, through its Manager, with its current schedule of commercial handling rates for units and services. Said schedule shall not restrict Sublessee's right therein to offer reasonable and nondiscriminatory discounts, rebates, or other price reductions. NMAC shall have the option and standing to enforce such terms against Sublessee.
- 7) Major Lessor has agreed to provide certain services and to perform other obligations under the Major Lease. Upon reasonable notice from the Sublessee of the failure of Major Lessor to perform any such obligation or to provide any such service, Sublessor will promptly and

diligently undertake to enforce its rights under the Major Lease provided however, the method and manner of seeking enforcement thereof shall solely be within the judgment, discretion, and determination of Sublessor.

Notwithstanding anything herein to the contrary, Sublessor shall not be liable to Sublessee for money damages on account of the failure of Major Lessor to perform such obligations or provide any such service, nor shall any such failure constitute a constructive eviction of Sublessee.

8) Sublessee shall not do or permit anything to be done which would cause the Major Lease to be terminated by Major Lessor or forfeited.

Sublessee hereby indemnifies and holds Sublessor harmless from and against all direct damages of any kind which Sublessor may suffer by reason of any breach or default hereunder by Sublessee, including termination or forfeiture of the Major Lease, and from and against all other liabilities, claims, and damages arising during the term of the Sublease or out of or in connection with the use and occupancy of the Subleased Premises by Sublessee, except to the extent Sublessor is indemnified by its insurance carriers or by Major Lessor for such liabilities, claims or damages.

9) Sublessee shall not sublet the Subleased Premises, in whole or in part, nor assign the Sublease nor permit any interest of Sublessee in the Sublease to become vested in any third party, without the prior written consent of Sublessor and Major Lessor in each instance.

10) Notwithstanding the characterization of this agreement as a sublease, each of the Sublessor

and Sublessee will be fully liable for payment and performance of each of the terms and conditions of the Major Lease and this Agreement and Sublessor and Sublessee further acknowledge and agree that NMAC shall have the right to enforce such terms against either or both of the Sublessor and Sublessee, including by termination of the Major Lease and eviction of the occupant, as NMAC may determine, in its unfettered discretion.

- 11) All prior undertakings and agreements between the parties are merged within this Sublease which alone, fully and completely sets forth the understandings of the parties with respect to the Subleased Premises, and this Sublease may not be changed or terminated orally or in any manner other than by written agreements signed by the parties.
- 12) Any notice or demand from Sublessor to Sublessee or from Sublessee to Sublessor shall be deemed duly served if mailed by certified mail addressed to:

Sublessor:
McGrath Family Trust
P.O. Box 2639
Nantucket, MA 02584
Attn: William F. McGrath, Jr., Trustee

Sublessee:
Allies Air Freight, LLC
57 Meadow View Dr.
Nantucket, MA 02554
Attn.: Eric Goddard, Manager

Or such place as Sublessor may designate in writing

in the future, and the customary certified mail receipt shall be conclusive evidence of such service.

WITNESS the execution in duplicated under seal the day and year first above written.

Sublessor:

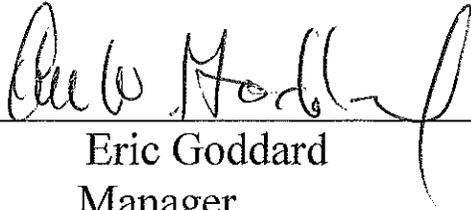
MCGRATH FAMILY TRUST



By: William F. McGrath, Jr.
Its: Trustee

Sublessee:

ALLIES AIR FREIGHT, LLC



By: Eric Goddard
Its: Manager

Foregoing Sublease consented to:

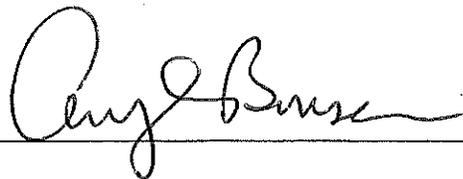
NANTUCKET MEMORIAL AIRPORT COMMISSION



By:
Its:



By:
Its:



By:
Its:

LANDLORD CONSENT TO SUBLEASE

This Landlord Consent to Sublease (this “Consent”) is entered into by and among the Nantucket Memorial Airport Commission (the “Commission”), having an address of Nantucket Memorial Airport, 14 Airport Road, Nantucket, MA 02554, McGrath Family Trust (the “Tenant”), with an address of P.O. Box #2639, Nantucket, MA 02584, and Allies Air Freight, LLC (the “Subtenant”), a Massachusetts limited liability company with an address of 57 Meadow View Drive, Nantucket, MA 02554, Attn: Eric Goddard.

WHEREAS, the Commission, as landlord, entered into a Lease Agreement dated April 1, 2000 (the “Master Lease”) with Tenant, as tenant, for the use of certain space containing approximately 22,000 square feet of land and a general hangar located at Nantucket Memorial Airport (as more particularly described in the Lease, the “Premises”), which Master Lease is incorporated herein by reference;

WHEREAS, the Master Lease provides that Tenant shall not assign or sublet any portion of the Premises without the Commission’s prior written consent;

WHEREAS, Tenant wishes to sublease the Premises to Subtenant, as subtenant, for the remaining term of the Master Lease;

WHEREAS, Tenant has asked the Commission to consent to Tenant subleasing the Premises to Subtenant; and

WHEREAS, the Commission is amenable to the sublease, subject to the terms and conditions set forth in the Master Lease and those set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Commission, Tenant and Subtenant agree as follows:

1. Consent. The Commission consents to Tenant subleasing the Premises to Subtenant, provided that Subtenant complies with the terms set forth in this Consent.
2. Additional Terms. The Commission’s consent to Subtenant subleasing the Premises from Tenant is expressly contingent upon Subtenant complying with the following terms and conditions:
 - a. Fees. In addition to paying any sums owed to Tenant under the sublease, Subtenant shall pay to the Commission such fees and other charges that are consistent with the usual charges established by the Commission for all comparable or similar type tenants at the airport, including, without limitation, landing fees, freight fees, fuel fees, and ID Card fees in amounts set forth in the rates and charges schedules published by the Commission, as such amounts may be changed from time to time.
 - b. Insurance. Subtenant shall comply with the insurance provisions of the Master Lease, and shall provide the Commission with a certificate of insurance demonstrating compliance with Article 10 of the Master Lease prior to use of the premises.

- c. Reporting. Subtenant shall provide the Commission with monthly traffic reports in such form as may be reasonably prescribed by the Commission, along with other pertinent information as may be reasonably required by the Commission.
 - d. Operations.
 - i. Landside
 - 1. Only those ground transportation providers that have been approved by the Nantucket Airport are permitted to operate at the Airport.
 - 2. Vehicle parking will be limited to employees only. Short term parking for customers is permitted.
 - ii. Airside
 - 1. Taxi routes shall be coordinated in advance with Air Traffic Control.
 - e. Laws, Bylaws. Subtenant shall comply with any and all applicable governmental laws, rules, regulations, codes, and bylaws and obtain any and all licenses and approvals necessary from the Town of Nantucket and other governmental authorities for Subtenant's use of the Premises.
 - f. Right to Terminate. The Commission shall have the right to terminate the Master Lease in accordance with its terms (and including any applicable cure period) as the result of any acts and omissions of Subtenant or anyone claiming under Subtenant which is in violation of the Master Lease.
3. DOT Consent. The Commission's consent hereunder is subject to the Department of Transportation's (DOT) consent of the subletting of the Premises under the terms of the DOT's Mortgage and Security Agreement recorded in the Nantucket County Registry of Deeds in Book 1116, Page 139, and filed with the Nantucket County Registry District of the Land Court as Document Number 122574 ("Mortgage"). In the event that DOT does not consent to the subletting of the Premises as contemplated herein, this Consent will be deemed void, Subtenant shall have no right to use the Premises, and any sums paid by Subtenant to the Commission shall be immediately refunded. In the event that DOT does consent to the subletting of the Premises as contemplated herein, the parties agree that the sublease shall be subject to the terms of the Mortgage and the Subordination, Non-Disturbance and Attornment Agreement filed with the Nantucket County Registry District of the Land Court as Document Number 144900.
4. Recourse. Subtenant shall have no recourse against the Commission on account of any failure by the Commission to perform any of its obligations under the Master Lease, provided, however, that Tenant's right to take action against the Commission on account of the Commission's failure to perform any of its rights under the Master Lease shall in no way be affected by this Consent.

5. No Further Sublease. This Consent shall not constitute the Commission's consent to any other subletting by Tenant, any subletting by Subtenant, or any assignment by Tenant or Subtenant and no such sublease or assignment shall be made without the Commission's prior written consent, which consent will not be unreasonably withheld, conditioned, or delayed.
6. Construction. This Consent shall not be construed (a) to modify, waive, impair or affect any of the terms or conditions of the Master Lease, (b) to waive any breach of the Master Lease, (c) to enlarge or diminish the rights or obligation of the Commission or Tenant under the Master Lease, or (d) as a representation or acknowledgement of the accuracy of any recital or statement set forth in the sublease.
7. Primary Obligations. Notwithstanding the subletting consented to herein, Tenant shall be and remain fully liable for the payment of Base Rent, additional rent and all other sums which become due under the Master Lease and for the performance of all of Tenant's obligations under the Master Lease. All acts and omissions of Subtenant or anyone claiming under Subtenant which shall be in violation of the Master Lease shall be deemed a violation by Tenant. Further, Tenant hereby acknowledges that neither the sublease to Subtenant nor the Commission's consent thereof or hereunder shall impair Tenant's primary liability under the Master Lease.
8. Default. If Tenant defaults in the payment of any rent, additional rent or other sum due under the Master Lease or in the performance of any Tenant's obligations under the Master Lease, then, prior to terminating the Master Lease, the Commission shall provide written notice to Subtenant at the address of Subtenant specified in the sublease and Subtenant shall have the option to remedy the default within the applicable cure period specified in the Master Lease. No receipt by the Commission of any rent, additional or other sums from Subtenant shall be deemed to release Tenant from Tenant's obligations under the Master Lease or as the acceptance of Subtenant as a direct tenant.
9. Amendment. This Consent may not be changed orally, but only by an agreement in writing signed by the Commission, Tenant and Subtenant.
10. Counterparts. This Consent may be executed in counterparts and shall not be effective for any purpose, and may be withdrawn by the Commission, until a counterpart hereof executed by Tenant and Subtenant is returned to the Commission.
11. Governing Law. This Consent shall be governed by the laws of the State of Massachusetts, without regard to its conflict of laws principles.

[Remainder of page intentionally left blank]

Executed as an instrument under seal as of this ____ day of _____, 2016.

NANTUCKET MEMORIAL AIRPORT
COMMISSION
by its Commissioners

TENANT: MCGRATH FAMILY TRUST

By: _____
Name: _____
Title: _____

SUBTENANT: ALLIES AIR FREIGHT,
LLC
a Massachusetts limited liability company

By: _____
Name: _____
Title: _____

ALLIES AIR FREIGHT, LLC
EXECUTIVE SUMMARY BUSINESS PLAN



Presented to

THE NANTUCKET MEMORIAL AIRPORT COMMISSION



Allies Air Freight, LLC

Nantucket Airport Commission
Nantucket Memorial Airport
14 Airport Road
Nantucket, MA 02554

November 28, 2016

Dear Mr. Rafter, Ms. Torres, and Members of the Commission,

I would first like to say that in witnessing first hand over the last year the freight crisis Nantucket Memorial Airport and Cape Air had to endure, on only one days notice, you have done an incredible and amazing job in keeping the freight flowing for our community!

Secondly, I would like to thank you for your time in meeting with us regarding this significant and important project to keep all parties concerned on that same path to restore high volume, affordable, and reliable freight services and associated revenues at Nantucket Memorial Airport.

Finally, and as you requested, enclosed please find our Executive Summary Business Plan, which will be executed by a committed and experienced local team at all levels.

I believe you will find that our services will greatly benefit the Nantucket Memorial Airport, our freight carrier clients, and the many small businesses, residents, and visitors in our great community.

To begin, I thought it would be important and helpful to provide some background regarding our efforts to provide Air Freight Handling Services for Nantucket Memorial Airport and Barnstable Municipal Airport. Although the Hyannis Freight Room facility is outside the jurisdiction of Nantucket Memorial Airport, we believe it is very important and relevant in reviewing our business plan. As you know these facilities were designed and built with a great deal of care to operate together to provide the highest level of safety, security, efficiency and service. Further, they successfully operated as the hub for freight handling between Hyannis and Nantucket for decades prior to the failing of Island Airlines.

Since the beginning of June 2016, both Bob Shields and Bill McGrath have had numerous meetings and discussions with airport management at both Nantucket Memorial Airport and Barnstable Municipal Airport to determine how they could best help regarding air freight. It was expressly explained to them, then and now, that it would be very helpful if we could provide a freight solution at both the original Hyannis and Nantucket freight facilities to allow the freight operations to be restored to their original locations outside of the airport terminals. It was also conveyed that the freight services were only being allowed out of the terminals on a temporary basis. It was also explained that the various freight carriers would not be required to use our services. We still fully understand and accept the financial risks associated with that reality.

Unfortunately, because of the crisis which led to the immediate real-time loss in air freight business, carrier prices have had to increase almost twofold in less than 12 months to cover costs while we work to restore air freight services to meet demand and take back the almost 75% of the air freight business and associated revenues lost to the fast ferries.

As you well know, these circumstances continue to have a very negative impact on services to our community as well as revenues for both the Hyannis and Nantucket Airports. All this said, we are excited to negotiate mutually beneficial freight handling service agreements that work for all freight carriers, because it will be much more cost effective and efficient as compared to operating free standing freight facilities. Again, we understand that any freight carrier may explore any and all possible options now and in the future, and we are financially able and willing to take on that potential risk and open our doors.

This venture is not about making high profits but is about helping both airports and our community. Please note that more carriers promote lower operating costs, healthy competition, and a higher number of freight flights which will undoubtedly better serve our community by lowering freight costs, increasing carrier profits, and increasing freight flight frequency. I have explained this to potential Allies Air Freight carrier clients, including Cape Air, to try to encourage their participation.

We have continued to forge ahead to provide these facilities as promised, and in June of 2016, our parent company, Allies Air, LLC, entered into a 20-year sublease with Bill McGrath for the old Island Airlines hangars which, as you know, contains the old freight room at the airport in Hyannis. We have been working closely with airport management on upgrades and have completed the attached plans. We expect to obtain our building permit this week and immediately go to work. Also please find attached pictures of our new freight cage we just installed.

Based on the board's unanimous approval of our sublease, we have continued in good faith with the plans for our launch. To date we have spent approximately \$40,000 and expect to spend an additional \$24,000 between now and our opening. Our cash outflows are about \$10,000 per month while we wait for your final sign off.

In summary, we would respectfully ask for your approval so that we may move forward with our mission to help the airport, our future freight carriers clients and most of all, our great community!

Sincerely,

Robert Shields Jr

Robert Shields Jr

President

Allies Air Freight LLC • 57Meadowview Dr. Nantucket, MA, 02554
Phone: 508-901-9625 Direct | Fax 508-374-0233
Email: info@nantucketallies.com
URL: www.nantucketallies.com

OUR TEAM



Robert Shields, Jr.
President and CEO

At the young age of 20 years old, Robert Shields Jr., harnessed his entrepreneurial spirit and set off to begin the first of many businesses and real estate development projects. By age 31, Bob had grown his business, “The Shields Company,” to be one of the largest and most successful companies in New England.

Today, Bob credits the bulk of his extensive knowledge and experience to not only his numerous successes, but also his survival after the 1990 failure of Sentry Federal Savings Bank, who defaulted on 20MM worth of active developments they were funding for The Shields Company. Bob navigated the wide scope of complications and crises successfully and has since continued to launch many thriving ventures.

Bob’s ties to Nantucket are long-lived. His Great Grandfather first arrived in Nantucket in 1890, so when the great recession in 2007 was upon us, Bob felt a deep calling to put his experience to good use for Nantucket-er's by co-founding and volunteering full time at Nantucket Allies, LLC, since it’s launch in December of 2012. The mission of Nantucket Allies is to develop small business solutions and start-ups that will benefit the local, year-round Nantucket community. For more information please visit www.nantucketallies.com.

When Island Airlines failed on December 11, 2015, many of Bob’s friends, clients, and members of Nantucket Allies were severely impacted financially. Bob immediately contacted his friend, Bill McGrath, and went to work to put the team together and is the primary architect of this new and innovative business model for Allies Air Freight, LLC. With Bob’s vast experience and absolute commitment to this project, Allies Air Freight is sure to be a great success.



Eric Goddard
Chief Financial Officer

Eric Goddard is truly one of the most community oriented people you'll meet. He is a true man of integrity and honesty, and does not hesitate to give of his time, energy, and expertise to benefit our local Nantucket community. All who know Eric hold him in very high regard, and he is well respected as a contributing member of our community.

Eric has worked on many projects with the Nantucket Island Chamber of Commerce, and has served on a number of boards over the years, such as St. Paul's Vestry, with service as a vestrymen and Junior Warden, Habitat for Humanity, and Nantucket Student Soccer Association, amongst others. In 2011, Eric took over as the Nantucket Town Crier, a lifetime appointment to a rich tradition on island that dates back to the 1800s.

Currently, Eric is the president of Nantucket Payment Solutions and has a long-term relationship with Sage Payments, a division of Sage Software. Eric handles approximately 60% of Nantucket's EFT needs and is also responsible for managing client relationships throughout the United States and Europe.

Eric's proven track record of success in the finance and banking industry, combined with his many years of operational experience, brings a very high level of financial management expertise to our initiative.



Bill McGrath
Chief Consultant

We all know Bill McGrath and his long term of service to the Nantucket Memorial Airport and our community. We at Allies Air Freight feel very grateful and lucky to have Bill as our supporter, chief advisor and consultant. He has provided, and continues to provide us with great strategies and stewardship for our exciting new business.

Executive Summary

A BUSINESS FORMED TO OFFER AFFORDABLE AND EFFICIENT AIR FREIGHT SOLUTIONS FOR THE BENEFIT OF NANTUCKET MEMORIAL AIRPORT, BARNSTABLE MUNICIPAL AIRPORT AND VARIOUS INDEPENDENT FREIGHT CARRIER CLIENTS AND THE MANY SMALL BUSINESSES, RESIDENTS AND VISITORS IN OUR COMMUNITIES.

Headquartered in its hangar facilities located directly within the premises of Barnstable Memorial Airport in Hyannis, the Company was created with the goal to give back to the Nantucket Island community by reprising a key asset for and a vital freight link between the Island and Cape Cod after the failing of Island Airlines almost one year ago. Recognizing that operating a freight handling facility that would be used by multiple freight carriers (versus having each freight carrier replicate the required infrastructure) represents the best possible solution to the freight issue, the Company has developed a detailed business plan that is currently being executed and is excited to benefit the following community constituents:

- The airports of Hyannis and Nantucket by building out and operating a non-terminal-based facility of excellence for incoming and outgoing freight between Nantucket Island and Hyannis.
- The local Island community, customers, and businesses by providing an easy-to-access, one-stop shopping facility for their freight transport needs.
- The various airlines servicing the Nantucket-Hyannis route by providing a first-class, professionally staffed facility.
- The local Nantucket and Hyannis Airports and other authorities by providing them a viable entity that will own and operate a first class freight handling business. This service will minimize the risk of freight disruption due to the quality of the Company's ownership and the plan to have multiple freight carriers utilizing the facility.
- The Company plan also provides a long-term end-to-end freight solution between Hyannis and Nantucket and not a one-off, stop gap measure that will need reorganization in the future. It will do so in a manner that decreases freight operator costs, increases freight operator profits, increases competition, reduces consumer freight costs, and minimizes downside risks of all parties involved as well as end users.

As you well know by now, it is difficult to rely on any one freight carrier to provide our community with reliable and affordable freight services as evidenced by the failing of Island Airlines.

Allies Air Freight, LLC, hereinafter referred to as "Company", is a Massachusetts Limited Liability Company formed on May 16, 2016 by Robert Shields Jr, co-founder and full time volunteer at Nantucket Allies, LLC since 2012, and Eric Goddard, leading Nantucket businessman, community leader, entrepreneur and Nantucket Town Crier.

The Company is a wholly owned subsidiary of Allies Air, LLC, formed by the same Company team with a simple and focused mission to restore a low cost, efficient and customer service based air freight handling business utilizing the same two freight facilities in Nantucket and Hyannis which were designed and built for this purpose of providing the very highest levels of service and operational efficiencies for both the airport and our community for decades.

The Company holds a 20 year sublease, also with Bill McGrath for the old Island Airlines hangars and freight room located at Barnstable Municipal Airport, Hyannis, MA. We have received all necessary approvals and expect to obtain our building permit in two days.

Beginning in June 2016, the Company had numerous meetings and discussions with airport management at both Nantucket Memorial Airport and Barnstable Municipal Airport. In these discussions it was expressed that it would be helpful to both airports for freight operations to go back to their original locations outside of the terminals which was allowed on a temporary basis since the failing of Island Airlines and that our efforts would normalize and restore the freight operations for both municipalities to their original preferred state of operations.

To reach this goal, we have already expended approximately \$40,000 in our efforts and expect to spend an additional \$24,000.00 between now and our opening for renovations, hiring staff and to begin operations.

As you know, these two facilities were carefully and specifically designed by both the Nantucket and Barnstable Airports for freight handling services and have been proven to be very successful in serving the freight services for both Airports and our community for decades.

Since the failing of Island Airlines, our Team has been working very hard not only to restore the freight services at these proven locations, but to also provide a platform to restore approximately \$750,000.00 in lost freight business revenues for our carriers, and the Nantucket and Barnstable Airports.

In addition, our plan ensures that our community will enjoy much lower and more competitive pricing. As you may know, because of the crisis the cost of Air Freight has almost doubled which has had a very negative impact on the Airports and our communities.

Our plan provides a much lower overhead for our carrier clients to allow a higher level of service and competitive pricing to our residential and small business community for there will be many more freight carriers competing for our community's business and more frequent freight flights. As you are aware, carrier costs combined with supply and demand play an integral role in pricing. The current state of freight services continues to negatively impact the airports by steering freight business away from the Airports to the fast ferry's and increased costs to our community.

To demonstrate how increased carrier costs combined with supply and demand has affected the prices between Hyannis and Nantucket just over the last 12 months since the failing of Island Airlines, we would ask you to review the following:

Just prior to the closing of both freight facilities, Island Airlines charged the following:

1. Flat Envelope \$8
2. 1-21 pounds \$15
3. 21 to 54 pounds was \$27

Just a year later freight rates are the following:

1. Flat Envelope \$15
2. 99¢ per lb., with a package minimum of \$25 .
3. Dimensional minimum method of Rate Calculation, Ex: Length X Width X Height (all in inches) ÷ 133 X \$1.00 = X. Example: A framed picture weighing 10 lbs. and measuring 64" X 32" X 3" = 6,144 inches³, ÷ 133 = 46.20 X \$1.00 = \$46.20 or in this example \$4.62 per pound.

***See below the approximate percentage rate increases based on the above data over the 1 year period :
(using the minimums charged)***

1. Flat Envelope = **87.50% Rate Increase**
2. 1-21 pounds = **66.67% Rate Increase**
3. 21 -54 pounds = **100.00% Rate Increase**

As you can clearly see, when air freight carrier sales immediately decrease, and operational costs immediately increase, combined with a significant imbalance in supply and demand, air freight carriers must increase pricing dramatically.

Our freight handling services will increase the supply side by bringing in more freight carriers as we had before, which will increase sales volume and subsequently lower prices and bring back the approximately \$750,000.00 in freight business lost over the last 12 months to the less convenient and slower fast ferries. Customers will come back due to lower pricing combined with a much higher level of service as more freight carrier clients come on board.

Our plan also fully mitigates any future risk of service interruption and reduced airfreight handling capacity. As you know, airfreight pricing and service is so important to our community. If a single freight carrier goes out of business, the others will be able to keep the business fully operational and vibrant.

This will only happen because our business facilitates this environment of high sales volume, healthy competition, lower overhead, and a very high level of service utilizing multiple freight carriers clients through our shared facility.

Our business plan also provides a platform to deliver a very high level of service by utilizing these facilities that was painstakingly designed and utilized specifically for this purpose by both airports for our Nantucket residents and the small business community. The services from these proven facilities are so integral to the success of our local island economy, now and into the future.

Again, this plan provides a very affordable hub for the current and future freight carriers to utilize our Nantucket and Hyannis facilities, keeping overhead costs at a minimum, as compared to having separate facilities, at much higher costs, especially when air freight sales are at all time lows, due to the forced migration of freight customers to the ferry's to meet demand and budgetary concerns.

As late as 2015, there had been a need for 63,000 annual round-trip seats on the aircraft that serviced the Hyannis-Nantucket route alone. The primary scheduled passenger carriers at that time were Cape Air and Island Airlines, which operated the only freight services infrastructure which most freight passed through, regardless of which airline eventually flew the freight. With the bankruptcy of Island Air in December 2015, nearly 42,000 annual seats were displaced in an instant.

Cape Air eventually absorbed some of the freight demand using its existing fleet and scheduled flights. The price it charged its customers, however, had to increase to approximately twice that which predominated under the Island Airlines-Cape Air regime. Further, Cape Air was forced to use the Hyannis and Nantucket terminal facilities to ship and receive freight, as it no longer had access to the now defunct and padlocked Island Air freight service center. This represents, to this day, a suboptimal solution for the managers of the airports who prefer a solution outside of the terminals.

Allies Air Freight Model: High Level of Service with Significant Benefits for All Involved

Facilities:

The freight facilities at Nantucket have been designed to give the best level of service to the community and operational service for carriers due to its size, configuration, and design. With respect to its size, Allies Air Freight is confident that it is able to accommodate most freight operators over time. Allies Air Freight plans to bring aboard smaller air freight operator clients. The Company plans to immediately invest approximately \$25,000 to cosmetically improve the Nantucket freight hangar facility in order to become fully operational in January 2017.

Allies Air Freight plans to replicate the same level of quality at its Hyannis hangar facility. The Company has already invested approximately \$40,000. They are also beginning a build-out phase and expect to invest an additional \$24,000 and be fully operational in January 2017.

When the respective build-outs and improvements are complete at the Allies Air Freight facilities in both Hyannis and Nantucket, the Company will have the only connected freight facilities between these two locations.

Allies Air Freight will offer our businesses, residents, and visitors an easy and convenient air freight service between Nantucket and Hyannis with services and amenities to include, but not limited to:

- Free curbside parking for active loading and unloading by air freight customers.
- Free parking for up to 30 minutes in our designated parking areas.
- Freight storage, including perishable goods cold rooms in both Nantucket and Hyannis.
- Convenient customer self-packaging area with all supplies needed to ship any type of package, even bicycles.
- Online package tracking from either your computer or mobile device.
- Secure after hours pick up and delivery stations in both Nantucket and Hyannis.
- Package pick up and delivery services to or from your home or place of business.
- Revolving charge accounts to regular shippers.

Allies Air Freight will also offer Nantucket Memorial Airport and Hyannis Municipal Airport a high level of services to include, but not limited to:

- No cost freight handling services to any and all carriers interested in utilizing our services.
- Air traffic reporting services to ensure all operators pay their respective fees to the airport.
- Freight transportation services of all packages from the terminal to our freight handling facilities.
- Professional and courteous staff to provide a high level of service to airport staff and management.
- A proven facility able to provide services that reduce vehicle congestion, and increase safety and security as compared as soon as January 2017!

If the Airport has additional services they would like us to perform, we are more than happy to try to accommodate your needs.

Thus, the Company will possess a proven first class end-to-end air freight model between Nantucket and Hyannis beginning in January 2017. This first-mover advantage has significant value as any competitor facilities would require a minimum build-out and certification period of 2-3 years. The Company will utilize this period to demonstrate to all parties that it offers a highly professional end-to-end freight service in both Nantucket and Hyannis at a price/cost level amenable to all parties, while also generating air freight competition.

It should be noted that Allies Air Freight has subleased its Hyannis hangar space for a period of 20 years, thus can be seen as a committed player in the market. It is also finalizing a lease for the Nantucket hangar facility.

Costs and Fee Structure Allocation Amongst Freight Carrier Clients

Allies Air Freight will charge their freight carrier clients for their freight handling services business based on a cost plus basis by allocating its total costs of operation and second, by charging each freight carrier client a percentage of each carrier's freight sales. Specifically, the Company will compute the total monthly costs for the all aspects of the air freight handling service business, including rent, taxes, insurance, vehicles, utilities, staffing, etc. for the operation. Then, these total monthly costs will be allocated and billed monthly amongst the air freight carrier clients based on each carrier's allocated storage square footage requirements pursuant to each operators services agreement. Allies Air Freight will then charge its freight carrier clients a reasonable percentage of each carrier's monthly sales, which shall also be billed monthly. Allies Air Freight will negotiate the percentage of sales fees with each individual freight carrier to be sure all fees charged and paid are commensurate with each operator's business model and current market conditions. The Company's main goal, as stated above, is to give back to the community and, therefore, does not seek to maximize Allies' own cash flow to the detriment of anyone else.

Management/Ownership

As soon as the freight approvals have been negotiated with the local authorities, Allies Air Freight plans on immediately hiring the required staff to begin operation in January 2017. To accomplish this with a high degree of certainty and professionalism, the Company has engaged the services of Gisea M. Gasselin, or, as most of us know her, GiGi, the previous freight manager for Island Airlines, part time to work with Bob Shields for a period of six months. GiGi will consult with Allies Air Freight over this six month period to help Bob recruit and train employees and develop the business at both Nantucket and Hyannis, while also ensuring the implementation of all the requisite hardware, software, and other critical infrastructure.

Significant Benefits

As all the Company's team have deep ties to the Island and the greater Cape, they place great emphasis on the many positive benefits that will accrue to those who utilize its services. These benefits are primarily driven by the fact that a shared freight facility is superior to the scenario in which each airline company creates and operates its own freight service facility. The estimated total volumes at Hyannis and Nantucket Airports do not justify such individual outlays. Allies Air Freight foresees the following which will arise from its business model:

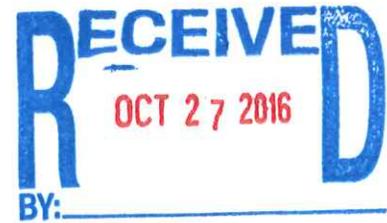
- Restores freight operations at a proven facility which provides optimal truck access, safety and security.
- Reduces operating costs for each freight operator.
- Reduces overall financial and operating risk for each operator.
- Assures local municipalities of continued freight service in the event of loss of a single freight carrier.
- Increases in the number freight flights between Nantucket and Hyannis to give better service to the community.
- Reduces end-price freight charges to the customers.
- Increases traffic and associated revenue for the airports.

All of the above serve to fulfill the mission of the Company and its owners to give back to the community including customers, businesses, airports, freight operators, and the Nantucket Memorial Airport.

Thank you for your time in reviewing this executive summary business plan. Feel free to contact Robert Shields, Jr at 508-901-9625 with any questions.



Emily Air, LLC
15878 Gaither Drive
Gaithersburg, MD 20877



October 26, 2016

Mr. Thomas Rafter
Airport Manager
Nantucket Memorial Airport
14 Airport Road
Nantucket, MA 02554

Re: *Response to Letter Dated October 14, 2016; Lease between Nantucket Memorial Airport Commission and Emily Air, LLC*

Dear Tom;

I am in receipt of your letter of October 14th regarding issues of non-compliance with the Lease as enumerated in your letter. A copy of the Lease accompanied your letter.

First, thank you for your letter and bringing to my attention your concerns. Other than the issues raised in B. and C. of your letter I was unaware of issues. I believed as evidenced by my receipt from your office on or about June 13, 2016 of the fully executed Lease Amendment One and subsequently on July 21, 2016 of the fully executed MaDOT Landlord consent to the Sublease that all was well with the tenancy. Copies of the two cover letters are attached.

Second, after receipt of your letter I have had extensive conversations with Melissa Tomkiel, my contact at Fly Blade, Inc., my tenant and your subtenant. The following reflects the situation today as I know it and my hope is responsive to your concerns and constitutes remediation to your satisfaction. It is my hope and the hope of Fly Blade that its sub tenancy will continue and be extended as contemplated under the Section 3(A) of the Landlord Consent to Sublease.

Third, as of September 6, 2016, Fly Blade has not been operating out of the leased hangar and the Premises are closed for the off season. The plumber has been contacted to shut off the water and drain the pipes as has been done each winter.

Fourth, specifically you listed four alleged defaults under Section I of your letter. I will address each below:

A. Special Events and Alcohol

Fly Blade will no longer store and/or serve alcohol on the Premises, and, as of August 8, 2016 had removed all alcohol from the Premises. I forwarded upon my receipt to Fly Blade the letter

from you to me dated August 16, 2016 referencing the Construction /Alteration Application and Special Events Application (a copy is attached).

Fly Blade acknowledges receipt of the Special Events Application and warrants that no events will be held on the Premises without the requisite permits.

B. Illegal Apartment

The rooms in question which were converted to sleeping quarters by an employee of Fly Blade were constructed prior to my ownership of the hangar and therefore before Fly Blade's tenancy. Neither Fly Blade nor I constructed the rooms. Moreover, the employee utilized the rooms for sleeping accommodations without the knowledge of either Fly Blade or me. It is my understanding that the offending employee was terminated immediately after Fly Blade became aware of this activity. The employee in question, Hugh Robbins, was authorized to access the area in question. His security badge was surrendered upon his termination.

I have contracted with a contractor to have these rooms dismantled.

C. Failure to Obtain Necessary Building Permits

Fly Blade did make some alterations to the finished space and these alterations were limited to the interior of the finished space located on the Premises. The alterations were not to the ramp or exterior of the building and were not within the airport security area. Fly Blade erroneously assumed that changes made outside the airport security area and only to the building interior would not require consent.

Fly Blade contracted with a licensed contractor for the alterations and relied on the contractor to obtain the necessary permits. This was in error and the requisite permit has been applied for and Fly Blade is waiting for the permit to be issued.

Once issued the required work to the bathroom threshold will be completed. It was my understanding that upon revisiting the Premises on August 15th the Building Inspector and Health Inspector found no continuing violations. A copy of the related email to you along with the accompanied report is attached.

As for the "installed laundry"; the clothes washer and dryer were located in the hangar area and only accessible to Hugh Robbins, an employee of Fly Blade. These units had been in the room prior to my purchase of the hangar and to my knowledge they were not operational. Fly Blade did not install these. I have contracted with a plumber to have the vent removed and the washer and dryer disposed.

As stated in B. above I have contracted for the "bedrooms" to be dismantled.

D. Subtenant Operators

Fly Blade has reasonably complied with the requirements of Sections C. and D. of the Landlord Consent to Sublease. As evidence Fly Blade has paid or caused to be paid by its operators at least \$10,000 in Business License Fees, Landing Fees, and PFCs to the airport in 2016. Operators that Fly Blade utilizes for flights that have not paid Business License Fees use the General Aviation FBO for flights and pay ramp and landing fees.

It was in May or thereabouts that Fly Blade was informed of the interpretation that any charter operator providing services for Fly Blade in or out of Nantucket Airport would be required to pay an annual business license. This requirement does not apply to charter operators using the General Aviation ramp and it was assumed that Fly Blade having a business license was sufficient. Upon notification of the requirement Fly Blade worked diligently with its operators so that each one would obtain a business license. Mr. Cabral signed his business license application and paid his fee on or about May 15, 2016.

All operators used by Fly Blade at the Premises have obtained the required business licenses. Moreover, the Performance Deposit required under Section D of the Landlord Consent assured that in the event any required fees were not paid over these amounts could be collected.

Fly Blade has submitted Reports required under Section G of the Landlord Consent and is not aware of any outstanding amounts owed to the Nantucket Airport.

In conclusion I believe that the violations will not reoccur and that though troubling were due in some measure to ignorance and not malfeasance. I hope the remedial steps outlined above along with the assurance of Fly Blade that the second year of operations will benefit from the learning curve of year one will suffice to permit Fly Blade to remain in good standing under the sublease and Emily Air under the over Lease.

Please contact me should you require additional information. I will contact you next week to follow up on this response.

Sincerely,



Tom Cunningham

Attachments

Cc: Melissa Tomkiel w/ attachments

Town of Nantucket
NANTUCKET MEMORIAL AIRPORT
14 Airport Road
Nantucket Island, Massachusetts 02554

Thomas M. Rafter, Airport Manager
Phone: (508) 325-5300
Fax: (508) 325-5306



Commissioners
Daniel W. Drake, Chairman
Arthur D. Gasbarro, Vice Chair
Anthony G. Bouscaren
Andrea N. Planzer
Jeanette D. Topham

June 13, 2016

Emily Air, LLC
Thomas Cunningham
15878 Gaither Drive
Gaithersburg MD 20877

Re: 2016 Lease Amendment One

Dear Mr. Cunningham;

Enclosed you will find your copy of the fully executed Lease Amendment One between Nantucket Memorial Airport Commission and Emily Air, LLC.

If you have any questions or if I can be of any further assistance, please do not hesitate to contact me at 508-325-7532 or mwilliams@nantucketairport.com.

Sincerely,

A handwritten signature in cursive script that reads 'Mae R. Williams'.

Mae R. Williams
Administrative Assistant

Enc.

Town of Nantucket
NANTUCKET MEMORIAL AIRPORT
14 Airport Road
Nantucket Island, Massachusetts 02554

Thomas M. Rafter, Airport Manager
Phone: (508) 325-5300
Fax: (508) 325-5306



Commissioners
Daniel W. Drake, Chairman
Arthur D. Gasbarro, Vice Chair
Anthony G. Bouscaren
Andrea N. Planzer
Jeanette D. Topham

July 21, 2016

Thomas Cunningham
Emily Air, LLC
15878 Gaither Drive
Gaithersburg MD 20877

Re: MaDOT Landlord Consent to Sublease to Fly Blade

Dear Mr. Cunningham;

Enclosed please find the fully executed MaDOT Landlord Consent to Sublease to Flyblade.

If you have any questions or if I can be of any further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mae R. Williams'. The signature is fluid and cursive, written over a horizontal line.

Mae R. Williams
Administrative Assistant

Town of Nantucket
NANTUCKET MEMORIAL AIRPORT
14 Airport Road
Nantucket Island, Massachusetts 02554

Thomas M. Rafter, Airport Manager
Phone: (508) 325-5300
Fax: (508) 325-5306



Commissioners
Daniel W. Drake, Chairman
Arthur D. Gasbarro, Vice Chair
Anthony G. Bouscaren
Andrea N. Planzer
Jeanette D. Topham

August 16, 2016

Mr. Thomas Cunningham
Emily Air
15878 Gaither Drive
Gaithersburg MD 20877

Re: Construction/Alteration Application and Special Events Application

Dear Mr. Cunningham;

In an effort to remain in compliance with all Federal, State, and Local requirements pertaining to Construction and/or Alterations on Nantucket Memorial Airport property, this letter serves as a reminder that **before** any construction/alterations begin, you must complete the attached application and return it to Nantucket Memorial Airport for approval **prior** to obtaining any other required Town permits. Please read through the instructions and if you have any questions, please feel free to contact us to begin the process.

Also enclosed is an application for any Special Event that you would like to host at Nantucket Memorial Airport. The Special Event Application is the first step **prior** to obtaining any other required Town permits.

Please feel free to make copies of these Applications for future use.

Please forward this notification to whomever is the responsible party for this procedure.

Thank you for your cooperation in helping us to maintain a safe and secure Airport environment for all.

Sincerely,

Thomas M. Rafter

Thomas M. Rafter, A.A.E.
Airport Manager

TMR/mw
Enc. (3)

Thomas F. Cunningham

From: Janine Torres <jtorres@nantucketairport.com>
Sent: Tuesday, August 16, 2016 9:22 AM
To: Thomas F. Cunningham
Cc: Tom Rafter; Mae Williams
Subject: FW: Message from "RNP002673A1E20D" Blade Air Inspection Report-8/15/16
Attachments: 20160815143642381.pdf

Hi Tom

Below and attached are from the Town Health Dept as a follow up to the violation issued earlier this month.

Janine M. Torres
Office Manager
Nantucket Memorial Airport
14 Airport Rd, Unit 1
Nantucket, MA 02554
(508) 325-5303
(508)-325-5306 Fax
(508) 901-0726 Cell

-----Original Message-----

From: Tom Rafter
Sent: Tuesday, August 16, 2016 9:06 AM
To: Janine Torres <jtorres@nantucketairport.com>
Subject: FW: Message from "RNP002673A1E20D" Blade Air Inspection Report-8/15/16

-----Original Message-----

From: Kathy LaFavre [<mailto:KLaFavre@nantucket-ma.gov>]
Sent: Monday, August 15, 2016 2:38 PM
To: Tom Rafter <trafter@nantucketairport.com>; Robert Tallman <rtallman@nantucketairport.com>; Roberto Santamaria <rsantamaria@nantucket-ma.gov>; Art Crowley <ACrowley@nantucket-ma.gov>
Cc: 'greg@flyblade.com' <greg@flyblade.com>; Amy Baxter <abaxter@police.nantucket-ma.gov>
Subject: FW: Message from "RNP002673A1E20D" Blade Air Inspection Report-8/15/16

Gentlemen - This morning at 10:00, Steve Butler, Building Commissioner, Amy Baxter, Licensing Agent, and Kathy LaFavre, Health Inspector inspected the Blade Air/Emily Air Hanger for a follow-up inspection for various issues cited on 8/8/16. We were accompanied by Bob Tallman of the Airport. Attached is my inspection Report which notes that all Human Habitation Code violations have been addressed: No beds or personal belongings are in either 2nd floor room, the portable heater has been removed, smoke detectors and CO detectors have been installed. Greg Ramey of Blade Air has informed us that no one will be using the 2nd floor rooms for any reason. Also noted was the removal of the microwave and the toaster oven to a corner of the hanger for future pick up or disposal.

The Health Department sees no current violations of the space.

If anyone has any questions, please feel free to contact me.

Tom, I trust you will forward this info to Emily Air as well.

Thanks for all your assistance.

Best,
Kathy LaFavre, Health Inspector

-----Original Message-----

From: Health@nantucket-ma.gov [mailto:Health@nantucket-ma.gov]

Sent: Monday, August 15, 2016 2:37 PM

To: Kathy LaFavre

Subject: Message from "RNP002673A1E20D"

This E-mail was sent from "RNP002673A1E20D" (MP C3003).

Scan Date: 08.15.2016 14:36:42 (-0400)

Queries to: Health@nantucket-ma.gov

78/1

**NO VIOLATIONS - Bedrooms +
Personal Belongings
Removed.**

Inspection Form

Nantucket Health Department, 3 E Chestnut Street, Nantucket, MA 02554

SSC 105 CMR 410.000: Chapter II, Minimum Standards of Fitness for Human Habitation

Greg@FlyBlade.com 844. Fly. Blade 385. 7211-1337 (cell)

Date	8/15/16	Time	10:00 am	# Occupants	-	# Children < 6 Years	-
Address	Airport Rd.		Unit #	Emily/Blade	City/Town	Nantucket, MA 02554	
Occupant Name	AIR		Phone #				
Owner Name	Emily AIR/Blade AIR @		Phone#				
Owner Address	Nantucket Airport		City/Town	Zip Code			
# Dwelling/ Rooming Units in Dwelling			# Stories	Floor Level of Unit		1st + 2nd FLOOR	
# Sleeping Rooms			# Habitable Rooms (.400)				
Inspector	Kathy LaFAURE		Title	Health Inspector			

If violations are observed and checked, describe them fully on Page 3.

Area or Element	Type of Violation Use blank boxes for ones not listed	Possible Code Section(s)	✓ If Violation Observed	Responsible Party	
				Owner	Occupant
Exterior, Yard & Porch	Locks	480			
	Posting, ID, Exit signs/emergency lights	481, 483, 484			
	Handrails, steps, doors windows, roof	500, 501, 503			
	Rubbish—storage and collection	600, 601			
	Maintenance of Area	602			
Common Areas & Entry	Light, windows	253, 254, 501			
	Egress	450, 451, 452			
	Handrails	503			
Interior Halls & Stairs	Floors, walls ceilings	500			
	Hallways, railings, stairs	503			
	Light, windows	253, 254, 501			
Bedroom 1	Location (circle): Front Rear Middle Left Middle Right	Floor Level of Unit			
	Ventilation	280			
	Ceiling height	401, 402			
	Windows, screen	501, 551			
Bedroom 2	Location (circle): Front Rear Middle Left Middle Right	Floor Level of Unit			
	Ventilation	280			
	Ceiling height	401, 402			
	Windows, screen	501, 551			
Bathroom	Toilet, sink, shower, tub, door	150			
	Smooth, impervious surfaces	150			
	Lights, outlets, ventilations	251, 280			
	Floors/walls	504			
Kitchen	Sink, stove, oven; good repair, impervious and smooth, space refrig	100			
	Lights, outlets, ventilation, windows, screens	251, 280, 501, 551			

Area or Element	Type of Violation Use blank boxes for ones not listed	Possible Code Section(s)	✓if Violation Observed	Responsible Party	
				Owner	Occupant
Kitchen, cont.	Ceiling height	401, 402			
	Floor	504			
Living room and Dining Room	Lights, outlets, ventilation	250, 280			
	Ceiling height	401, 402			
	Windows/screens	501, 551			
Basement	Maintenance	500			
	Watertight	500			
	Lighting	253			
Water	Source (circle): Public Private				
	Must be potable	180			
	Quantity, pressure	180			
	Responsible for paying MGL ch 186 s 22, metering	354			
Hot Water	Fuel Type (circle): Natural Gas Oil Electric Other Temp.: °f Location taken:				
	Quantity, pressure, 110 F min, 130 max	190			
	Venting	202			
Heating	Type (circle): Forced Hot Water Forced Hot Air Steam Electric				
	No portable units (removed 8/15/14)	200			
	"Habitable room and every room with toilet, shower, tub"	201			
	• 68 F 7 am to 11 pm, 64 F 11:01 pm to 6:59 am, except 6/15-9/15				
	• 78 F max in heating season/measure 5 feet wall, 5 feet floor				
	Venting, metering	202, 354, 355			
Electrical	Type (circle): 110 220 Amp:				
	Amperage, temporary wiring, metering	250, 255, 256, 354			
Drainage, Plumbing	Type (circle): Public Private				
	Sanitary drainage required and maintained	300, 351			
Smoke & CO Detectors	Required & operational * installed in both 2nd Fl. Rooms	482			
Pests	Free of pests (rodents, skunks, cockroaches, insects)	550			
	Structural maintenance and elimination of harborage	550			
Asbestos or Lead Paint		353, 502			
Curtailment		620			
Access		810			
Other					

THE FOLLOWING IS A BRIEF SUMMARY OF SOME OF THE LEGAL REMEDIES TENANTS MAY USE IN ORDER TO GET HOUSING CODE VIOLATIONS CORRECTED.

1. Rent Withholding (General Laws Chapter 239 Section 8A).

If Code Violations Are Not Being Corrected you may be entitled to hold back your rent payment. You can do this without being evicted if:

- A. You can prove that your dwelling unit or common areas contain violations which are serious enough to endanger or materially impair your health or safety and that your landlord knew about the violations before you were behind in your rent.
- B. You did not cause the violations and they can be repaired while you continue to live in the building.
- C. You are prepared to pay any portion of the rent into court if a judge orders you to pay for it. (for this it is best to put the rent money aside in a safe place.)

2. Repair and Deduct (General Laws Chapter 111 Section 127L).

This law *sometimes* allows you to use your rent money to make the repairs yourself. If your local code enforcement agency certifies that there are code violations which endanger or materially impair your health, safety or well-being and your landlord has received written notice of the violations, you may be able to use this remedy. If the owner fails to begin necessary repairs (or enter into a written contract to have them made) within five days after notice or to complete repairs within 14 days after notice you can use up to four months' rent in any year to make the repairs.

3. Retaliatory Rent Increases or Eviction Prohibited (General Laws Chapter 186, Section 18 and Chapter 239 Section 2A).

The owner may not increase your rent or evict you in retaliation for making a complaint to your local code enforcement agency about code violations. If the owner raises your rent or tries to evict within six months after you have made the complaint he or she will have to show a good reason for the increase or eviction which is unrelated to your complaint. You may be able to sue the landlord for damages if he or she tries this.

4. Rent Receivership (General Laws Chapter 111 Sections 127C-H).

The occupants and/or the board of health may petition the District or Superior Court to allow rent to be paid into court rather than to the owner. The court may then appoint a "receiver" who may spend as much of the rent money as is needed to correct the violation. The receiver is not subject to a spending limitation of four months' rent.

5. Search of Warranty of Habitability.

You may be entitled to sue your landlord to have all or some of your rent returned if your dwelling unit does not meet minimum standards of habitability.

6. Unfair and Deceptive Practices (General Laws Chapter 93A)

Renting an apartment with code violations is a violation of the consumer protection act and regulations for which you may sue an owner.

THE INFORMATION PRESENTED ABOVE IS ONLY A SUMMARY OF THE LAW, BEFORE YOU DECIDE TO WITHHOLD YOUR RENT OR TAKE ANY LEGAL ACTION, IT IS ADVISABLE THAT YOU CONSULT AN ATTORNEY, YOU SHOULD CONTACT THE NEAREST LEGAL SERVICES OFFICE WHICH IS:

(NAME) (TELEPHONE NUMBER)

(ADDRESS)



Q1/FY17 Airport Enterprise Update

Operating Revenue and Expenditures For Quarter Ended September 30, 2016

REVENUE	FY2017 Budget w/ Carryfwd	Q1/FY17	Q1/FY16	Variance to Budget	Variance to Q1/FY16	Q/O (\$)	Q/Q (%)
Fixed Base Operations (FBO)	\$ 2,353,000	\$ 1,956,724	\$ 1,863,821	\$ (396,276)	\$ 92,903	\$ 92,903	5%
Revolver: Fuel Sales	-	4,000,000	4,355,615	4,000,000	(355,615)	(355,615)	(8%)
Jet Fuel Sales in Excess of Revolving Fund	2,000,000	226,413	-	(1,773,587)	226,413	226,413	na
Fuel Sales Gas and Diesel	-	-	80	-	(80)	(80)	(100%)
Passenger Facility Charge	434,050	251,111	287,632	(182,939)	(36,521)	(36,521)	(13%)
Rental Income	1,381,806	362,715	405,017	(1,019,091)	(42,302)	(42,302)	(10%)
Fee Income	1,149,461	689,504	635,126	(459,957)	54,378	54,378	9%
Vehicle Income	360,000	107,795	124,365	(252,205)	(16,570)	(16,570)	(13%)
Interest on Investments	23,000	-	9,294	(23,000)	(9,294)	(9,294)	(100%)
Other Income	305,150	162,867	138,233	(142,283)	24,634	24,634	18%
Total Revenue*	\$ 8,006,467	\$ 7,757,129	\$ 7,819,183	\$ (249,338)	\$ (62,054)	\$ (62,054)	(1%)

OPERATING EXPENDITURES WITHOUT DEBT	FY2017 Budget	Q1/FY17	Q1/FY16	Var to Budget	Var to Q1/FY16	Q/O (\$)	Q/Q (%)
Payroll - Salary	\$ 3,152,950	\$ 796,463	\$ 667,836	\$ (2,356,487)	\$ 128,627	\$ 128,627	19%
Medicare P/R Tax Expense	45,700	11,549	9,684	(34,151)	1,865	1,865	19%
Medical Insurance	676,913	175,827	133,855	(501,086)	41,972	41,972	31%
Barnstable County Retirement	569,000	569,586	543,178	586	26,408	26,408	5%
Fixed Based Operatoin	755,500	362,777	404,536	(392,723)	(41,759)	(41,759)	(10%)
Revolver: Cost of Fuel	-	1,875,920	2,112,656	1,875,920	(236,736)	(236,736)	(11%)
Jet Fuel Expense in Excess of Revolving Fund	-	-	-	-	-	-	na
Operations	62,400	27,034	14,973	(35,366)	12,061	12,061	81%
Service & Maintenance	717,169	110,639	85,943	(606,530)	24,696	24,696	29%
Administration	1,331,017	177,589	176,362	(1,153,428)	1,226	1,226	1%
General Insurance	225,900	42,374	43,107	(183,526)	(733)	(733)	(2%)
Indirect Costs	200,000	50,000	-	(150,000)	50,000	50,000	na
Other	260,620	-	-	(260,620)	-	-	na
Total Expenditures - Excluding Debt Service	\$ 7,997,168	\$ 4,199,756	\$ 4,192,130	\$ (3,797,412)	\$ 7,626	\$ 7,626	0%

Surplus (Deficit) - Excluding Debt Service	\$ 9,299	\$ 3,557,372	\$ 3,627,053	\$ 3,548,074	\$ (69,681)	\$ (69,681)	(2%)
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DEBT SERVICE	FY2017 Budget	Q1/FY17	Q1/FY16	Var to Budget	Var to Q1/FY16	Q/O (\$)	Q/Q (%)
Principal	\$ 839,000	\$ -	\$ 20,000	\$ (839,000)	\$ (20,000)	\$ (20,000)	(100%)
Interest	385,312	93,706	103,358	(291,606)	(9,652)	(9,652)	(9%)
Issuance Costs	-	-	-	-	-	-	na
BAN Costs, Principal, Interest	10,000	-	-	(10,000)	-	-	na
Other	-	-	-	-	-	-	na
Total Debt Service	\$ 1,234,312	\$ 93,706	\$ 123,358	\$ (1,140,606)	\$ (29,652)	\$ (29,652)	(24%)

Surplus (Deficit) - Including Debt Service*	\$ (1,225,013)	\$ 3,463,666	\$ 3,503,695	\$ 4,688,680	\$ (40,029)	\$ (40,029)	(1%)
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OTHER FINANCING SOURCES	FY2017 Budget	Q1/FY17	Q1/FY16	Var to Budget	Var to Q1/FY16	Q/O (\$)	Q/Q (%)
General Fund Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	na
FinCom Transfer	-	-	-	-	-	-	na
Transfer from Special Revenue Funds	-	-	-	-	-	-	na
FY2016 Encumbrance Carryforward	102,440	-	-	102,440	-	-	na
Fuel Revolver Fund Balance Unavailable for R/E Calculation	-	(2,124,080)	(2,242,959)	2,124,080	118,879	118,879	(5%)
Voled Use of Certified Retained Earnings - Operations	1,122,573	1,122,573	828,843	-	293,730	293,730	35%
Total Other Financing Sources	\$ 1,225,013	\$ (1,001,507)	\$ (1,414,116)	\$ 2,226,520	\$ 412,609	\$ 412,609	(29%)

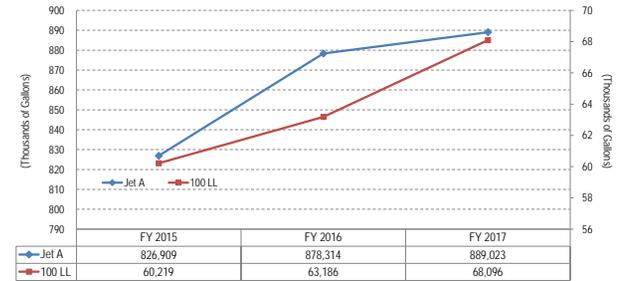
Total Surplus (Deficit) - Incl. Debt Service & Other Financing Sources*	\$ -	\$ 2,462,160	\$ 2,089,579	\$ 6,915,200	\$ 372,580	\$ 372,580	18%
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BENCHMARKS

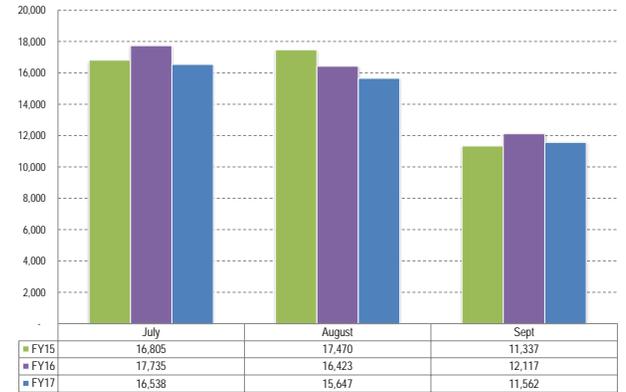
Target Debt to Operating Expense Ratio	12%	12%	12%
Current Debt to Operating Expense Ratio	15%	1%	2%
Certified Retained Earnings	\$ 1,620,224	\$ -	\$ -
% of Certified Retained Earnings Used for Operations	69%	-	-
% of Certified Retained Earnings Used for One Time or Capex	-	-	-

*Note: Governments operate on a budgetary basis; therefore revenue earned in excess of the certified budget is not available to offset expenditures in the current fiscal year. Excess revenue and expenditure turnbacks must go through the State of Massachusetts retained earnings certification process before they can be appropriated at a subsequent annual and/or special town meeting. Once certified, retained earnings can only be appropriated at an annual and/or special town meeting.

Fuel Gallons Sold - 1st Quarter (FY15 to FY17)



Number of Airport Operations - 1st Quarter (FY15 to FY17)



Aviation Fuel Revolving Fund - FY2016 vs FY2017

	FY2017	FY2016
Fuel Sales	\$ 4,226,413	\$ 4,355,615
Less: Fuel Purchases	(1,875,920)	(2,112,656)
Gross Profit	2,350,492	2,242,959
Revolver Purchase Cap	4,000,000	5,300,000
Less: Purchases	(1,875,920)	(2,112,656)
Unallocable Portion of Gross Profit	2,124,080	3,187,344
Profit Applied to Operating Budget	\$ 226,413	\$ (944,385)