



MRO Americas

Session 10:

How to Sell a Repair Station

Big or Small

Wednesday, April 6, 2016

10:45 - 11:25 AM

Session Summary

Whether you are planning on retirement, divesting, monetizing your investment or outright ready to sell your business, learn the elements from start to finish – preparing your company for the sale, valuing your business, going to market with a teaser and a CIM (Confidential Information Memorandum), finding the right buyer, setting up a data room, and evaluating, negotiating and closing with acceptable risks for both sides. The session will be an open discussion on the who, what, where, when, how and why of selling an MRO business. It includes a series of “do’s and don’ts,” and developing a team of experts to carry out the divestiture process and to close the deal.

How to Sell a Repair Station

About the Presenter – Al Givray

[Al Givray](#) is a partner in the Denver law firm of [Davis Graham & Stubbs](#). He is also General Counsel of [The NORDAM Group, Inc.](#), headquartered in Tulsa. For 35 years, Mr. Givray has been devoted to aviation: the acquisition and divestiture of aviation businesses and assets; the formation of joint ventures; the development, certification, manufacture, sale, maintenance, repair, and overhaul of aviation products; the leasing and financing of helicopters and fixed-wing aircraft; and aviation litigation – all inside and outside the United States. As Mr. Givray likes to say, "If it flies and it's not a bird, we can do the legal work."

How to Sell a Repair Station

About the Presenter – [Brian Karpel](#)

As Managing Director for investment banking at [Seabury Group](#), Brian is responsible for aerospace and defense strategy and corporate finance advisory, including transaction structuring and execution. He has executed numerous M&A transactions as well as strategic consulting and successful restructuring engagements with US and non-US flag carriers including the (in court) restructurings of Air Canada, US Airways and Avianca and the merger of US Airways and America West.

How to Sell a Repair Station

About the Moderator – Sarah MacLeod

[Sarah MacLeod](#) is managing member of [OFM&K](#) and a founder and executive director of the [Aeronautical Repair Station Association](#). She has advocated for individuals and companies on international aviation safety law, policy and compliance issues for 30 years.

Ms. MacLeod obtained a bachelor's degree from Evergreen State College, Olympia, Washington and a law degree from Catholic University of America.

How to Sell a Repair Station

Objectives

- Upon completing this session, participants will have the tools to:
- De-mystify the three main dimensions of selling a repair station business:
 - Regulatory dimension – I will walk you through the facts about “transferring” certificates and approvals.
 - Legal dimension – Al Givray will take us through the dirty dozen of selling an aviation business.
 - Investment banking dimension – Brian will help us with understanding valuation, value and monetary considerations
 - Understand how these dimensions overlap – many aspects can be covered in concert.

How to Sell a Repair Station

Objective 1: The Regulatory Dimension

Reviewing and “transferring” certificates and approvals

- Repair station certificates cannot be “transferred” – section [145.57](#)
 - (b) If the holder of a repair station certificate sells or transfers **its assets** and the new owner chooses to operate as a repair station, the new owner must apply for an amended or new certificate in accordance with § [145.51](#).

Objective 1: The Regulatory Dimension

- Repair station stock versus asset sale
 - Stock sale will not trigger FAA involvement, since stock is transferred all the time but the entity that “owns” the certificate will not change.
 - Obviously, if a **stock** sale triggers a name or other changes that require notification to the FAA, those must be coordinated.
 - Asset sale does trigger a requirement for the new owner to “amend” the certificate; how much and what is “amended” needs to be coordinated.

How to Sell a Repair Station

Objective 1: The Regulatory Dimension

- Does the seller “own” other certificates or approvals from the FAA or other civil aviation authority?
 - *Type certificate or supplemental type certificate*
 - Type certificates and supplemental type certificates can be transferred (section [21.47](#)); notification is required.
 - The certificate includes the type design (sections [21.31](#) and [21.41](#)).
 - The type design includes the data necessary to prove airworthiness and to ensure consistent production.

Objective 1: The Regulatory Dimension

- Does the seller “own” other certificates or approvals from the FAA or other civil aviation authority?
 - PMAs or TSOAs or PMAs
 - Include design data and quality system for manufacturing.
 - Cannot be transferred – see sections [21.213](#) and [21.614](#).
 - The data and quality system can be used for reapplication, but beware of the gaps that may need to be filled.

How to Sell a Repair Station

Objective 1: The Regulatory Dimension

- Does the seller “own” other certificates or approvals from the FAA or other civil aviation authority?
 - Repair designs – “DER” approved methods, techniques and practices for major repairs or alterations.
 - Alternative methods of performing maintenance or alterations – minor repairs and alterations
 - Generally transfer with the repair station certificate but beware of the local office preference and prejudices.

Objective 1: The Regulatory Dimension

- Best practices for dealing with the civil aviation authorities
 - Before the sale
 - Know what certificates or approvals are held by BOTH the buyer and the seller—national and international!
 - Understand the avenues available for transfer or sale—review and determine the pros and cons of each.
 - Ensure that it is not just the “certificate” or “approval” that is being bought or sold—it is also the technical and engineering data, the quality system and the associated contracts and agreements.

Objective 1: The Regulatory Dimension

- Best practices for dealing with the civil aviation authorities
 - During the negotiations
 - Due diligence on contacts and communication among and between the certificate or approval holder and the national aviation authorities—what type of relationship exists and what are the pros and cons of each.
 - Due diligence on the data and quality systems supporting the certificates and approvals—risk assessment.

Objective 1: The Regulatory Dimension

- Best practices for dealing with the civil aviation authorities
 - As the deal is set and closing nears, clear channel and priorities for:
 - Communication with the domestic aviation authority
 - Maintenance *certificates*—repair station, mechanics, repairmen
 - Design *certificates*—type and supplemental type certificates
 - *Approvals*—PMA and TSOA, as well as “repair designs”
 - Communication with the international aviation authorities

**WILL ANSWER QUESTIONS
WHEN WE ARE ALL DONE**