



**MRO Americas**

**Session 15:**

**How to Buy a Repair Station**

**Big or Small**

**Wednesday, April 6, 2016**

**11:35 AM – 12:15 PM**

## **Session Summary**

Whether you are buying or growing through acquisitions, learn the elements from start to finish – finding the right companies to buy, evaluating teasers and a CIMs (Confidential Information Memoranda), wading through the seller's data room, valuing the worth of what you're about to buy, 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 buying an MRO business. It will include a series of “do’s and don’ts,” and developing a team of experts to carry out the buying process, close the deal, and integrate what you've bought into your long-term goals.

# How to Buy 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 Buy 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.

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## **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 Buy a Repair Station

## Objectives

- Upon completing this session, participants will have the tools to:
- De-mystify the three main dimensions of buying 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 buying 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 Buy a Repair Station*

## **Objective 1 – The Regulatory Dimension**

- Reviewing the ability to “transfer”:
  - Certificates
  - Approvals
  - “Data”
- The ins and outs of dealing with civil aviation authorities before, during and after the “deal” is struck.

# *How to Buy a Repair Station*

## **Objective 1: The Regulatory Dimension**

Reviewing and “transferring” certificates and approvals—what are you buying?

- Some certificates are not “transferrable”
- Certificates are based upon housing, facilities, equipment, personnel, documents, data and materials.
- Almost all certificates have “quality systems” supporting activities.



# How to Buy a Repair Station

## Objective 1: The Regulatory Dimension

- 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](#).
    - Therefore your options are—
      - Stock transfer.
      - Amended certificate.
      - New certificate.

# How to Buy a Repair Station

## 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 – the entity that “holds” the certificate will not change.
  - Obviously, if a **stock** sale triggers a name or other changes, notification to the authorities will be required and 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.
  - If application for a new certificate is chosen, other considerations must be addressed.

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## Objective 1: The Regulatory Dimension

- What other certificates or approvals from the FAA or other civil aviation authority are being considered?
  - *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.
    - Should include a quality system element.

## Objective 1: The Regulatory Dimension

- What other certificates or approvals from the FAA or other civil aviation authority are being considered?
  - TSOAs or PMAs
    - Cannot be transferred – see sections [21.213](#) and [21.614](#).
    - Include design data and quality system for manufacturing.
    - The data and quality system can be used for reapplication, but beware of the gaps that may need to be filled.
    - Include “approved” quality systems – ensure up-to-date with best practices.

# How to Buy a Repair Station

## Objective 1: The Regulatory Dimension

- What other certificates or approvals from the FAA or other civil aviation authority are being considered?
  - 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 considered—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.

# How to Buy a Repair Station

## 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**