



February 24, 2026

City of Lake City  
 Attn: City Manager  
 205 North Marion Avenue  
 Lake City, FL 32055

Mr. Rosenthal:

AAR is an independent provider of aviation services to commercial and government customers worldwide. Our aftermarket expertise and award-winning solutions help customers increase efficiency and reduce costs while maintaining high levels of quality, service, and safety.

We are the largest independent maintenance, repair, and overhaul (MRO) provider in North America, operating eight certified MRO facilities in the United States and Canada. Our talented aircraft technicians and engineering staff perform major maintenance services and airframe repair, modifications, inspections, upgrades, refurbishments, and painting services on a range of aircraft platforms, including Airbus, Boeing, Bombardier, and Embraer.

We recently acquired the MRO operations in Lake City, Florida, formerly owned by HAECO Airframe Services, LLC. This MRO operates from a 60-year-old facility owned by the City of Lake City. While the facility remains operational, it is showing its age and will require targeted upgrades to support continued, efficient, and profitable operations. Below is an initial, prioritized list of facility improvement projects. As you are aware, Florida Commerce and the City have agreed to allow the recently awarded RIF funding—originally designated for the replacement of Hangar Zero—to be redirected to the first phase of this list: replacement of the roofs on Hangars 1 and 2.

Estimated Project Costs					
Hangar	Sq. Ft.		Base Cost	Contingency	Total Proj Cost
<b>Phase 1</b>					
1	78,978	Roof	\$ 910,099	\$ 135,357	\$ 1,045,456
2	97,133	Roof	\$1,092,116	\$ 162,428	\$ 1,254,544
1	78,978	Fire	\$1,560,000	\$ 156,000	\$ 1,716,000
2	97,133	Fire	\$2,010,000	\$ 201,000	\$ 2,211,000

The Hangar Zero project, for which the original grant award was issued, was estimated at \$1.788 million. The replacement of the roofs on Hangars 1 and 2 is currently estimated at a total project cost (TPC) of \$2.3 million. These estimates were developed through our internal competitive tender process and include a prudent contingency. We understand that the City will follow its own procurement process and that the final outcome of that process cannot be fully predicted.

In support of this project, we commit to covering the funding gap between the original grant award of \$1.788 million and the current bid amount, up to a maximum AAR contribution of \$2.0 million. Based on the prior bid results of approximately \$2.3 million, this represents an anticipated contribution of roughly \$511,000 above the grant award. This commitment is made with the expectation that the city’s procurement process will result in bid pricing at or below this level. Any bid requiring more than a \$2.0 million contribution from AAR (>\$3.788 million) would be subject to further discussion and mutual agreement between the parties.

In addition, while Hangar 1 and Hangar 2 are down for roof replacement we will be upgrading the fire suppression systems at our own additional investment of \$3,927,000.

Task/Activity Description	RIF Amount	Other Funds Amount	Source of Other funds	Total
H1 and H2 Roof Removal and Replacement	\$1,788,415	\$511,585	AAR Corp	\$ 2,300,000
H1 and H2 Fire Suppression Replacement	\$ 0.00	\$3,927,000	AAR Corp	\$3,927,000
<b>TOTAL PROJECT BUDGET:</b>	<b>\$ 1,788,415</b>	<b>\$ 4,438,585</b>		<b>\$ 6,227,000</b>

At present, our 2026 work plan projects total employment of approximately 565 personnel, including 50 contractors.

Thank you for your cooperation on this project and others to strengthen the airport infrastructure.



Thomas D. Hoferer

SVP, Repair & Engineering