



AVIATION
SERVICES UNLIMITED

The Honorable Gary Monahan
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

Dear Mayor Monahan,

Aviation Services Unlimited, LLC (ASU) was founded on the principles of honesty and customer focus and with the mission of providing the highest levels of safety, operational effectiveness, and customer value.

We would be honored to work with you and the City of Costa Mesa to establish what we know will become a long term, successful business, community and personal relationship.

Our concept is clear, concise, and simple. We will bring our extensive experience and knowledge of flight operations to the table and provide tailored flight management services to your program. Your review and comments on our attached proposal of service are extremely important to our style of service, as we are very flexible and creative.

In addition to the proposal to provide services directly related to A.B.L.E. as described herein, Appendix A addresses services ASU intends to institute both independently and in conjunction with this program.

We are prepared to deploy our resources upon the receipt of a "Letter of Intent" to contract our services. We will make the required vendor transition a smooth and painless activity for your team.

We believe we will enhance your success and will work hard to prove that.

Thank you and best regards,

Paul C. Rayhill
President

And the whole ASU Team!



Proposal of Helicopter Services
For

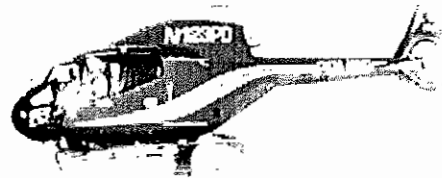




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Section I. Executive Summary and Company Information

Thank you for taking the time to review our proposal to provide your Airborne Law Enforcement (A.B.L.E.) services.

Aviation Services Unlimited (ASU) was formed over thirty years ago to provide helicopter services to the Utility Industry. Today, ASU is a Federal Aviation Administration (FAA) certified and audited Part 135 On-Demand Helicopter Charter service, Part 145 Maintenance Repair Station, and Part 133 External Load Flight operations.

ASU is a wholly owned subsidiary of Hawke Capital Partners LLP a Malvern, PA based private equity sponsor of which the President of ASU is a partner and Managing Director. Hawke Capital was formed to focus on middle market Aerospace companies evaluating strategic alternatives and seeking growth opportunities, with a niche specialization in the Rotorcraft segment of Aerospace. Through Hawke Capital we have achieved the financial sustainability and viability needed to compete with any of the current mainstream operators. We also enjoy the highly praised and expert logistics and depot level maintenance offered through our sister company Uniflight LLC. Uniflight is a network of FAA Certified Repair Stations located in Grand Prairie, Texas (Next door to the US headquarters of Eurocopter); Rome, NY; Reading, PA and most recently Pittsburgh, PA.

Aviation Services Unlimited LLC offers a business model that affords its customers the most value possible in the operation of an airborne law enforcement program. What we propose is not just a traditional vendor operation but an opportunity for a turnkey solution providing complete management and operational services working in concert with the customer to customize the program to the customer's requirements and the needs of the community.

We are proud to be a lean, energetic and soon LOCAL company backed with substantial financial and maintenance capabilities and managed by the most experienced team in the industry.

Company Information

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Phone: 315-334-4410
Fax: 315-334-4411
Federal EIN: 27-2356712



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Chairman: Joseph Hawke

jhawke@hawkecapital.com

Principal of Aviation Services Unlimited:

- Paul Rayhill, President
paul@asuhelicopter.com

The personnel you will deal with on a daily basis:

Paul Rayhill, President

Paul Rayhill has been involved in the rotorcraft industry for over twenty-four years. He spent fourteen years as the President of ASU. He has developed and expanded ASU's business and business opportunities more than tripling the annual flight hours. He also directed the successful additions of the FAA Part 145 and 133 certifications. ASU is a trusted source of maintenance for the New York State Police and Onondaga County Sheriff aviation units.

Paul is a graduate of the United States Naval Academy and served for seven years in the U.S. Navy as a pilot and a commissioned officer holding numerous operational and maintenance positions. He has attended the HAI Advanced Helicopter Management Course and is active in numerous industry associations.

Paul is primarily responsible for Operations, Contracts Management and Business Development.

Site Manager

The Site Manager reports directly to the President and handles all day to day business for Aviation Services Unlimited LLC at the program level. The Site Manager is responsible for all personnel, and operational issues at the program site.

Site Maintenance Manager

The Site Maintenance Manager reports directly to the Director of Maintenance and handles all day to day Technical issues for Aviation Services Unlimited LLC at the



program level. The Manager is responsible for all technical personnel and maintenance issues at the program site.

Site Safety Pilot

Aviation Services Unlimited LLC will designate and compensate one pilot as the Site Safety Director. His responsibilities will include conducting quarterly safety meetings, providing safety training for the flight crews and personnel.

Section 2. Safety Quality Management System

Aviation Services Unlimited treats management of safety issues on a parallel with its other Quality Management Practices. In order to accomplish this task it has installed a Safety Quality Management System (SQMS) that exceeds the requirements of Federal Aviation Administration Advisory Circular AC 120-92. A copy of the Safety Quality Management System Manual is required reading for all Aviation Services Unlimited employees and will be placed in the Pilot Quarters of each Base Site. This manual is open to your review at any time. Highlights of the SQMS are as follows:

An Internal Evaluation Program (IEP)

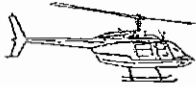
The Aviation Services Unlimited Safety Management System requires an Internal Evaluation Program which consists of:

- Internal Audits, of each Aviation Services Unlimited Contract by ISO 9000 trained Aviation Services Unlimited auditors, every two years.
- Internal Audits and FOD inspections, conducted by trained Aviation Services Unlimited Contract Safety Pilots and Mechanics, each quarter.
- Regular recorded site visits by Aviation Services Unlimited Managers.

Risk Assessment Tools

Aviation Services Unlimited LLC provides several levels of Risk Assessment Tools to determine the severity and probability of risks involved in day-to-day operations, special operations and management of change.

- Day-to-Day Risk Management: Each Aviation Services Unlimited pilot is required to fill out a Mission Risk Assessment at the beginning of each shift and prior to each mission when conditions change.
- Special Operations: A lengthier Risk Management Tool is required for special operations such as PR Flights, training flights and aerial search missions.
- Management of Change: When the program contemplates a major change in operations such as employing a new airframe, beginning NVG Operations, or opening a new Base Site, a Management of Change Process is required. The Management of Change Process involves a series of Risk Matrixes to be



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executed by all stake holders in the change, i.e., Director of Operations, DOM, Chief Pilot, appropriate Contract Management representatives, etc.

The Risk Assessment Tools all use a common methodology: measure the risk in terms of severity and probability, determine the level of acceptable risk exposure, attempt to mitigate the risk to an acceptable level, make a go-no-go decision.

Risk Assessment Tools may be found in the Aviation Services Unlimited SQMS Manual.

A No Fault Reporting System

All Aviation Services Unlimited Employees are required to report any near miss, aircraft incident, accident, personal injury, or environmental event and are encouraged to make suggestions to improve the Safety Management System. This is accomplished by use of the HAI safety reporting software. Employees may make anonymous reports if they so desire.

It is the overall philosophy of Aviation Services Unlimited Services that safety practices, policies and shortcomings must be measurable in order to be managed. Therefore, a scientific method is required. By utilization of standardized measurement and analyses processes, we can improve on the stellar safety record of the experienced managers in the company who exercise Operational Control over all ground and air activities and share safety decisions with our customers.

Personnel Safety Reviews

Aviation Services Unlimited conducts annual safety reviews for all on-site personnel and consults with the customer for additional input on ASU employee performance. The standards of operating procedures and suitability in performance of assigned duties are stressed in addition to the normal, on-going responsibilities. Aviation Services Unlimited wants to insure that all personnel meet the safety standards demanded by the complex operating environment of airborne law enforcement flight.

Section 3. Insurance

Aviation Services Unlimited shall maintain Hull Insurance in an amount not less than the stipulated loss value required; cargo and baggage liability as respects contents of the helicopters up to a total value of \$100,000; Aircraft Liability Insurance of at least required combined single limit as respects both ground and flight; and Workers Compensation Insurance, including Employer's Liability Insurance, complying with the laws of the state of New York or such other states as may be required for ASU employees.



Section 4. Personnel and Staffing

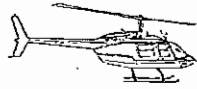
It is Aviation Services Unlimited's proposal that we will contact and work together with the current A.B.L.E Bureau Commander to review the qualifications of the pilots and maintenance staff. From this cooperative effort ASU will ensure the City of Costa Mesa receives the best qualified and experienced pilots to perform this mission. Any new staff required we will meet ASU's, Costa Mesa and A.B.L.E's prerequisites.

Pilots and mechanics salaries vary greatly across the US because of the cost of living and complexity and mission of the aircraft. Our compensation program is designed to attract the very best pilots and mechanics. Our field personnel enjoy an average increase of 3.5% per year on their annual salary providing their performance evaluations so warrant.

Performance evaluations are submitted annually for each Aviation Services Unlimited employee at the base site. The Site Manager performs the evaluations for the line pilots and is evaluated, in turn, by the company's Director of Operations. The Director of Maintenance evaluates the site mechanic. Input from A.B.L.E.'s program management concerning the assigned personnel performance is not only welcomed, it is encouraged as part of this evaluation process and is an important consideration in the outcome.

We have an equitable and competitive pay scale for our pilots and mechanics that are dependent on years of service but can be adjusted for performance. See below:

	Pilot 2011		Mechanic 2011
Level 0	\$ 56,600		\$ 55,500
Level 1	\$ 58,400		\$ 57,500
Level 2	\$ 59,500		\$ 58,600
Level 3	\$ 60,000		\$ 59,000
Level 4	\$ 61,000		\$ 60,000
Level 5	\$ 62,500		\$ 61,500
Level 6	\$ 63,500		\$ 62,200
Level 7	\$ 65,000		\$ 64,000
Level 8	\$ 66,300		\$ 65,300
Level 9	\$ 68,300		\$ 67,300
Level 10	\$ 69,500		\$ 68,300
Level 11	\$ 70,300		\$ 69,300
Level 12	\$ 71,500		\$ 70,500
Level 13	\$ 72,600		\$ 71,500



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Level 14	\$ 73,600		\$ 72,500
Level 15	\$ 75,000		\$ 73,500
Level 16	\$ 76,500		\$ 75,000
Level 17	\$ 77,500		\$ 75,800
Level 18	\$ 78,500		\$ 77,300
Level 19	\$ 80,000		\$ 79,000
Level 20	\$ 83,000		\$ 80,500

Our Site Managers and Safety Directors receive additional pay for their responsibilities and overtime or extra work is clearly defined in our pay policy.

Also employees assigned to certain geographical regions would, after review, receive cost of living adjustments to their pay.

Pilot prerequisites and training:

The pilot training and qualifications outlined in the Code of Federal Regulations (CFR) Title 14: Aeronautics and Space, Subpart FAR § 135.1 - § 135.507 are the minimum requirements for Aviation Services Unlimited pilots. Additionally the FAA certifies our Operations Manual which further describes all specific and additional training. This is a partial list of items in our training manual.

Pilot in Command (PIC) initial qualification

- PIC with minimum of 1500 hr. experience, more than 2000 Hours preferred
- 50 hr. actual instrument
- 20 hr. in type or be able to demonstrate capabilities of an individual with 20 hr. in type to VP Operations and/or Chief Pilot
- FAA commercial rotorcraft certification rating with helicopter instrument qualifications.
- Pilots have demonstrated proficiency in the aircraft prior to mission assignment.
- All Pilots have demonstrated a high degree of aptitude for airborne law enforcement mission demands.
- Pilots reside within reasonable commuting distance of the base of operations.
- Pilots are qualified and licensed as required by applicable state and federal laws and regulations, as well as any additional requirements of the final agreement.
- All pilots are required to meet our FAA approved drug and alcohol regulations and are subject to random urinalysis selection by our administrative office.
- All pilots have their medical certificate date on computer record at Aviation Services Unlimited Service's head office and they receive 30 day notice of their required physical and certificate update. If they do not send their certificate update to Aviation Services Unlimited by the expiration, the pilot is "grounded" without pay until the situation is resolved.



The schedules are seven on/seven off. We can be flexible, but prefer not to go over eight in a row.

Initial Training

- Pilots receive thirty + hours classroom and computer training on required FAA topics
- Fourteen hours initial aircraft ground school training
- Four to eight hours of VFR Initial Training
- Inadvertent IMC Training
- May be adjusted based on prior Law Enforcement and aircraft experience

Annual Recurrent Training

- Twelve hours of in flight training each year plus two check rides
- All check rides include Unusual Attitude Recovery and inadvertent IMC
- Training is uniquely scenario based which is intended to enhance the pilot's Aeronautical Decision Making and build good CRM technique
- Annual Aircraft Safety Awareness (ASAT) Training

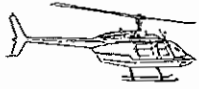
Initial Aircraft Maintenance Technician (Mechanics) Qualifications

- Minimum of 3 years experience as an AMT
- Factory or equivalent training/experience on type aircraft operated
- Factory or equivalent training/experience on engine type operated

Annual Performance Review

Every Aviation Services Unlimited employee receives an annual review of their performance in the following areas:

- **Flight/Ground Safety** - Safety is our utmost concern and Aviation Services Unlimited will not tolerate any lapse in safety standards reference ground or flight operations.
- **Additional Duties** - Our personnel are expected to accept additional duties as a part of their job. In fact, each of our pilot's is required to have other assignments. Duties may range from special assignments like Site Safety Director, QA Pilot, or Check Airman to less permanent tasks such as record's keeper or fuel farm monitor.
- **Team Work/Cooperation** - The very nature of a pilot's or mechanic's position demands leadership in a team environment.

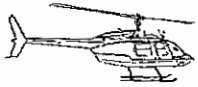


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- Regulatory Compliance - Compliance with all Federal and State Aviation Regulations as well as hospital and Aviation Services Unlimited policies is one of our basic requirements.
- Initiative - Due to the nature of our business we expect our employees to score a high rating in this area. We expect our professionals to identify and complete tasks without excessive supervision.
- Flexibility - Flexibility is a willingness to accept and react appropriately to changing conditions. Some attributes of the "flexibility" we are looking for are:
 - Willingness to have some flexibility in work time requirements
 - Changes to policies
 - Participation in public relations projects sponsored by Aviation Services Unlimited, customers, or community groups.
- Appearance - Personal appearance, courtesy, tolerance and sensitivity of our personnel are extremely important. Proper hygiene dictated by commonly accepted practices, along with properly maintained uniforms is an Aviation Services Unlimited's policy.
- Administrative Skills - Pilots and Mechanics must maintain all required records in a timely and accurate manner for FAA compliance. These include: Individual training folders, duty logs, and logbook and maintenance entries.
- Communication/Coordination - Verbal skills are an essential attribute for any aviation or law enforcement professional. This skill allows for effective coordination with several agencies simultaneously (FAA, communications center, fellow team members).
- Other Annual Requirements:

Pilot: The following are requirements for every pilot, and are tracked for consistency:

- Knowledge of Law Enforcement procedures pertaining to the flight program
- Detailed knowledge of aircraft and navigation equipment
- Local area and landing zone familiarity
- Aviation Services Unlimited Policy Manual
- FAR 135 Operations Manual and Operational Specifications.
- Mandatory flight training
- Required "Pilot to Pilot" shift change briefing
- Required ground schools to include:
 - ASAT train the trainer



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- Clarity Net Safety and environmental training

Mechanic: The following are requirements for every Mechanic, and are tracked for consistency:

- Knowledge of procedures pertaining to the flight program
- Detailed knowledge of aircraft and maintenance procedures
- Detailed knowledge of FAA and aircraft manufacturer maintenance requirements
- Local area familiarity
- Aviation Services Unlimited Policy manual
- FAR 135 Operations manual and Operational Specifications
- ASAT Training
- Clarity net and environmental training

Section 5. Marketing Support

Aviation Services Unlimited's management team, as described above, has years of experience and would appreciate the opportunity to provide personalized marketing assistance. Furthermore, Aviation Services Unlimited will send senior management as necessary to outreach programs to support the City of Costa Mesa and A.B.L.E. Our pilots and mechanics are all expected to provide assistance to the program's Public Relations efforts.

Section 6. Operator Transition

Upon contract award, Aviation Services Unlimited will meet with Costa Mesa and A.B.L.E representatives to begin designing the timeline for the transition of operators and then the timeline for aircraft transition. An agreement will be reached with the previous Supervisor on an exact time and place for the transition, if necessary. All care will be taken to avoid all out of service time for any of the required transition pieces.

We will work with the FAA to have all personnel and aircraft approved by our FAA FSDO (Albany) far enough in advance to allow the transition to take place transparently.

Insurance coverage will begin as of the moment agreed to as the transition/commencement time.

Section 7. Maintenance Operations

ASU will manage and administer maintenance services that are organic to the company to minimize maintenance costs as much as possible. Furthermore, we will use the



services of our sister company Uniflight LLC for maintenance supplementary support, parts service, overhaul and repair and back shop support. Our company intends to expand Uniflight's coverage into Southern California. This will mean that Depot level maintenance will be available. We also have very strong associations with several other large, well-known third party maintenance servicing companies that are recognized and authorized by the major airframe and engine manufacturers.

These organizations include:

- Ahlers Night Vision
- ASU Night Vision Technologies
- Uniflight LLC of Reading, PA. Belle Vernon, PA and Grand Prairie, Texas
- Intermountain Turbine Corporation
- Keystone Engine LLC
- LifePort Inc
- Rolls Royce Engine Company
- Spectrum Aeromed
- SEI of America
- Sikorsky Global Services
- Smart Avionics LLC
- SureFlight LLC
- Turbomeca Engine Company

...to name just a few!

Maintenance Scheduling

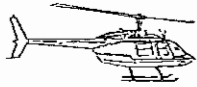
Our company uses a sophisticated maintenance software system and will coordinate on a regular basis with our assigned Site Maintenance Manager to ensure:

- You are kept informed of scheduled maintenance as far in advance as possible and,
- Maintenance is planned to be performed in a manner that minimizes out of service time.

We will implement an Approved Aircraft Inspection Program (AAIP) if we determine that it will work well with your mission profile.

Section 8. Customer Service & Conflict Resolution

Aviation Services Unlimited will always be frank, direct, and honest – possibly to a fault. Our motto is: "Safety, Quality, and FAA Compliance." We don't believe in telling customers just what they might want to hear but what they have to know about safety, legal, and operational issues.



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Our approach to customer and non-customer programs is very direct but always with an extended helping hand. We believe we need to be part of the solution not part of the problem. Therefore, we always approach problem issues with alternatives and suggested solutions.



Section 9. Business Proposal and Associated Pricing

Proposal

Aviation Services Unlimited, LLC to purchase all three (3) EC 120 helicopters and associated equipment currently owned and operated by A.B.L.E as is where is for One Dollar and zero cents (\$1.00). ASU will lease back the aircraft to the Cities of Costa Mesa and Newport Beach under the following:

Proposed Monthly Pricing Formats

All pricing includes:

- 2 Pilots plus additional Reserve Pilots necessary to maintain flight status
- 1 Mechanic
- 1,765 hours per year based on \$850.00 per flight hour
- All Maintenance

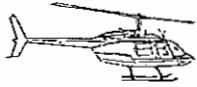
3- EC120's

<u>AVIATION MONTHLY FEE</u>	
A. Management Fee	\$ 125,000.00
B. 3 Aircraft Eurocopter EC 120 Turbine Helicopters	\$ Included
C. Insurance based on \$TBD Hull value each *1	\$ Included
D. Aviation Crew Compensation	\$ Included ,
E. 147 hours flight time *2	\$ Included
F. All Training	\$ Included
Total Monthly	\$ 125,000.00

Notes to pricing information above:

*1 Insurance: Assumes standard market pricing, but may require a surcharge if market factors stipulate unanticipated steep increases. This charge will be updated each annual renewal currently May 1 and will adjust accordingly.

*2 Flight Time: Flight time to be reconciled on a monthly basis. Any flight time less than the monthly allotment will rollover to the next month. If flight time exceeds the monthly allotment a charge of \$850.00 per hour will be invoiced.



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ASU reserves the right to sell authorized assets and equipment not considered to be Regional Assets. Any and all proceeds generated by any sale are to be used to fund additional flight time or the purchase of equipment to be used in support of this program.

Contract Period

Five (5) years with two (2) one year extensions. A flat three per cent (3%) annual price increase to be instituted after the first year and each year following commencement of services.

This proposal is authorized by:

NAME:

Paul C. Rayhill-

SIGNATURE:

A handwritten signature in black ink that reads "Paul C. Rayhill". The signature is written in a cursive style with a large initial "P".

TITLE: President

Address:

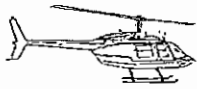
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Appendix A



Search and Rescue

Aviation Services Unlimited has researched the surf rescue history along the coastline of Orange and Los Angeles Counties. This history indicates a strong need for a formal and dedicated LOCAL helicopter rescue program.

ASU intends to provide a helicopter equipped with a hoist, rescue equipment and personnel ready to respond to any emergency call out. This program will provide pilots, rescue swimmers and paramedics who will train with the local shoreline communities to ensure a time critical response with qualified personnel who are prepared when the need for rescue arises.

This program will be independent from A.B.L.E, but will act to complement the services the airborne law enforcement program provides. Although independent from A.B.L.E. financial support and commitments may be requested from Costa Mesa and neighboring communities.

Helicopter Maintenance and Repair

As described in the Executive Summary and Company Information section of this proposal, ASU is a wholly owned subsidiary of Hawke Aerospace Group with a sister company, Uniflight, LLC. It is the intention of Hawke Aero to expand Uniflight's helicopter maintenance area of operations to Southern California (SoCal).

There are nearly 1,000 helicopters operating in the Southern California region. Uniflight is a Platinum Level Bell Helicopter Customer Service Facility (CSF) as well as a Eurocopter CSF. Operating in SoCal will allow Uniflight to bring decades of experience servicing helicopters and the relationships built with these two Original Equipment Manufacturers (OEMs) and several others to helicopter operators throughout this region.

Helicopter Emergency Medical Services

Keystone Med-Flight (KMF) is another ASU sister company in the Hawke Aerospace Group. The president of KMF, Rick Hinkle has been involved in the rotorcraft industry for over thirty years. He spent most of that time (twenty-two years) at Keystone Helicopter Corporation with 10 years as their Vice President of Sales and Business Development. He was Keystone's first Vice President and General Manager of the corporation's Air Medical Flight Services Division where he was personally involved in obtaining agreements with all of their Hospital contracts. This included Allegheny General Hospital, Geisinger Medical Center, Cleveland Metro, and Hahnemann University. He was also instrumental in developing Keystone's Aircraft Modification Center (later sold to Sikorsky Aircraft Corp) and numerous firsts we take for granted in our industry today, such as the use of Liquid Oxygen in medical helicopters,



modularized medical interiors, and pivoting litter bases.

With Rick's leadership and experience, KMF will establish a Helicopter Medevac operation co-located with the A.B.L.E, Search and Rescue and Helicopter Maintenance services.

Summary

Aviation Services Unlimited intends to combine all aspects and assets of Hawke Aerospace Group in Southern California. ASU will lead a multi-phase program to include Search and Rescue, Maintenance Facilities and Helicopter EMS over the next six to eighteen months.

We are confident the end result will implement total emergency coverage for hikers and mountain bikers, swimmers and surfers, and all the citizens of Costa Mesa and Orange County.



SUMMARY SHEET FOR A.B.L.E PROPOSAL

In cooperation with Peter Adderton, Aviation Services Unlimited, LLC (ASU) proposes the following:

1. Lease back at a rate of \$425.00 per flight hour per city, 1,765 hours per year.
2. Total annual cost: \$750,000.00 per city with 3% annual increases. Cost to be shared between Costa Mesa and Newport Beach.
3. ASU to provide and staff Pilots and Mechanic.
4. ASU to manage the entire program in coordination with A.B.L.E Bureau Commander.

Additionally, as described in Appendix A of the proposal, ASU intends to incorporate Surf and Mountain Rescue, Maintenance Facilities, and Helicopter Emergency Medical Services to complement the A.B.L.E program.

Neighboring communities encouraged to join the “consortium”.