

A Brief History of Saunders' "Lease" of Airplane N777AQ During a Recession

Part 2

Why Is There So Little Trust In Leaders?

We organize the history by documenting representations made by President Saunders and Provost Lyman in their report to a Faculty Senate meeting on [December 5, 2008](#) (page 2, para. 7).

Part 1 provided documents obtained from USM through a Mississippi Open Records request. Those records showed the actual cost per flight hour is \$6,187.67, *i.e.*, \$591,231.71 total actual cost divided by 95.55 actual flight hours. The actual cost is significantly different from the public representations Drs. Saunders and Lyman made of \$800 cost per flight hour. To date, they have chosen not to correct their public misrepresentations.

In Part 2 we continue "A Brief History..." with representations made by Drs. Saunders and Lyman to the Faculty Senate on [December 5, 2008](#):

"The USM Foundation will make the purchase; the University will be the lessee from them...Total cost per year is approximately \$200,000."

(Faculty Senate Minutes, December 5, 2008, page 2, paragraph 7)

What Dr. Lyman neglected to tell the Faculty Senate is, according to the lease agreement, in addition to lease payments per month of \$16,428.40, USM pays for **all** other costs related to the plane, including maintenance, repairs, licensing fees, fuel, hangar fees, insurance, pilots costs, etc. [Click here](#) for a copy of the lease agreement.

In fact, Dr. Saunders and Dr. Lyman's representation of "total cost is approximately \$200,000 cost per year" is nothing more than the cost of the monthly lease. ($\$16,428.40 \times 12 = \$197,140.08$) The "approximately \$200,000" is disingenuous because Drs. Saunders and Lyman knew or should have known that the lease agreement requires USM to pay all costs associated with the plane. Furthermore, the costs are even greater because Drs. Saunders and Lyman did not consider or factor in the \$907,053.85 balloon payment due on the 60th month of the lease. If Drs. Saunders and Lyman amortized the balloon payment over the 60 month period, the cost of the lease agreement alone would increase by more than \$15,000 per month. ($\$907,053.85/60 \text{ months} = \$15,117.56$ per month). However, for purposes of the analysis we will not consider the balloon payment. The costs of Dr. Saunders' plane without the \$907,053.85 balloon payment are sufficiently egregious to make the point.

The annual costs, over and above the monthly lease payments, are approximately an additional 60% of the lease payments. (See, USM's documents provided in Part 1.) So, if Drs. Saunders and Lyman had been interested in providing accurate information to the Faculty Senate, they would have told those attending the meeting that the annual out-of-pocket cost would be approximately \$320,000, not \$200,000. If they were interested in being candid with the Faculty Senate, they would have also included the cost of the **\$907,053.85 balloon payment due on the 60th month.**

Since Drs. Saunders and Lyman made a representation that Dr. Saunders' plane would cost "approximately \$200,000.00 per year", what responsibility do they bear to correct their wildly inaccurate information and the false impression they have foisted, and continue to foist, on the faculty and public?