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December 2015/January 2016 | Vol. 13 No. 7

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A close-up, low-angle view of the wing tip of a dark-colored aircraft, showing the leading edge and the wing's taper.

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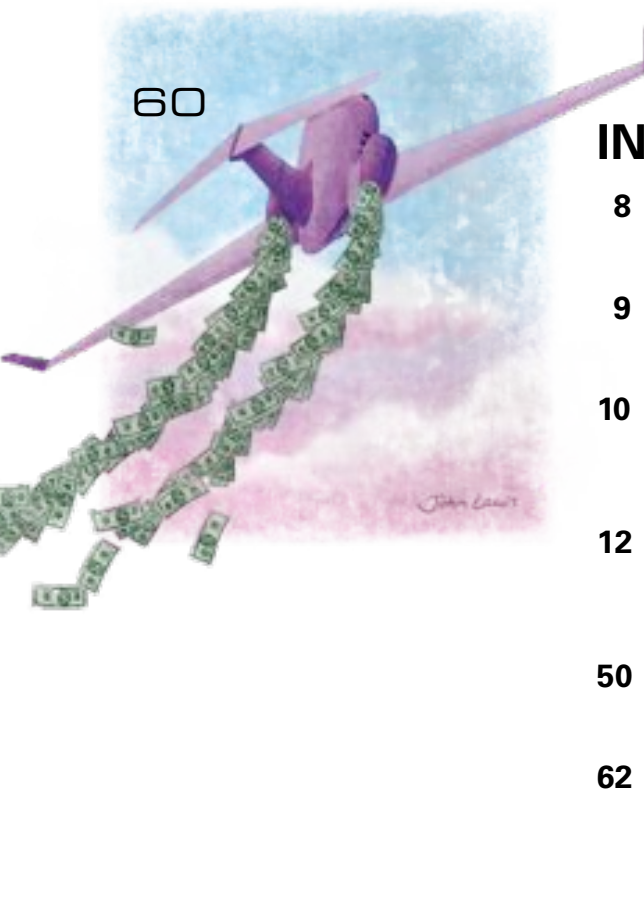
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The cofounder of Paul Mitchell Systems, the hair-products company, grew up poor and has been homeless twice. Today he's a **billionaire who owns three jets**.



On the Cover:

John Paul DeJoria, photographed in Southern California for **Business Jet Traveler** by Manuello Paganelli.



FEATURED CONTRIBUTOR

CHANA SCHOENBERGER

Although she wanted to be a writer since childhood, **BJT's** Money Matters columnist didn't decide to go into business journalism until college, when she spent a summer interning at Bloomberg News. There she realized that writing about business would allow her to cover the intersection of money, people and power.

A Harvard graduate who also has a master's from the Columbia School of Journalism, Schoenberger spent a decade writing about technology and business at *Forbes* in New York, then lived in Tokyo from 2007 to 2010, where she reported and edited for *Forbes* and Bloomberg News. From 2010 to 2012, she covered foreign exchange at the *Wall Street Journal* in New York.

Now a freelancer, Schoenberger is a columnist for BBC Capital and writes regularly for the *Wall Street Journal*, Bloomberg Business, Reuters and other publications and news services. She lives in New York City with her family and is at work on her third book collaboration with a CEO.

Schoenberger in Copenhagen, Denmark

Coming Soon in BJT

Falcon 8X preview

Combining vacations with **volunteer work**

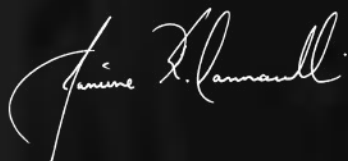
Sportscaster and *Dancing with the Stars* cohost **Erin Andrews**



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Up Front

John Paul DeJoria is as well known for his philanthropy as he is for selling shampoo. In his **BJT** interview with Cynthia Bowman (*see page 16*), the cofounder of the Paul Mitchell hair-care-products line tells a moving story about his mother teaching him and his brother early on that “success unshared is failure.” DeJoria learned the lesson well and today works with many charitable organizations, including his own JP’s Peace, Love and Happiness Foundation. In 2011, he joined Warren Buffet, Bill Gates and about 75 other billionaires in a promise to give at least half of his wealth to philanthropic causes via The Giving Pledge. (The list of billionaires and former billionaires who’ve made the vow has since grown to more than 135.)

We know that many **BJT** readers share that elite group’s passion for philanthropy. That’s why we’ve been regularly featuring a column called “Giving Back” (*see page 12*) since 2013. All of the charities we spotlight there have the highest possible rating (four stars) from Charity Navigator, a non-profit outfit that rates philanthropic institutions based on finances, accountability and transparency.

The holiday season is when you probably start to feel as if every charitable group in existence is pulling out all the stops to get your donations. The end of the year is overwhelming enough without the added stress of trying to figure out how to maximize your



JAN WHELAN

giving, an act that should bring only joy. Our column can help, as can Charity Navigator’s recently published “Holiday Giving Guide” (*available at charitynavigator.org*). Its suggestions include making a careful review of your donations from last year to gauge progress made; investigating new organizations on your list for signs of transparency and effectiveness; and limiting your donations to just a handful of groups, since a few well-placed gifts can go further than a wide array of smaller ones.

Thank you from all of us at **BJT** for your readership and support. We look forward to serving you in 2016.

Jennifer Leach English
jenglish@bjtonline.com

P.S. *BJT received three honorable-mention certificates at the 2015 Folio: Awards banquet, which took place in New York on October 19. The judges recognized our February/March 2015 edition in the category devoted to Best Full Issue of a Travel/Transportation Consumer Magazine. Margie Goldsmith’s “Bali and Sumba,” which appeared in that issue, received honorable mention in the category for Best Single Article in a Consumer Transportation Magazine, as did Alexandra Kay’s “The Future of Supersonic Flight,” which ran in our April/May 2015 edition. These certificates bring to 35 the number of editorial awards won by the magazine since 2005.*

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MANUELO PAGANELLI

PAUL ANKA

Great article on Paul Anka [August/September 2015]. The biggest takeaway here for me is to never stop working hard—especially if you find work you enjoy. Paul is still writing, recording and working so hard because he enjoys it and in turn has gotten to travel the world.

posted on bjtonline.com

Many years ago I got a tour of Paul Anka's jet from his pilots (they were staying in the hotel where I worked). Everything was gold-plated from the tops of the liquor bottles to the handle to flush the toilet. Nice plane.

*Anthony Alesi
posted on bjtonline.com*

JET CARDS

I will never understand the appeal of jet cards [Inside Jet Cards: "Stack the Deck in Your Favor," June/July 2015]. I pay far less per hour with local charter providers. And I would never prepay tens of thousands of dollars or even hundreds of thousands of dollars for "future transportation"; that's money that could keep

working for me, earning interest in my account, or being put to better use inside the company.

It would be like handing Delta Air Lines \$100,000 cash, and saying, "I'll just fly it off over the next year or so." Makes no sense to me whatsoever.

*Greg Leischner
posted on bjtonline.com*

MAD MEN

Just read my current issue of Business Jet Traveler, which featured Joe Sharkey's Mad Men article [On the Road, August/September 2015]. Frankly, I had forgotten about my brief phone visit with Joe earlier this year but reading his words brought it pleasantly back to mind. His profiles of the show's characters were perfect and the tie-in with Learjet and Wichita was fun to read. Good job.

*Al Higdon
Wichita, Kansas*

COMPOSITES

Re "What's It Made Of?" [Exit, June/July 2015]: A great article. Well researched, lucid and informative. Thank you.

*Ian Becker
posted on bjtonline.com*

INSURANCE FOR CHARTER FLIGHTS

Regarding Daniel Herr's "Insurance Tips for Charter and Fractional Customers" [2015 Buyers' Guide], it is unlikely that the carrier will give you the breach of warranty coverage as a charter customer. However, this has nothing to do with the quality and/or safety of the operator. The breach of warranty is to facilitate banks financing aircraft purchases.

posted on bjtonline.com

Daniel Herr replies: The writer is correct that breach of warranties are most commonly granted to banks. Though some insurers may refuse them for charter customers, and though some insurance brokers may discourage such requests, high-caliber insurers with high-caliber operators will indeed grant breach of warranties to charter customers.

CREW CUTS

With all the new technology it is possible to have one pilot fly large transport aircraft [Exit: "Crew Cuts," April/May 2015], but do you want to ride in it when the pilot is on his first trip without any previous experience?

If the goal is to cut cost, then you can't afford to be in the business. Germanwings is an example of single-pilot operation. Why is there a push to do this? Two pilots provide for a training ground, and a helping hand during emergency situations.

*Craig Wheel
posted on bjtonline.com*

FIXING THE AIRLINES

Regarding "Even Magicians Can't Fix the Airlines" [On the Road, October/November 2015]: Years ago the taxi industry in NYC was on the top of the heap...fares rising every year...scam drivers hoodwinking passengers for every cent they could obtain (especially from foreigners) Then came Uber...Hello!!!! Industry now bankrupt.

Sooner or later the airlines will be brought to their knees because someone will come along and offer something better to passengers. Then there will be lawsuits...infringement rights...and all of the other legal entanglements that American businesses try to use to push the newcomer out of business. Patience! It will come to pass.

*David Howell, Ph.D.
posted on bjtonline.com*

"EIGHT MILES HIGH"

Great story! ["How High Did the Byrds Fly?" Exit, June/July 2015]. Too bad that John Lear has degenerated into a conspiracy theorist. A very sad state of mind.

*Mark Twombly
posted on bjtonline.com*

Your comments are welcome. Please e-mail letters to editor@bjtonline.com. Include your name, address and a daytime telephone number. Letters are subject to editing and are presumed to be for publication unless the writer specifies otherwise.

Customer Disservice

Here's why one consumer is suffering. Perhaps you can help alleviate the pain.

by Jeff Burger

Thousands of BJT's subscribers are in senior positions at corporations, non-profits and political organizations that deal with the public. If you're in such a role, perhaps you'd be interested in some of the reasons why at least one member of that public (aka me) is running low on Excedrin. Maybe you're even in a position to help alleviate my pain. In any case, here are seven of my gripes:

1 Intimate strangers. I regularly receive emails that say things like, "Jeff, I was just talking with Mitch"—that would be Senate majority leader Mitch McConnell—"and he wanted me to make sure you'd heard..." Then there was the one from the First Lady that began, "Jeff, it's me—Michelle." Right, Michelle. I'll get back to you just as soon as I hang up the phone with Barack but, meanwhile, exactly how naïve do you think I am? Also, I must receive half a dozen emails a day from PR reps I don't know who begin their pitches with "I hope you're well." I'm tempted to reply, "I'm feeling all right but my daughter has a stomachache. And how are you? Did you sleep OK last night?"

2 Scripted nonsense. It's not enough that some companies provide awful service on their customer-support phone lines. Many of these same businesses also insist on preceding that service by announcing, "My goal today is to provide you with exceptional customer service." Then after the reps tell me that, unfortunately, there's nothing they can do to assist me, they end by asking, "Have I exceeded your customer-service expectations?"

3 Returns rigmarole. When I have a problem with a product from a customer-focused retailer like Amazon, Apple, Costco or L.L. Bean, they simply fix it. They don't ask lots of questions and often don't even request proof of purchase.

With other companies, I'm often told that I need to fill out forms or talk to a supervisor and then that a return can't be accepted because my receipt is a photocopy, I'm missing the original box or the warranty doesn't apply. When I return something to one of the customer-focused stores, I'm often so impressed that I recount the experience to friends, some of whom probably wind up shopping there. When I try to return something to one of the other retailers, I may also tell friends what happened—and vow to not shop there again. Never mind my plight; guess which companies do themselves more good.

4 Recorded-message hell. Why does nearly every business answer its phone with, "Please listen carefully, as our menu options have recently changed"? Also, I keep hearing, "We are experiencing higher-than-usual call volumes and wait times." If they're almost always higher than usual, isn't it time to redefine "usual"? And if "your call is important to us," why don't companies hire enough operators so they can answer it? As for voice-recognition systems that can't seem to recognize my voice, suffice it to say that I'd rather talk with a human than repeatedly press 9 to return to the previous menu.

5 Clueless "team members." Brick-and-mortar retailers can't compete with the Web on selection and often not on price (some won't even match prices on their own websites), but service is one area where they do have a shot. Yet many stores don't even seem to try. At some retailers, you can easily spend 15 minutes hunting for someone to help you—and when you finally find an "associate" or "team member" (as companies now like to call the folks who used to be employees), they often don't know the inventory or tell you that they're from a different department and can't help.



FOTOLIA

6 The third degree from "Mrs. N."

I can understand why company phone reps want to ask me for everything from serial numbers to account numbers before they'll talk to me, but I'm not sure why I have to repeat all that info every time they transfer me to another rep. Nor do I understand what happens when—after disclosing everything but my mother's maiden name (and often that too)—I ask for the names of the people I'm talking to. They either tell me that's not important because "anyone here can help you" or they give me an answer like "Mrs. N."

7 The "Do Not Call" fiasco.

I felt hopeful in 2004 when the Federal Trade Commission introduced its Do Not Call Registry. Maybe now, I thought, I could make it all the way through dinner without having to get up from the table to explain that I wasn't interested in a no-obligation quote for new windows. No such luck. The registry has flopped because companies have ignored it and the FTC—which received more than 3.2 million complaints about unwanted calls in fiscal 2014—has been unable to enforce it. In fact, the situation is so out of control that scammers are now phoning people and falsely claiming to represent the registry; they say they'll sign you up but instead simply take your personal information. Meanwhile, I've filed countless complaints but am getting more sales calls than ever. And no, I still don't want new windows. I want to finish my lamb chop.

BJT

Jeff Burger (jburger@bjtonline.com) is the editor of BJT.

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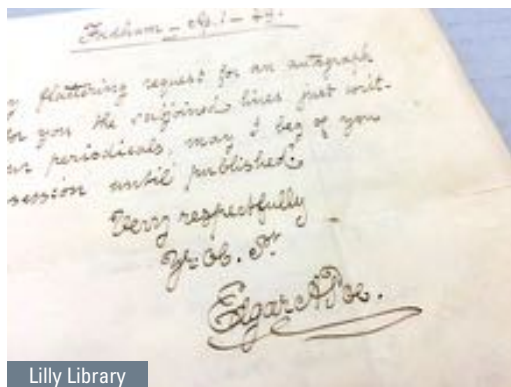
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Explore Your Passions at a Special-Collection Library

by Kimberly Button

Imagine being able to wander through a museum with no glass barriers, freely touching the historical pieces. Special-collection libraries let you do just that with unprecedented access to not only books and papers, but also rare memorabilia, audio recordings and more. Here are some of our favorites:

Lilly Library (Bloomington, Indiana). You'll be surprised by the wealth and breadth of this Indiana University library's collections—and by the ease with which you can peruse the seminal pieces of world history and pop culture. Flip through Ian Fleming's original manuscripts of James Bond thrillers, with handwritten edits in the margins. Unfold a letter written by Edgar Allan Poe or inventor Nikola Tesla. Hold an original "Wanted" poster for the assassin John Wilkes Booth. Pose for a picture with the Oscar won by John Ford. There is something for every interest with more than seven million manuscripts, 400,000 books and 130,000 pieces of sheet music.



Lilly Library

Sonoma County Wine Library (Healdsburg, California). It's no surprise that the Sonoma County library system houses one of the world's most comprehensive collections of wine information. More than 1,000 rare books, dating from as early as 1514, are part of the public collection, along with over 5,000 modern-day books, periodicals, maps, vintage advertising and labels. The library oversees the online International Wine



Genealogy Center

Research Database, the most comprehensive bibliography of wine literature anywhere.

The Heathman Hotel (Portland, Oregon). This luxury boutique hotel is home to one of the world's largest collections of autographed books—and you can check them out during your stay. The library spans three decades and features more than 2,700 signed volumes from authors who have spent time at the historic 150-room property, including David Sedaris, Stephen King and President Jimmy Carter. At evening socials, staff experts pair local wine selections with book recommendations.

Bruce Springsteen Special Collection (West Long Branch, New Jersey). Created by fans who have donated long-lost memorabilia, this collection at Monmouth University is a trip down memory lane for Springsteen fans. You can explore more than 20,000 materials from 48 countries, including tour books, vinyl recordings, songbooks and posters.

The Genealogy Center (Fort Wayne, Indiana). The public library system here offers one of the world's largest publicly accessible research collections on family histories. The Genealogy Center has more than 350,000 printed volumes and over 513,000 pieces of microfilm and microfiche. Staff genealogists can help you discover your ancestors through North American military and census records, immigration lists and collections focusing on the British Isles and Germany.

BJT



GIVING BACK

BJT readers—who represent one of the highest-net-worth magazine audiences anywhere—clearly have the means to contribute to a better world. To help you do that, we're spotlighting deserving organizations in every issue. All of them have received a four-star overall rating from Charity Navigator (charitynavigator.org), which evaluates philanthropic institutions based on their finances, accountability and transparency.

Children's Miracle Network Hospitals

(cmnhospitals.org)

Few experiences are as harrowing as having your child in the hospital. The mission of Children's Miracle Network Hospitals (CMNH) is to save and improve the lives of as many children as possible. CMNH raises funds—often "one dollar at a time" via lemonade-stand-type efforts—to provide critical



treatment, medical equipment and other aid to more than 170 children's hospitals across North America. All contributions stay local, ensuring that each of those dollars is accounted for and that funds benefit the communities where donors live. According to the organization, 62 children enter an affiliated hospital every minute. And in case you're wondering whether "one dollar at a time" can add up to enough money to make a difference: CMNH has raised more than \$5 billion since 1983.

—Jennifer Leach English

Chillin' out in Chile

by Bob Ecker



BOB ECKER

Young, dynamic vintners are producing a wide variety of wines throughout Chile. Some of them rival or surpass anything you'll find in the U.S.

The Wines of Chile

On a recent visit to Chile, I sampled many wines, tasted up-and-coming varietals and met a host of young, dynamic vintners. I'm pleased to report that the country's wines now offer excellence throughout the spectrum.

Though you may have heard that Carmenere grapes are Chile's next big thing, Cabernet remains the number-one varietal here. The country's Cabs rival or surpass those available in the U.S. Plus, there are quite a few Cabernet-dominant blends. I particularly enjoyed the Siegel Unique Selection 2011; the powerful Maipo Protegido 2010; Carmen's Casa Real 2011 and Wine Maker's Reserves Cabernet Blend; and Montes's Purple Angel.

Chile's vintners originally employed Carmenere as a blender

and used it interchangeably with Merlot. Today, it is produced all over Chile. Ones I liked include the robust 2009 Viola by Maquis, a great blend of Carmenere and Cabernet Franc; the spicy Estate Carmenere from Errazuriz; and the 100 percent Carmenere 2011 from Santa Rita.

Winemakers in Chile are producing many outstanding cool-climate white wines, such as the crisp and delicious "1865" Single Vineyard Sauvignon Blanc; the Chardonnay from Talinay; and the sharp, dry and extremely drinkable Sauvignon Gris from the producer Lyeda. You'll also discover noteworthy Rhone-style wines, among them the lovely Lapostolle Collection 2013 Mourvedra and the Blend Collection 2011 from Errazuriz.

BJT

D.O. RESTORÁN

1223 Lo Barnechea, Santiago, Chile,
(562) 2216-6793
www.d-o.cl/welcome-to-d-o-restaurant-in-santiago-de-chile



D.O. Restorán, the initials stand for for "designation of origin"—is the brainchild of one of Chile's most acclaimed chefs, Juan Morales. All of the dishes and wines in this modern, sophisticated restaurant are labeled with an official seal of origin. Diners know where in Chile every fish, piece of meat and vegetable came from. Even the salt's origin is noted.

The friendly waitstaff provides excellent service. You can order a la carte or opt for elaborate three-, six- or nine-course tasting menus.

Start with the marvelous and original tomato salad, which arrives with four types of tomatoes, salmon chunks, cucumber and olive slices. Or try the steamed mussels with Pacific seaweed in a light saffron and white wine broth. And that

crusty Chilean bread—wow.

As for the entrées, the flavors meld perfectly in the sublime Puyuhuapi rainbow trout with apples, cilantro and quinoa. Also outstanding is the slow-cooked roast beef, which the chef tops with crispy bacon and pairs with mashed potatoes, squash and corn. The desserts, such as the edible chocolate ganache flower pots, are culinary works of art.

The wine list offers far more than the usual fare. Try the Montes Alpha M; bold Carmen Gold Reserve; or Siegel Unique Selection, an earthy Cabernet Sauvignon, Syrah and Carmenerere blend. Or order one of the cocktails, which the bartenders make from scratch using only fresh, quality ingredients. Here is where I enjoyed the best pisco sour of my life.

BJT



DIEGO VARAS

You can dine indoors or out at Santiago, Chile's D.O. Restorán, whose menu reports the source of every fish, piece of meat and vegetable.



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FEATURED AIRCRAFT



File Photo

**2015 BOMBARDIER
GLOBAL 6000** S/N 9678

- Q4 2015 December Position
- Jet Aviation (STL) Completion
- 14 Passenger Configuration with Mid-Cabin Credenza



**2015 BOMBARDIER
GLOBAL 6000** S/N 9675

- Newly Completed - Immediately Available
- Jet Aviation (STL) Completion
- 16 Passenger Configuration with Mid Cabin Divan



**2015 BOMBARDIER
GLOBAL 5000** S/N 9679

- New Delivery - Immediately Available
- Full Factory Warranty & Training Provisions Included
- 13 Passenger Configuration



**2003 BOMBARDIER
GLOBAL EXPRESS** S/N 9064

- Fully Programmed
- Office-in-the-Sky
- EVS/HUD
- Dual 8/10 Passenger Configurations



**2008 EMBRAER
LEGACY 600** S/N 14501058

- 1,534.6 Hours; 1,335 Landings
- Upgraded Honeywell Primus Elite Avionics Suite
- Engines Enrolled on RRCC



**2005 GULFSTREAM
G550** S/N 5071

- Enhanced Navigation
- ADS-B Out Installed & Active
- Satellite TV & BBML HSD Internet



**2004 BOMBARDIER
LEARJET 45XR** S/N 252

- One Owner Since New
- Part 91 Operated Only
- Engines & APU Enrolled on MSP



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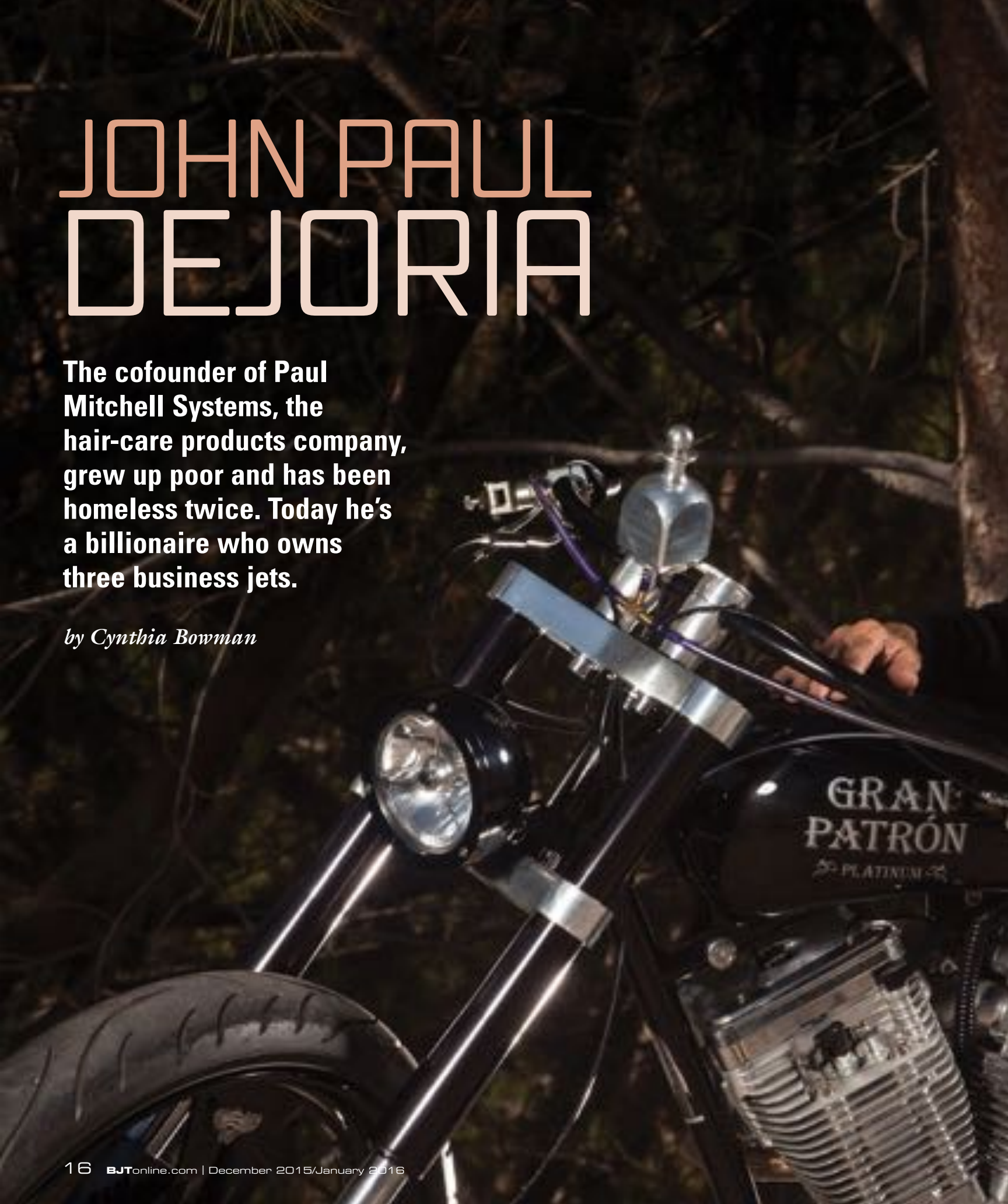
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JOHN PAUL DEJORIA

The cofounder of Paul Mitchell Systems, the hair-care products company, grew up poor and has been homeless twice. Today he's a billionaire who owns three business jets.

by Cynthia Bowman



technology and the transaction



five ways top aircraft brokers
leverage digital tools for their
clients' success

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brokers with the technology edge



FOTOLIA

The aviation field has witnessed a long series of technological innovations, yielding ever greater performance and efficiency. Perhaps nowhere aside from airplanes themselves are those achievements more evident than in the business aircraft brokerage field, where pioneering digital technologies have made today's global market possible. Using everything from online databases and proprietary data-analysis software to instant-communication tools and apps and IT specialists, leading brokers now marshal an arsenal of technology to stay on top of markets and get deals done.

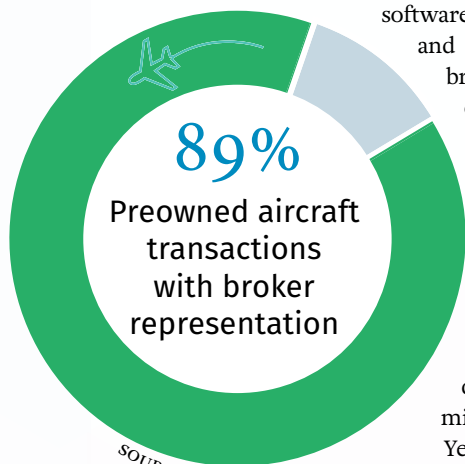
"Technology plays a big part in the success of the top-tier brokers I'm familiar with," said attorney Paul Lange, who handles aircraft transactions. "They really manage the sales process, and they have a greater chance of getting the deal done quickly and on time, with a minimum of fuss and added costs."

Yet these same brokers are the first to emphasize that technology remains secondary to relationships in this business. Technology provides the raw data, the means of communication and the processing power needed to complete a successful transaction. But it takes a broker's team of experts and network of industry contacts to develop and execute a strategy and tactical plan for each client's transaction.

Having the technology edge is more crucial than ever, however. The preowned arena remains volatile, with valuations changing within days or even hours; and technology plays a key role in enabling brokers to navigate that market on behalf of their clients. But not all brokers have these tools, or a certified professional on board who knows how to use them.

Meanwhile, the reams of information that technology makes publicly available—online listings, valuation and transaction activity reports from data services and the like—lead some on the sidelines to conclude they can dispense with representation and go it alone when buying or selling business aircraft. "All this information can create the false sense of confidence and security," said Dennis Rousseau, founder and president of AircraftPost.com, an online business aircraft market data service. "A little bit of knowledge can be dangerous in the wrong hands. By using information technology, a qualified broker can provide the knowledge and expertise part of the equation."

The benefits of working with a broker are widely recognized; 89 percent of preowned-aircraft transactions take place with broker representation, according to business aviation data-provider Amstat. But not all brokers have the technology resources or the people experienced in their use required to achieve optimum results. Successful brokerages are distinguished by their application of technology throughout the transaction process. This report focuses on five key areas of that process and on how some of today's top firms leverage technology.



SOURCE: AMSTAT

dealing in global markets

Today's business aircraft market is a global bazaar, and brokers use technology to keep on top of it. "A lot of these deals are worldwide, so the time zones get really difficult to manage," said Lange, the aviation attorney. "But if your broker sets up a secure cloud repository, with documents that show how the deal is supposed to flow, sample agreements, checklists for absolutely everything, then it's very easy."

Jay Mesinger, CEO and president of Mesinger Jet Sales, who is well versed in such practices, noted that the market went "from three time zones to 15" since his company's founding in 1982. "Today, it's not only global but 24/7," he said. "I don't lose the ability to be on the short list of prospects in other parts of the world because I'm not awake; they can go to my website. I don't think the globalization of our industry would have occurred as rapidly as it did had we not had the power of the Internet."

This digital revolution has made sales tools more sophisticated and accelerated the pace of the market. "Technology has allowed for the faster dissemination of information, whether it's market intel, contract issues, maintenance information or items that need processing," said Andrew Bradley, president of global sales at Avjet. "We can reach all corners of the globe in real time and cast a much wider net."

In international markets, technology



DAVID MCINTOSH

trumps language barriers as well as time zones. "Years ago you had to have someone within the firm who could translate," said Robert Rabbitt, Jr., managing partner of Avpro. "Technology has brought auto translation to websites." Rabbitt added that his Annapolis, Maryland-based company has several multilingual staffers. Avpro's website offers readers content in English, Spanish, Chinese, Russian and Portuguese. Avpro also pays close attention to high-level graphic design, produces videos and uses "every available technology in the space," to disseminate its message.

Founded in 1991, Avpro will celebrate its 25th anniversary in 2016. Conducting an average of 100 to 125 transactions per year with a value in excess of \$1.5 billion, the company has specialists in Gulfstream, Falcon and Bombardier aircraft, some with OEM experience. Avpro added a helicopter division three years ago to meet the needs of many fixed-wing clients in New York, Los Angeles and London, bringing on top rotor-wing sales specialists to head the effort. In addition to brokerage, Avpro offers consulting services, including aircraft selection; residual-value analysis and forecasting; and aircraft fair-market-value analysis.

photo finish




The simple digital photo allows all parties almost anywhere in the world to see evidence of condition issues, damage, repairs and other physical elements of the aircraft during inspections and other transaction phases. But digital imagery has its limits, as Tyler Webb, a sales director at Jeteffect, noted in recounting recent trips to London and the Philippines to inspect two Challenger 605s and a G550.

"They say a picture is worth a thousand words, but sometimes they're worth two words," he said. "You see pictures and you say, 'This is a great airplane,' and then you see it and you think, 'This isn't the same airplane.' There have been situations," he continued, "where [sellers] mistakenly put a picture of a different airplane up." So what did Webb do when he arrived? "I took pictures of the airplanes and emailed them back."



DAVID MCINTOSH



“ From the moment I signed the brokerage agreement, the Elliott Jets team covered every detail. The professionalism throughout the entire process was impressive and gave me peace of mind that my aircraft would bring me the price they said it would. They marketed my airplane aggressively, with attractive photos and videos, and kept me up-to-date on all of the effort of the selling process. When it was time for the prebuy, their technical group worked with my pilot and helped make the transaction with the purchaser go off without a hitch. Most importantly, Elliott Jets did everything they said they were going to do and it led to a successful aircraft transaction. ”

Bob Pulver

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pricing guides



Price guides like Aircraft Bluebook and Vref, whose data is available instantly to subscribers, were long the bibles for preowned-aircraft values. But these data services are “an often misunderstood tool,” cautioned Avjet’s Andrew Bradley, as the data can be dated or just plain wrong.

“On some of our sales, the numbers we’ve seen generated by third-party services have sometimes been substantially inaccurate. Additionally, these third-party services don’t tell the story behind the deal, so you never know what concessions were made, what was discovered in the pre-buy, or why the sellers accepted a lower offer or why a buyer overpaid,” he said. These guides are “good to get a general sense of the market looking back and also to see past pricing trends, but today’s markets are shifting so quickly that the focus has changed from the last trade to the next trade.”

everaging human expertise to create clear, actionable intelligence from a ceaseless torrent of data is the essence of information management in today’s aircraft market. The cost of maintaining subscriptions to data services such as Amstat, JetNet and AircraftPost.com, at thousands of dollars per month, is only the ante. “The more information there is, the more you need to analyze,” said Avpro’s Rabbitt. “We have dozens of people doing that every day.”

Moreover, the web is only one input channel. “People fail to realize that the information that is publicly available on the Internet is only a fraction of the true market. You need to have a team that is constantly in contact with the market to have an integrated picture of what’s available,” said Rabbitt, citing aircraft coming off lease, trade-ins and repossessions among the unlisted inventory.

“I’d love to say we can jump on the Internet and find what we would consider quality inventory or good value, but unfortunately that’s not the case,” agreed Todd Jackson, v-p acquisitions at Elliott Jets. “Here, the technology is not as helpful as our human capital is, getting real-time information we critically need. A lot of [brokers] know what’s on the market. It’s the ability to know what’s off the market that really brings value to our clients. The good deals generally never make it to the Internet.”

Tyler Webb, a sales director at Jeteffect, recounted a recent conversation that highlighted the listing disparities: “I had a client last week who wants to buy a particular model. He’s looking at Controller [the online aircraft-listing-aggregator site], and he said, ‘There’s 22 of these out there for sale.’ I looked at my resources and I said, ‘There’s actually 33 for sale.’ That’s a good example of what we have at our fingertips compared with



what anyone else would have. If there were websites able to provide those types of things, I’d have to find a new line of work.”

Founded by partners Bryan Comstock and George Marburger in 2001, Jeteffect has offices in Los Angeles; the Atlanta area; Washington, D.C.; Palm Beach, FL; and Dallas, enabling its specialists to be anywhere in the world in 12 hours. Comstock, managing director of Jeteffect’s West Coast office, is a noted industry expert and frequently writes about aircraft valuations. Jeteffect’s team members have backgrounds in banking and finance, aeronautical engineering and design and development of Cessna and Hawker Beechcraft business jets.



FOTOLIA



MARIANO ROSALES

understanding onboard technology

The most important technology driving today's aircraft market is often on the airplane itself. Connectivity and communication equipment in cabins and cockpits has a growing impact on sales of new and preowned aircraft, especially with requirements for NextGen avionics installations looming.

"With the evolving technology in today's aircraft marketplace, every successful broker understands how that's driving value in these aircraft—everything from cabin entertainment systems to Internet connectivity to NextGen avionics mandates," said Jeff Agur, CEO of business aviation consultancy VanAllen. "Good brokers understand that and can educate their buyers about it."

Such expert knowledge is critical when someone is making upgrade decisions in

anticipation of a sale or in valuing an upgraded aircraft.

"In many cases, the costs associated with [upgrading] make up a large percentage of the aircraft's value," Avjet's Bradley pointed out. "On a new or near-new G550, the value is almost dollar for dollar, because the buyer will need to install it if it's not on board. On older aircraft, which may not even fly to regions of the world where these technologies will be required in the future, the added value can be as little as 10 to 20 percent."

Agreeing that avionics mandates are "a huge issue to take into account in evaluating aircraft," Webb of Jeteffect noted, "On the other side of it, in the cabin, one of the first questions [from buyers] now is, does it have Internet?" With a host of new cabin connectivity solutions in the offing, Webb injected another consideration that brokers weigh in the upgrade decision: "Inevitably, new technology is going to have its gremlins. You can do tried-and-true technologies while we wait and see, and the costs [of the new technology] will typically come down."

Leading brokers have the benefit of briefings from aircraft OEMs and engine and avionics manufacturers, who recognize them as important conduits to potential buyers and keep the firms informed about their products and services available and in development.

"With the complexity of regulatory compliance," said Mesinger, "this is a real hot-button issue [among firms that receive regular visits from manufacturers]. This is now a subject that comes up with every airplane anyone considers buying." Boulder, Colorado-based Mesinger Jet Sales has an avionics specialist on staff to stay ahead of the technology. Founded in 1982, the company was an early adapter of technology in the space and has introduced a host of innovative evaluation, marketing, communication and sales tools to the brokerage community. The family-owned company employs Jay's wife, Sandra, as CFO, and sons Josh and Adam have joined the executive team. Mesinger Jet Sales guides clients through the legal and tax issues, completions and refurbishment, maintenance and asset-management decisions of aircraft sales, purchases and operations.



DALLAS AIRMOTIVE

engine maintenance programs



The engines incorporate the most expensive and advanced technology on almost any aircraft, and in today's buyer's market, enrollment in an hourly engine-maintenance program is almost a requirement for the sale of many models. But the elements of coverage programs are complex, and technologically savvy brokers provide guidance in this critical area, as well. "We like to check that and double-check it," said Elliott Jets' Todd Jackson, of engine-maintenance agreements.

"We just had a situation on [a Citation] XLS," recalled Jackson. "The operator of the airplane told us the type of engine program, but when we dug deeper, we found it wasn't accurate. It was going to cost \$400,000 to put the engines on the program the buyer was expecting, and our offering was based on that information. It caused quite an issue." Ultimately the seller absorbed the difference.

strategic asset management



DAVID MCINTOSH

market timing



"Clients hire us to project and predict where the market is going, not where the market is today," said Robert Rabbitt at Avpro. The company's proprietary evaluation tools make it possible. "We know the costs per hour and per year over five and 10 years, and the optimal period of time to own the airplane, taking into account tax depreciation, the warranty situation, maintenance cycle and residual values," he said. Clients use the data to determine when—and what—to buy and sell. "Sometimes buying new is the right solution, other times a late model makes a better option," said Rabbitt. "We look at the entire market, not just the preowned, to find the best opportunity. We help a lot of customers buy new equipment, fixed wing and rotor. The processes to evaluate, negotiate and contract are equally complex. A lot of people don't understand that."



FOTOLIA

Savvy owners increasingly view business aircraft as strategic assets to be operated, managed and sold in a manner that maximizes their value, an approach many leading brokerages embrace. "In today's environment, with fast-changing markets, you would be nuts to ignore this element of aircraft ownership," said Avjet's Bradley. To meet this need, Avjet has developed a proprietary pricing model that calculates values currently and predicts them three, six and 12 months into the future. The company has several analysts with finance and economics background who utilize econometrics to make forecasts with constantly updated real-time information.

Headquartered in Burbank, California, Avjet provides a suite of aviation services in addition to sales and acquisitions, including

aircraft charter, management and completions. Founded more than 30 years ago, Avjet specializes in ultra-long-range, large-cabin aircraft with a focus on Gulfstreams, Bombardier Globals and Boeing BBJs, conducting some \$500 million in transactions annually. Avjet has offices in Washington, D.C.; Palm Beach, Florida; Abu Dhabi; Moscow; and Seoul.

Elliott Jets conducts not only cash-flow analysis and sophisticated financial modeling for clients, but at a more basic level offers a tool on its website enabling side-by-side cost and performance comparisons of business jets. "If you're thinking of a [Citation] Bravo, you can click on the Bravo, the [Citation] XL and the Lear 45," said Todd Spangler, president of Elliott Jets, explaining the app. "You can then compare them side by side. You have the ability to look at range, payload, direct operating costs and the size of the airplanes."

Mesinger Jet Sales uses proprietary market analysis and valuation tools to help select the optimum platform for clients' needs. A pioneer in the space, the company developed aviation asset-management software in the late '90s and today uses proprietary tools developed in house to create fleet plans and mission transition plans for flight departments and other large operators. To keep the tools up to date, "you have to keep aware of what's coming from OEMs, the [aircraft] age requirements lenders have an appetite for and many other factors," said Mesinger. "Without technology, I don't know how you could do that with such accuracy."

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building relationships

though it relies on technology, aircraft brokerage remains a relationship business, based on trust between clients and brokers, and longstanding ties among colleagues in the industry that keep in constant contact, always in the market. “You can’t overlook the relationship that we have with the rest of the dealer-broker community, and the ability to find out what an aircraft is truly traded for,” said Jackson at Elliott Jets. Paradoxically, successful brokerages use cold, impersonal technology to foster and strengthen these relationships.

Elliott Jets creates educational articles and videos on its website, and tools like its aircraft comparison app, to establish relationships with prospects and strengthen bonds with clients. Part of a second-generation, family-owned business established in 1936, Elliott Jets leverages eight decades of experience in all facets of business-aircraft operations. Elliott rebranded and expanded its aircraft-sales division as Elliott Jets in 2014, adding offices and personnel to support the growth. The company now has sales offices in

Los Angeles; Minneapolis; Atlanta; Washington, D.C.; Moline, Illinois; and Des Moines, Iowa.

Many brokers keep in touch with customers and prospects through periodic market reports and transaction alerts they can easily blast out to a list of contacts. Jeteffect sends out quarterly market updates, among other communications, and Webb, a Gulfstream specialist with OEM experience, creates a report dedicated to that market. “I keep it informational, low on details. I want it to be something they can look at in a minute or two,” he said. “That’s one of the things I’ve done to build relationships.”

The impact of these efforts is admittedly unclear. “It’s hard to know how effective it is,” said Rabbitt at Avpro. “You can do the analytics [on Web traffic], but the simple fact is that it’s a way to get your name, brand and product out to people, and so you have to embrace it.” As there’s something of a generational divide in familiarity with these communication channels, Avpro’s marketing team includes “a marketing professional who is completely up to speed” on the technology.

social media

Nobody buys a business jet because of a tweet or a Facebook “like.” Social media plays a small role in today’s aircraft market, but brokers are utilizing its channels to expand their reach, experiment with new applications and ride the crest of this branch of technology into the future. “I can remember the Monday morning meeting when my son said, ‘Dad, we need to get a Twitter account,’” recalled Jay Mesinger of Mesinger Jet Sales. “Now we use Instagram, we have Twitter, a Facebook page, and my sons use blogs to enhance the story of every airplane we have for sale.” With so much important information coming through these emerging channels, “this creates a huge opportunity for me to have conversations with clients,” said Mesinger. “It’s a windfall for developing interpersonal relationships.”



FOTOLIA



MARK WAGNER

finding a tech-savvy broker

You can’t judge a brokerage by its technology, but having it and knowing how to use it gives clients of such firms an advantage in the marketplace, whether buying, selling, considering or valuing a business aircraft. Ascertaining a brokerage’s technical proficiency is relatively easy. Look at the deliverables—the market reports and aircraft comparison charts—the firm generates for clients. Ask the company to explain its sales process, research capabilities, level of experience in international transactions and IT infrastructure. Look at its website, check out the inventory, and consider the presentation of the aircraft offered.

Of course, the use of technology is only one element in choosing the broker that works best for you. But in surveying those firms that consistently lead the industry in transactions, referrals and repeat clientele, technology is just one of the spheres in which they perennially top the ranks.

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You won't find a more experienced or analytical group—with over 40 successful years of buying and selling aircraft worldwide. Jay Mesinger was the first aircraft broker to serve on the National Business Aviation Association (NBAA) Board through his role as the chairman of the Associate Member Advisory Council (AMAC) of NBAA. Jay served on AMAC for ten years and the NBAA board for six years with his terms on each ending in 2013. Josh Mesinger is on the Corporate Aviation Management Committee within NBAA. Both serve on many advisory boards, including the boards of MRO facilities, an aircraft manufacturer and an insurance company. Everyone in our company has a passion for and commitment to our industry.

"You don't just get the know-how of one professional on your side. With Mesinger Jet Sales you get the collective result of a close-knit group of smart, results-driven professionals."

PERSONALIZED SERVICE

Each transaction is unique—and we treat each one with the care and concern it deserves. We leverage our collective knowledge and experience to customize the process for your specific needs and apply an unparalleled level of intelligence and skill to successfully complete your transaction.

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Through every step of the process — whether it's a listing, a showing, a viewing, an inspection or a closing — our group is there for every key moment of the transaction. We anticipate and respond to your needs, large or small.

SMART COLLABORATION

You don't just get the know-how of one professional on your side. With Mesinger Jet Sales, you get the collective benefit of a close-knit group of experienced, smart and motivated professionals. We're a family-owned business and when you choose to work with us, you become part of our family.



John Paul DeJoria was born in Los Angeles and raised by his mother after his parents divorced when he was two. Always ambitious, he started working at an early age and didn't keep a job long in his hustle for something bigger. His lengthy list of former positions includes paperboy, Navy recruit, janitor and insurance salesman.

In 1980, DeJoria and his hairdresser friend Paul Mitchell partnered to release John Paul Mitchell Systems hair-care products with \$700 in capital. He lived in his car while selling the merchandise door to door. Two years later, the company hit \$1 million in gross revenue. Today annual retail sales are almost \$1 billion.

Other successes followed. Patrón Tequila—which DeJoria cofounded in 1989 as an alternative to cheaper brands—now ranks as the best-selling premium tequila in the U.S., with sales of more than 2.4 million cases per year. His latest venture, Rok Mobile, offers cellphone service through three out of four of the top U.S. providers and is expanding to the UK, India and Brazil.

DeJoria—now a 71-year-old billionaire—met with me in Madrid, Spain. A tall, friendly man sporting a signature ponytail greeted me warmly, as if we'd known each other forever. We began chatting while he fiddled with a Nespresso machine, and I quickly got a sense of the secret behind his success: John Paul DeJoria has a talent for connecting with people instantly.

PHOTO: MANUELLO PAGANELLI

JOHN PAUL DEJORIA

What led you to private aviation?

As the business grew, my transportation needs grew. I travel at least one-third of the month. I needed to have an airplane or I could never make two or three stops in a day. My first private planes were the Citation I and II. The problem with both was the short range. To go cross-country, you have to stop to refuel.

I next bought a Lear 35. On a good day, it could go from west to east nonstop, but coming back required a refueling stop. And on longer trips the Lear was not that comfortable. I decided to buy a Falcon 50, but that wasn't my last jet.

Which jets do you own now?

Today I have three. A [Gulfstream] GIV for great distances. It's probably the most beautiful GIV in the world—converted to a G450 inside with GV avionics. I have a Lear 60 for shorter flights. But the world invented an unbelievable jet and that's the Falcon 2000. It's now my everyday jet and stays wherever I am. The Falcon's a bit wider and taller than the GIV and fits 10 people comfortably. It has about the same speed as a GIV but uses half the fuel. That's a dream come true since conservation is important to me.

FASTFACTS

NAME: John Paul Jones DeJoria

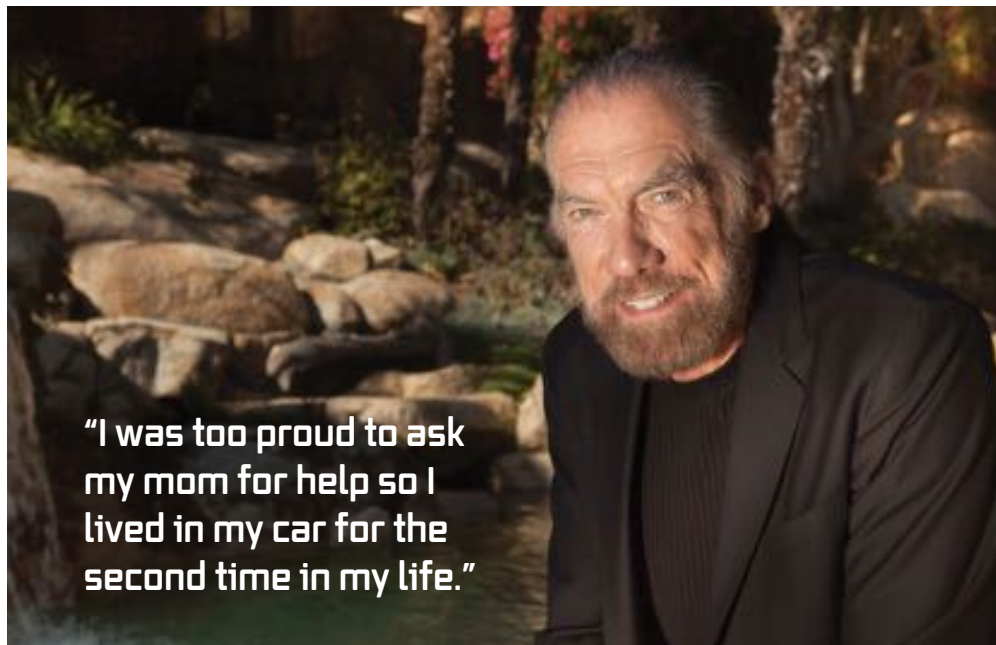
BORN: April 13, 1944 (age 71) in Los Angeles

OCCUPATION: CEO, cofounder and chairman, John Paul Mitchell Systems; cofounder, Patron Spirits Company; founder, Rok Mobile; founder and CEO, John Paul Pet Company; founder, JP's Peace, Love and Happiness Foundation.

TRANSPORTATION: Owns a Dassault Falcon 2000 (his "everyday jet"), as well as a Gulfstream GIV and Learjet 60.

EDUCATION: Completed high school.

PERSONAL: Married to wife Eloise since 1993. Four children. Enjoys a retreat alone in the mountains once or twice a year to reflect. Is an avid motorcyclist.



MANUELO PAGANELLI

"I was too proud to ask my mom for help so I lived in my car for the second time in my life."

Do your kids use the other jets?

Absolutely not. I own a company called Royal Jet that leases my jets out when I'm not using them. Because I own all the jets myself, I charge my companies my cost of running them. It's usually cheaper than flying commercial.

How do you raise kids that don't expect to borrow their dad's jets?

I've seen so many kids raised in affluent homes and ruined for life. I taught mine the value of money and hard work. My kids got a weekly allowance [based on] age [a dollar per year]. My youngest, at 14, said, "Dad, \$14 doesn't get a kid anywhere! If I went to the movies with friends, that's a ticket, popcorn and if I can get a soft drink, I'm lucky." But my approach works and I'm proud of my kids' accomplishments. My daughter Alexis is the first woman to win the Indianapolis U.S. Nationals racing nitro funny cars. In an interview about life as the daughter of a billionaire, her response was, "It's not my money, it's his. I make my own money." I'm proud of her.

Did your upbringing influence how you've raised your kids?

Definitely. Growing up, we didn't have any money. I worked from a very young age building flower boxes to sell. At 11 years old I had a morning paper route with my brother where we made \$30 per month. I gave the money to my mother so we could live a better life. Having a job was an honor.

You were unsatisfied in many jobs, though. Did you feel you were destined for something bigger?

There was no doubt in my mind there was something I wanted to do that can make a difference in the world. I didn't know what, but I knew that if given the opportunity, I could make a change. I worked as circulation manager for Time, Inc. when I was 26. I ran a boiler room of 50 employees trying to get people to subscribe or renew their subscription. I thought, "I can't do this for the rest of my life." I went to my manager and asked what it takes to become a vice president and he answered, "You're 26 years old and don't have any college education. Come back and ask me when you're 35." I knew then it wasn't for me.

How did you get from various sales and management jobs to a hair-care line?

A friend connected me with an opening in the beauty industry. I took a pay cut but fell in love. I've been in the industry ever since. At the time, I met a hairdresser named Paul Mitchell. We became friends and partnered to develop Paul Mitchell Systems. We had half a million dollars lined up, but our investor pulled out. Seven hundred dollars is what we could scrape up to save the launch. I was too proud to ask my mom for help so I lived in my car for the second time in my life.

When was the first time you were homeless?

I was 22 with a young child and a wife. Things weren't going my way.

Paul Mitchell Systems spearheaded the environmental movement with no animal testing. What led to that commitment?

When I worked for Redken Professional Hair Care, they had a 12-by-12 windowless room with a testing table and stacked cages of

small monkeys called marmosets. The monkeys never went outside and I felt it wasn't right to test on them. They were so cute, I asked if I could take them out for a walk. Redken fired me a short time later. When we started our company we did not test on animals and didn't buy any ingredients that had ever been tested on animals. We tested on ourselves.

You tested chemicals on yourself?

We always did. When we first developed Baby Don't Cry Shampoo, I put it in my eyes and it

hurt. I called my chemist and asked him to put the shampoo in his eye next time before sending it to me. The only thing I don't test on myself is hair color. I won't try red or blue hair.

What's the secret to your business success?

I'm a person that believes in something. If I believe the product or service is good, I will tell you how it's going to benefit you. If I don't believe in it I'm very bad at selling it. I tried selling life insurance and I sucked.

"The Falcon 2000 is unbelievable. It's my everyday jet and stays wherever I am."

The CIA asked you to help them because they were so impressed with your management style.

That made the front page of the *Wall Street Journal*. At Paul Mitchell, we eliminated 90 percent of middle management. If you're qualified for a job, you don't need people supervising you. I give someone the opportunity to grow and develop their own area. On more than one occasion, I've trained the CIA, FBI and other U.S. agencies on how to be a more human and caring manager, how to motivate personnel and create a more efficient work environment. The CIA told me that if they handled a piece of paper 100 times instead of 1,000 times, it was a good day. My goal was to help them handle that piece of paper once.

You're ahead of your time in some ways, but I've heard you don't like computers or emailing.

It's not that I don't like them. If I used email I'd be inundated answering emails from all my companies and projects. I like the personal touch. If there's something important I need to talk to you about, I'll call.



JOHN PAUL MITCHELL SYSTEMS

John Paul DeJoria's Aircraft

Model	GIV	Learjet 60	Falcon 2000
Manufacturer	Gulfstream	Bombardier	Dassault
Model years produced	1986-1992	1993-2003	1994-2004
Variable cost/hour for latest model	\$5,232	\$2,519	\$3,891
Seating (exec/max)	13/19	6/10	10/19
NBAA IFR range w/four passengers (nm)	4,168	2,315	3,213
NBAA IFR range w/all seats full (nm)	3,800	2,186	2,841
Maximum cruise speed (kt)	500	465	475
Maximum takeoff weight (lb)	73,200	23,500	35,800
Cost range used (millions)	\$2.9-\$4.3	\$1.45-\$2.7	\$4.1-\$8.3

Sources: Conklin & de Decker Aircraft Cost Evaluator and Aircraft Performance Comparator, Vref Aircraft Value Reference. Assumptions: jet fuel, \$6.26/gal. Variable costs include fuel, routine maintenance reserves and misc. expenses. Range based in four passengers (200 lb including baggage each), NBAA IFR fuel reserve 200 nm alternate.

JOHN PAUL DEJORIA

What makes you philanthropic?

It started when I was six, thanks to my mother. She would take my brother and me to downtown Los Angeles at Christmastime. We'd spend hours looking at the department store windows with the puppets and trains and we thought we were the luckiest kids in the world. The year I was six, my mother gave my brother and me a dime. She asked us to each hold half of the dime and put it in the little red bucket where the man was ringing a bell. We could have bought two soda pops and three candy bars with that dime, we thought. "Remember in life, boys, no matter how much we have, there's someone that needs it more," she told us. That stuck with me forever. My motto is: "Success unshared is failure."

You knew the late Nelson Mandela. What was he like?

Nelson was super cool. I'll give you a funny story about him. Whenever I was in Africa, I would fly to Johannesburg to visit him. On one visit, I spent time with Nelson, Richard Branson and Brad Pitt, putting together an organization called Mineseekers. I told Nelson I was going into Mozambique after to fit and supply landmine victims with prosthetics. Nelson said to me, "J.P., I want to work for you." Shocked and amused, I said, "Nelson, you've got to be kidding me.

I'd work for you for free!"

"I want to work for you, J.P.," he insisted. I asked him what he would do. He told me he wanted to be my personal driver. I said, "Nelson, you have a cane and you can barely walk around. I'd have to hire someone to drive you around to drive me around." Nelson said that'd be OK and explained, "J.P., I'm sitting around digging my own grave while you do great work. And my wife is becoming very demanding. I want to get out of the house."

You've also known the Dalai Lama.

Yes. I asked the Dalai Lama what I can do to be like the great prophets that heal the sick and save the poor. It was just the two of us together talking and he asked, "J.P., have you ever seen anybody do that?" I said I had only read the stories. And he giggled and said, "I haven't either!" Dalai's advice was: "The best you can do is be happy, mean well and walk into a room excited. Spread your good energy."

Have you ever felt intimidated meeting anyone?

I was a bit apprehensive when I first went to meet [Libyan leader Muammar] Gaddafi, but once I got there, I was fine. I was there to convince him to release the two suspected terrorists of the Lockerbie bombing of Flight 103



MANUELO PAGANELLI

to stand trial at The Hague. A lot of diplomats worked on the issue tirelessly. I went in to lend a helping hand and convince Gaddafi to do the right thing, which he ultimately did.

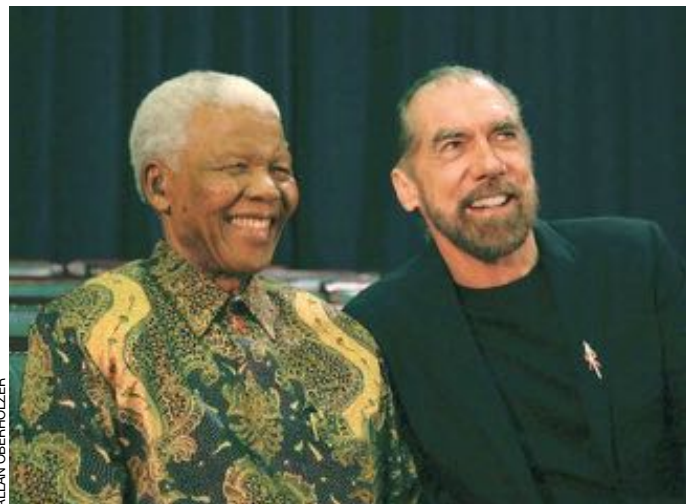
Is that why you received the Supreme Court's Horatio Alger Award?

It's the only award given by the U.S. Supreme Court. It's given to Americans who grew up with adversity, succeeded and gave back along the way. I'm most honored at receiving that award.

Is there anything left that you'd like to accomplish before you retire?

My daughter and Paul Mitchell vice-chairman, Michaeline, isn't too happy about it, but I'm not retiring. She'll have to outlive me. I love what I do! **BJT**

Cynthia Bowman (cbowman@bjtonline.com), a freelance writer, hails from Los Angeles but currently lives in Madrid, Spain.



ALLAN OBERHOLZER

"Nelson [Mandela] said to me, 'I want to work for you.' I said, 'Nelson, you've got to be kidding me. I'd work for you for free!'"

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Holiday *wish* list

A million bucks could buy a fair amount of bizjet fun, concludes our columnist, but why dream small?

by Joe Sharkey



In the Middle Ages, the poet Dante Alighieri was famous partly for making lists. For the *Inferno*, he drew up one that relegated the sinful, the lustful and others into nine circles of Hell. And in the *Paradiso*, he described an angelic hierarchy that arranged heavenly hosts in nine elite-status ranks, from exalted “seraphim” down to common “angels.”

So the great Dante needed only nine status levels. The airlines have devised considerably more.

Recently, while standing in a morose crowd at an airport departure gate as boarding finally commenced for a badly delayed American Airlines flight from Philadelphia to Phoenix, I tried to keep track of the pecking order. But I lost count after first class, uniformed military, AAdvantage Executive Platinum, oneworld Sapphire and Emerald, AAdvantage Gold and oneworld Ruby. The list went on and on, and ultimately all the way down to me, in grubby Zone 4, a step ahead of the wretches in Zone 5. In my hand was a boarding pass that would cram me, for a five-hour flight, into a space that the U.S. Agriculture Department would deem too constricted for the transport of a farm animal.

A woman behind me muttered wearily, “If I had a million dollars, I’d never get on an airliner again.” As she spoke, holiday music was playing somewhere in the departure lounge, and I began daydreaming. If I had an extra million dollars, I thought, I’d have a Christmas wish list involving air travel, but none of it would be on an airliner.

When I finally arrived home, I decided to do some investigating. What exactly could I do with that kind of money?

“A million dollars gets you a lot of flying,” said Adam Twidell, the founder and CEO of PrivateFly, a London-based charter broker for

business jets. “You can hit every major city in the world in a month in a private jet.”

That seemed like fun, I told him, but while my holiday fantasy included a million dollars for travel money, it was hard for me to even imagine having a whole month of free time.

“So how about celebrating New Year’s Eve twice, starting at midnight in Sydney, Australia? Then you fly back across the International Date Line after you’ve slept for eight hours and celebrate again, in Hawaii.”

I’m not normally a big New Year’s Eve reveler, but that sounded interesting, given the

“How about celebrating New Year’s Eve in Australia?” suggested my advisor. “Then you fly back across the International Date Line and celebrate again, in Hawaii.”

million dollars burning a hole in my pocket. So how much?

“I would say you’re looking at \$150,000 on a GV, Sydney to Hawaii,” Twidell said. Other themed leisure-time capers Twidell suggested include whirlwind tours of the finest museums or beaches of the world. Or maybe I’d want to dash from one major sporting event or concert to another on the same day or weekend or take my friends along on a trip to just about anywhere.

“We had one client, a university professor, who found some drug and commercialized it and started having serious money,” Twidell recalled. “He took his hill-walking buddies to Ireland to climb some hills there, and then they popped

off straight on to Spain to climb a mountain. So all of these guys who’d never flown in a private jet before got on with their hiking boots and away they went, landing at the closest airport to their hills.”

I started to think about where I could take my friends and the list quickly got so long that I realized a million bucks for charter wouldn’t suffice. What I needed to do was up the ante and put my very own bizjet on my wish list.

Lucky me; evidently deals are available. “The most bang for your buck right now is probably a preowned [Gulfstream] GIV,” said Vincent M.

Wolanin, CEO of PrivateSky Aviation, a business-jet maintenance and refurbishing company in Fort Myers, Florida. At the end of summer, he said, 25 used GIVs were on the market, with others available off-market, for about \$2.8 million to \$7.4 million. There also were 27 GIV-SPs listed, from \$4.95 to \$8.25 million.

Of course, I’d need to spend more to get the jet into shape. “You can put anywhere from \$3 million to \$7 million into the airplane, but when you’re finished, you’ve got like a brand-new jet,” Wolanin said.

Well, cue the holiday music! However, as usual, I have exceeded my limit for Christmas-list spending, if only in my dreams. **BJT**

Joe Sharkey (jsharkey@bjtonline.com), whose column appears regularly in **BJT**, covered business travel for the *New York Times* for 16 years.

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Gulfstream's G500 & G600

These forthcoming models pay homage to the need for speed while offering long range, simplified operation and passenger comfort.

by Mark Huber



In October 2014, Gulfstream Aerospace formally launched two large-cabin jets designed to replace its G450 and G550 models: the G500 and the G600. The top speed for both aircraft is Mach 0.925, the same as for Gulfstream's G650ER. With the introduction of the G500 and G600, all of the company's large-cabin models will pay homage to the need for speed.

Possible nonstop city pairs for the G500 include Istanbul to Cape Town, South Africa; Los Angeles to London; and San Francisco to Tokyo. The aircraft has a range of 5,000 nautical miles at Mach 0.85

and 3,800 nautical miles at Mach 0.90. The G600 has a range of 6,200 nautical miles at Mach 0.85 and 4,800 nautical miles at Mach 0.90. (Figures assume eight passengers.)

The G500 made its first flight in May of this year. The manufacturer recently added two flight-test G500s to the fleet, and it has two more under construction. The company anticipates that it will obtain G500 type certification from the FAA and EASA in 2017 and begin deliveries in 2018. It expects to receive certification for the G600 in 2019. Gulfstream has set initial prices at \$43.5 million for the G500 and \$54.5 million for the G600.

Gulfstream's G500, which made its first test flight last May, will be capable of traveling nonstop from Los Angeles to London.

NEW AIRCRAFT PREVIEW

The Savannah production line that the company built for these aircraft promises to allow for more efficiencies than the flagship G650 offers; that aircraft already uses 80 percent fewer fasteners and 50 percent fewer parts than the legacy G450/G550. The G500 and G600 will incorporate the latest advances in aerodynamics with a new high-speed wing featuring an aggressive 36-degree sweep. The G600 wing is eight feet longer than the G500's, enabling the aircraft to hold 10,000 pounds of additional fuel.



Both new Gulfstreams were designed with simplicity in mind. The flight controls need just eight line-replaceable units as opposed to 16 on the G650; major inspections will be at 750-flight-hour intervals and are designed to be conducted along the less-cumbersome lines of the airline-style MSG-3 program; the G500 is also the first business aircraft manufactured with a Data Concentration Network (DCN), which significantly reduces cables, parts and weight.

Power for the aircraft will come from Pratt & Whitney Canada's new PW800 engines. The 16,000-pound-thrust class PW814GA and PW815GA powerplants have the same core technology used in the company's geared turbofan airliner engines. They have a 10,000-hour time-between-overhaul limit (TBO) and no midlife-inspection requirement.

The cabin cross section of each aircraft measures 91 inches wide and 74 inches tall—about seven inches wider and two inches taller than cabins in the G450 and G550—and they can be configured for up to 19 passengers. The G500 has three living areas and the G600 has up to four as well as an optional crew rest area. Both aircraft offer forward and aft lavatories, plus a full-size galley that can be located either forward or aft. The flexible galleys allow a high degree of customization and feature a four-cubic-foot refrigerator, a microwave/convection oven, an optional steam oven and an oversized sink.



At a Glance

		G500	G600
Price		\$43.5 million	\$54.5 million
Range*		5,000 nm	6,200 nm
High-speed cruise		Mach 0.90	Mach 0.90
Long-range cruise		Mach 0.85	Mach 0.85
Takeoff distance at max weight		5,200 ft	5,700 ft
Landing distance		3,100 ft	3,100 ft
Passengers (typical)		19	19
Crew		3	4
Cabin	Length	41 ft 6 in	45 ft 2 in
	Height	6 ft 4 in	6 ft 4 in
	Width	7 ft 11 in	7 ft 11 in
	Volume	1,715 cu ft	1,884 cu ft
Baggage volume		175 cu ft	175 cu ft

*Mach 0.85, eight passengers, three crew for G500, four crew for G600 and NBAA IFR reserves
Source: Gulfstream (performance based on initial data; subject to change)

The G600 (all photos on this page) and G500 both feature large oval cabin windows, a customizable full-size galley and a new passenger single-seat design with all seat controls located on the inboard armrests.



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NEW AIRCRAFT PREVIEW



The roomy baggage compartment is accessible in flight through the aft lavatory and has additional floor and ceiling tracking to allow for flexible loading. It incorporates fold-down shelving and space that can be configured to store golf clubs, ski gear or large suitcases.

The G500 and G600 also feature a new passenger single-seat design with all seat controls located on the inboard armrests and pockets sculpted into the interior arms for more hip room. The aircraft borrow some architecture from the Elite interiors developed for the G650 (and later migrated to the G550 and G450), such as the high-tech display of galley and inflight entertainment equipment.

For now, a 32-inch flat screen appears to be the largest monitor that can be mounted above a mid-cabin credenza while maintaining adequate access to emergency egress. However, Gulfstream executives stress that this is a largely new cabin design and likely not the final cut. Inflight-entertainment offerings in particular are expected to be enhanced between now and 2017. The cabins feature more built-in storage nooks in the sidewalls and seats as well as USB charging ports.

Both aircraft provide a cabin altitude of 4,850 feet at 51,000 feet and 100 percent fresh air. The aircraft feature the same large oval windows that are on the G650, with dimming provided by a

dual-roller-shade system. The cabin noise level for both new models is expected to be extremely quiet—less than 50 dBA. The latching mechanisms for the cabinetry are also quieter than on earlier models.

The aircrafts' cockpits feature fly-by-wire controls and active-control sidesticks and the new touchscreen Symmetry flight deck, which is driven by Honeywell Primus Epic avionics. The avionics include Gulfstream's enhanced vision, Honeywell's synthetic vision with 3-D taxi and a head-up display system. The full three-axis digital fly-by-wire system offers benefits that include flight-envelope protection, stability augmentation, increased redundancy and reduced maintenance.

The streamlined and highly styled cockpit, which is finished in black leather with metallic accents, is the most striking feature of the aircrafts' interiors. Most of the switchology found in earlier designs has been eliminated. Inputs are made through five Honeywell touchscreens with large, easy-to-view icons. Gulfstream's familiar cursor-control devices (CCD) are integrated into the center console at the head of the hand grips. The console extends aft of the pilot seats, but it is lower-slung, making step-over entry and exit easier. The CCDs give each pilot control of three



The streamlined cockpits in the G500 and G600—which are finished in black leather with metallic accents—feature the new touchscreen Symmetry flight decks. Avionics include Gulfstream's enhanced vision and Honeywell's synthetic vision with 3-D taxi.



of the four main display screens and allow data to be shifted between them in the event of a failure.

Out the windshield and over the nose, visibility is expansive. The gaspers are large and located to provide optimum ventilation. The new design Ipeco crew seats allow for multiple adjustments. The elbow rests behind the sidesticks also are adjustable, as are the rudder pedals. The sidewalls offer ample storage space for personal items. Two 110-volt power outlets are aft of the pilot seats.

What it all adds up to is a pair of speedy aircraft that offer simplified maintenance and operation, long range and greater passenger comfort. This formula paid off for Gulfstream on the G650 and it should translate well to these two new, albeit somewhat smaller, large-cabin aircraft. **BJT**

Aviation industry veteran **Mark Huber** (mhuber@bjtonline.com) has reviewed aircraft for **BJT** since 2005.



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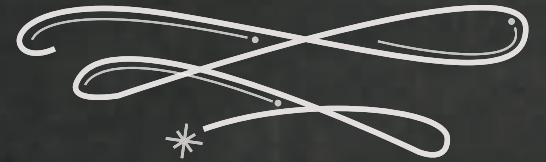
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by Jennifer Leach English



World's Best Chocolate

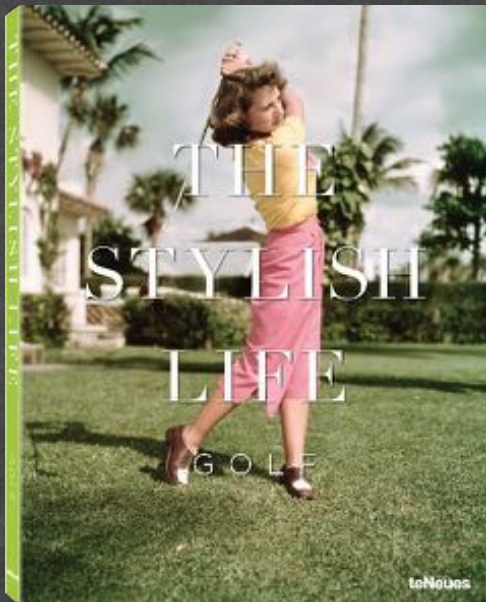
Every year **BJT** editors put their own needs aside and embark on a selfless quest to find our readers the newest, best chocolate on the market, and this year the winners are truffles and caramels from **Chocohappy**. The Whistler, British Columbia company was founded by a Belgian chocolatier who makes the confections with all natural ingredients and packages them in paper cones as a throwback to the way sweets used to be sold at the general store. This year the company is producing limited-edition holiday cones (\$17) filled with 10 mint truffles dipped in white chocolate. We also love the caramel sea salt version. chocohappy.com



Paddle in Peace

Know someone who loves the open water? A **paddleboard** will surprise and delight. Unlike surfing, paddling is easy to pick up without getting knocked around, and the sport's languid nature will bring peace to the most stressed-out person on your list. Ten Toes has many boards to choose from, including the Weekender (\$600), which folds up for tight storage or brief trips. tentoboards.com





Sporty Spice

You can't go wrong with a coffee-table book, and **The Stylish Life** series from teNeues is the perfect solution for sports fans who already have all the outdoor gear they need. Beautiful full-page photography fills the \$55 volumes, which each focus on the history and allure of a particular sport, including soccer, tennis, yachting, golf and skiing. Even the non-sportif will get a kick out of these glossy compilations. teneues.com

Toys That Teach

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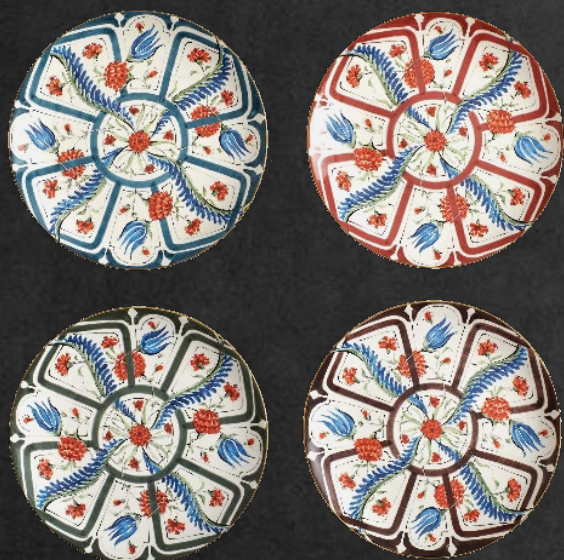


Safety Doesn't Happen by Accident

Know a frequent flier who has everything? How about giving him or her a three-hour **Executive Emergency Training** course for business aircraft passengers (\$750) at any of FlightSafety International's worldwide learning centers? FlightSafety can also come to your gift recipient's office to conduct classes inside a corporate aircraft and can tailor the instruction to specific needs. Options include a wide variety of training using fire extinguishers, aircraft exits, oxygen equipment, life vests and life rafts. Participants will also gain a basic understanding of aircraft systems. flightsafety.com

California Scootin'

Help your spouse keep up with the kids on the \$200 **El Dorado scooter** by Razor. Originally designed for pros doing rad scooter tricks in Southern California, it's sturdy enough to whiz through city streets in record time without wobbling or crashing. The El Dorado is made of ultra-tough lightweight aluminum and will support riders weighing up to 220 pounds. razor.com



One-of-a-Kind Treasures

For a one-stop shop for **unique items**, try 1stdibs.com, a website that brings together over 2,000 dealers, shops and galleries selling everything from rare jewels to antique furniture to haute couture. Founded in 2001 to “bring the Paris Flea Market online,” the site offers an easy-to-navigate interface that allows you to skip flea-market craziness and sort through treasures from the comfort of your own home. To make shopping even easier, 1stdibs often curates themed collections such as “Cabana,” which includes Italian ceramics, rare silver and other decorative items. 1stdibs.com

Time for a Cold One

Craft beer is all the rage these days, so why not give the hops enthusiasts in your life the opportunity to brew their own? The **Beer Machine** (\$99) is the perfect gadget for a newbie. It ferments, conditions and dispenses, and you can customize the flavor to suit your taste. beermachine.com



Sparkle and Shine

Anne Sisteron's jewelry is delicate and dazzling and guaranteed to make even the most grounded woman feel a little weak in the knees. The former model's website holds treasures for all ages, wallets and collections, from tiny diamond chain bracelets for your teenage daughter to stunning extravagances for your one-and-only. Particularly beautiful are the gem cocktail rings with large-carat vibrant stones such as emeralds, rubies, opals and topaz. Shopping for a man? Sisteron also offers belts, briefcases and other accessories. annesisteron.com



Havana Heaven

Impress the cigar aficionado in your life with the sleek and compact Liebherr XS 200 17-inch **cigar humidor** (\$2,699). Besides being easy to use, it comes with cedar shelves, two presentation boxes, LED lighting, and—most important—precise sensors that will activate alarms if the humidity or temperature seem to be off. amazon.com

Four Days of Contemplation

You know that friend who always wants to debate the meaning of life long after everyone else has left the bar and gone to bed? Give him or her four days of contemplation and wonder at **Curiosity Retreats**, whose mission is to “create a unique forum where the lifelong curious can gather to explore in depth the great questions of today.” The retreat—which includes sessions such as an outdoor “Astronomy Night” and “The Science of Happiness”—takes place at Discovery Channel founder John Hendricks's luxurious Gateway Canyons resort in western Colorado. The retreat includes gourmet meals and cocktails, spa appointments and yoga. Packages start at \$4,828. gatewaycanyons.com





Stylish Storage for the Road

Online accessories retailer Cuyana states that “fewer, better things lead to a fuller, better life,” and after seeing the company’s \$95 **Leather Travel Case Set**, we have to agree. The set, which can be monogrammed with up to three letters on the outside and comes in a variety of vibrant colors, is perfect for makeup, jewelry, tech accessories or any knickknacks that need toting around. cuyana.com



‘I’d Like to Make the World a Coke’

You’re undoubtedly familiar with the single-serve coffee machines that have replaced traditional brewers in offices and 20 million homes. Now there’s **Keurig Kold**, a machine that can make any of dozens of cold drinks in less than 90 seconds. Choose from sodas, iced tea, seltzer, sports drinks and more, all chilled to a perfect 39 degrees. The Kold lists for \$369.99 and pods retail for approximately \$4.50 per four-count box. keurig.com/kold

A Peek Behind Dylan’s Peak

In one astonishing 14-month period, Bob Dylan recorded *Bringing It All Back Home*, *Highway 61 Revisited* and *Blonde on Blonde*, which many critics rank among the best, most influential records of the entire rock era. Now comes **The Cutting Edge: 1965–1966: The Bootleg Series, Vol. 12**, a six-CD collection that examines the creative process that produced these classics. The package features outtakes and previously unavailable songs and devotes an entire disc to sessions for “Like a Rolling Stone,” arguably Dylan’s most famous number. For casual fans, there’s the two-disc *Best of the Cutting Edge*; and for fanatics, there’s an 18-CD Collector’s Edition, which includes every note recorded during the 1965–66 sessions, plus original mono singles and more. Limited to 5,000 copies, it goes for \$599. bobdylan.com



JENNIFER LEACH ENGLISH (JENGLISH@BJTONLINE.COM) IS **BJT**’S EDITORIAL DIRECTOR

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i8





A technological marvel, this car helps the environment while delivering world-class performance and head-turning design.

Story and photos by Ian Whelan



When I was growing up, I loved the *Back to the Future* films—particularly the second one in which Doc and Marty traveled forward in time to 2015.

The future looked amazing, especially because of the cars, which contrasted dramatically with what was on the road when the movie first appeared. Not to mention, they could fly and hover!

Cars haven't turned out quite as the film foretold, but at least we have the BMW i8, which resembles nothing else on the market. Everywhere I drive it, heads turn. When it's parked, people take photos and ask about it. Some express surprise that such a car is actually in production. Its

i8 butterfly doors often draw oohs and aahs, and comparisons to the DeLorean.

Opening those doors provides a sense of occasion every time, and seeing the unpainted carbon fiber around their frames affirms how special this car is. Lightweight and rigid carbon-fiber construction has been around for decades on Formula 1 race cars and the most exclusive supercars, but BMW's all-electric i3 and hybrid i8 have finally brought carbon-fiber structures to the mass market. The skin is made of aluminum and thermoplastic.

The i8's construction and drivetrain technology are similar to what you'll find on the Porsche 918,

Ferrari LaFerrari and McLaren P1, but the BMW starts at a relatively modest \$136,500 and arguably has better styling. Yes, those other cars have much more power, but the i8's power and wide torque band are enough to propel it from 0 to 60 in 4.2 seconds, and in real-world passing maneuvers at highway speeds, it is amazingly quick.

BMW kept the center of gravity extremely low, with the battery running down the middle of the aluminum chassis. The car weighs only 3,455 pounds, which allows the drivetrain to reach its full potential, rather than pulling around dead weight. Handling is sharp, thanks to quick-ratio electrically assisted steering and active suspension. Accurately placing the front end of the car in turns is easy, but there isn't a lot of road feel through the steering wheel.

You can easily use the i8 as daily transportation, with its smooth, controlled ride, quiet and spacious interior, comfortable seats, fuel-sipping drivetrain and infotainment technology (BMW's excellent iDrive system). The car's "Departure Time" setting will automatically heat or cool the

Everywhere I drive the i8, heads turn. Opening the butterfly doors often draws oohs and aahs, and comparisons to the DeLorean.



interior while it's plugged in at a set time each day, ideally before your departure, thereby extending the electric range. (You can control this and other features with a smartphone app.) A head-up display on the windshield provides vital information—even satellite navigation directions—which helps keep your eyes on the road. Two small back seats can accommodate passengers, or more likely luggage, since the trunk is minuscule with only 4.7 cubic feet of capacity.

The plug-in hybrid drivetrain integrates a mid-mounted 1.5-liter turbocharged 3-cylinder gasoline engine that provides 228 hp, and 236 lb-ft of torque to the rear wheels, with an electric motor behind the front axle that delivers 129 hp and 184 lb-ft of torque to the front wheels, which combine to 357 hp and 420 lb-ft of torque. In the default Comfort Mode, the drivetrain seamlessly switches between full electric to working in tandem with the gasoline engine depending on driving conditions, or how much you put your right foot down.

You can charge the lithium-ion battery in 3.5 hours with a 120-volt charger, or 90



minutes using a 220-volt home-installed charger. A full charge offers about 20 miles of electric range, which might mean you use little fuel if you mostly drive just locally. The EPA estimates range at 330 miles and fuel economy at 76 MPGe (miles per gallon equivalent, a rating used for electric and hybrid vehicles). On a trip where pre-charging wasn't possible, I found fuel economy to be around 30 mpg in mixed conditions, including some usage of sport mode. Driving more consciously with a light foot should return better results.

An eDrive mode selects the electric motor to be used primarily unless you press the throttle pedal almost completely down, and then the gasoline engine provides a power boost. Electric

mode feels like a magic-carpet ride and offers a whole new experience on a twisty road in near-silence. Power is more than adequate as long as you maintain momentum through corners, and the regenerative braking and coasting on frequent downhill stretches generated more capacity than I was actually using at times, even with three occupants in the car. Regeneration, or capturing of kinetic energy that would otherwise be lost, is accomplished by using the electric motor as an alternator driven by the front wheels while coasting, or more aggressively while braking as the motor uses its full generating ability to increase drag to slow the car.

The i8 has dual personalities, as moving the shifter into sport mode instantly turns this quiet,





BMW i8 AT A GLANCE

Engine	1.5L 3-cylinder turbocharged gasoline engine and electric motor
Battery	7.1 kWh lithium-ion provides 23 miles of full-electric range
Engine output	Combined 357 hp @ 5800 rpm; 420 lb-ft torque
Transmission	Six-speed shiftable automatic for gasoline engine, two-speed automatic for electric motor
Curb weight	3,455 lb
Top speed	155 mph (limited)
Fuel capacity	11.1 U.S. gal
Fuel economy	(EPA): 76 MPGe
Test tires	Bridgestone Potenza S001P215/45YR20 (front) and P245/40YR20 (rear)
Price as tested	\$140,300
<i>Source: BMW</i>	



eco-friendly grand-tourer into a serious supercar. The gauge color changes from blue to orange, and the usual 0–100 percent power meter becomes a tachometer.

Throttle response increases, electric steering assistance reduces, the active suspension stiffens, and valves open in the exhaust system to release a mean-sounding note. Synthetic engine sounds from the stereo system augment true exhaust sounds to add to the experience, and from the outside the engine noise suggests a small inline six with a healthy induction rush from the turbocharger.

The six-speed transmission attached to the gasoline engine holds gears longer before shifting up and downshifts more aggressively with racy throttle blips that ensure the drivetrain stays in its wide, torquey power band. Sport mode provides the additional benefit of charging the

i8 battery more readily, thanks to its aggressive use of off-throttle engine braking, which can add a few miles to the electric range meter in minutes.

Sport mode makes the i8 even more thrilling, but there are times when the suspension's extra stiffness isn't doing much besides jarring the occupants on bumps, and the transmission refuses to shift into sixth gear unless you force it to do so by using the steering-wheel-mounted manual paddles. It would be helpful to have a configurable drive mode between Comfort and Sport. I'd prefer the standard suspension dampening—which worked perfectly on all road surfaces—with the reduced steering assist of sport mode, and the ability to shift automatically into sixth gear.

I usually prefer to shift gears myself, but the i8

selects its own gears with two automatic transmissions, a two-speed for the electric motor and six-speed for the gasoline engine. In electric mode, switching between the two speeds was imperceptible, and the six speeds of the gasoline engine changed smoothly in Comfort mode, and quickly in Sport mode. I rarely felt the need to manually shift, unless I wanted to have fun with the automatic throttle blipping on downshifts.

BMW wanted to showcase its technology with the i8, but rather than building an ultra-exotic machine that obscurely laps the Nürburgring faster than any other, the company chose to develop a car that can be used practically every day, helps the environment, yet gives up nothing in terms of performance, and competes in cachet and exclusivity with models costing nearly 10 times as much.

This is a first-generation product, and considering how good it is, I can't wait to find out what BMW does next. I see a bright future for eco-conscious car enthusiasts.

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Ian Whelan (iwhelan@bjtonline.com) is BJT's video producer and a longtime auto enthusiast.



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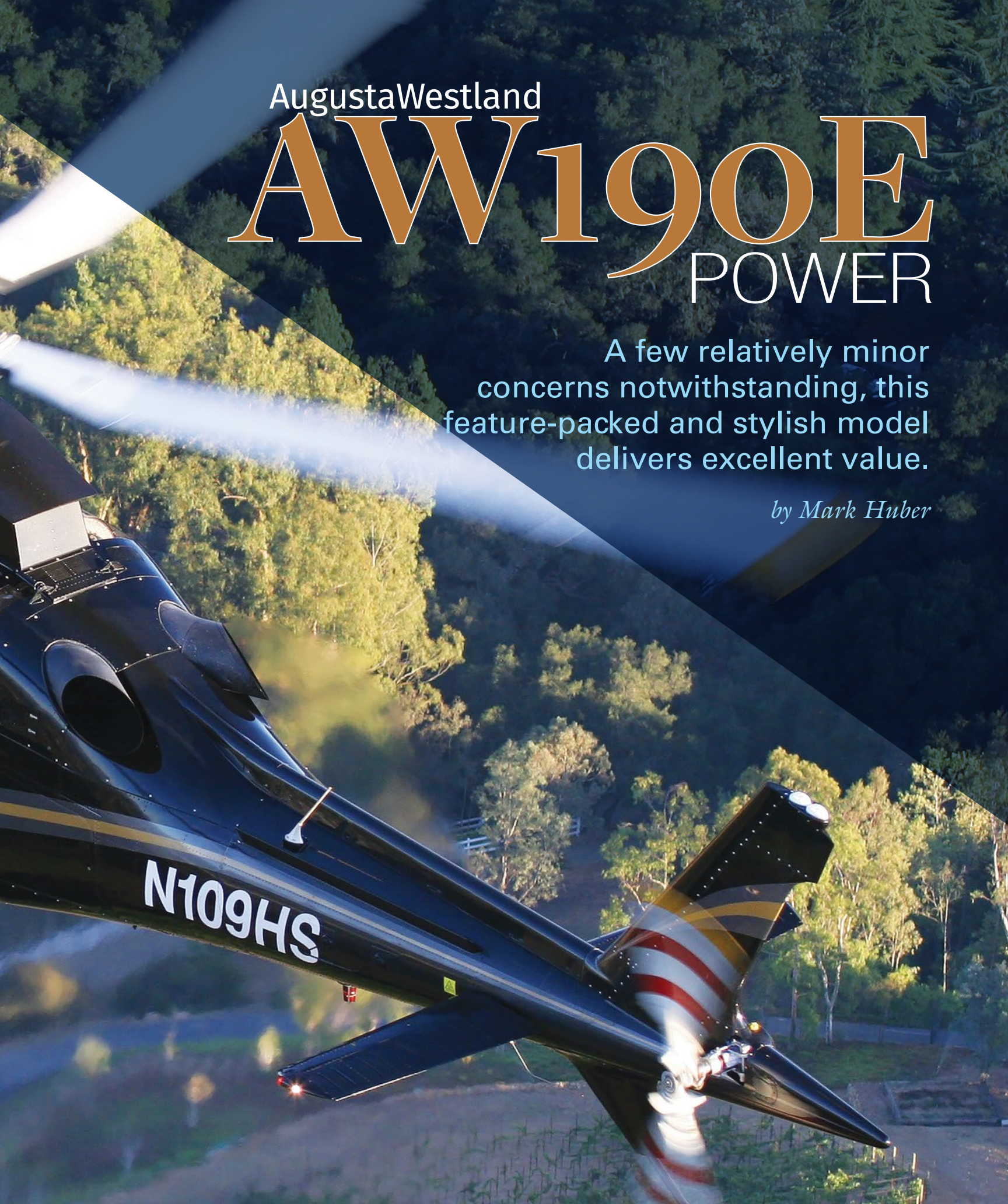
AugustaWestland

AW190E

POWER

A few relatively minor concerns notwithstanding, this feature-packed and stylish model delivers excellent value.

by Mark Huber



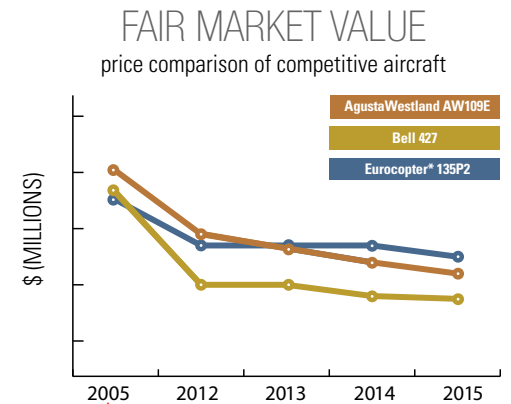
USED AIRCRAFT REVIEW

The AgustaWestland AW109 light twin helicopter has been on the market since 1976 and has undergone several permutations, gaining weight, interior width and power along the way. Timeless Italian styling and fast speed have made this helicopter a popular choice for executive transport for decades.

However, it wasn't until the introduction of the AW109E Power model in 1997 that most industry critics believed the manufacturer had delivered the proper combination of engine power and features. In 2005, AgustaWestland instituted a simplified service program for the AW109E, designed to bring down maintenance costs. But it has been only in the last few years that the company has moved meaningfully to give the model the product support it deserves.

There's a lot to like with the Power. The fuselage is built solid to military standards. The ship has minimum crosswind yaw and handles turbulence well. Its combination of power and compact rotor disc means that it can get into and out of tight spaces. The wheeled landing gear makes it easy to move around at an airport and stash in a hangar. Pilots report it is a great platform for instrument flying.

The cabin volume—124 cubic feet—is not best in class but not worst, either. Still, filling up all six tight seats in back is never a great idea, and you probably can't most of the time, anyway. While available payload with full fuel is 1,287 pounds—



Source: Vref Publications (vrefonline.com)
* Now Airbus

Specifications & Performance

Passengers (executive)	5
Pilots	2
Range*	260 nm
Max Cruise Speed	154 kt
Cabin Dimensions	Height: 4.2 ft
	Width: 5.3 ft
	Length: 6.89 ft

*30 minute reserve.

Economics

Total variable flight cost/hour	\$1,145.89
Total fixed cost/year	\$369,505

Source: Conklin & de Decker, Orleans, Mass.

Please see the online version of this article for detailed specifications and performance data as well as a report on all hourly and annual fixed and variable expenses.

about enough for a pilot, four passengers and gear—that weight limit shrinks precipitously when you add air conditioning, a plush executive interior and cabin sound-dampening.

Carry any kind of load and you're looking at a big fuel-carrying and range penalty; but that's not a big deal, as the 109 mostly flies inter-urban missions of 30 minutes or less. Typically laden in executive configuration, an AW109E has a range of about 260 nautical miles, enough to make the hop from the Wall Street Heliport in Manhattan to Reagan National Airport in Washington, D.C. in 83 minutes with comfortable reserves and powered back to 134 knots.

Customers had a choice of two engines for the Power: Pratt & Whitney Canada's P206C or the Turbomeca Arrius. Both feature full digital controls and spool up fast. With either engine, you get 25 percent more takeoff power (some 1,300 shp) than with the Allison 250s in the original 109s and a maximum cruising speed of 154 knots.

There's a lot to like with the Power, which can get into and out of tight spots and has a range of 280 nautical miles.

You asked. We acted.

2016 is a special year. It is Duncan Aviation's 60th year of helping business aircraft operators be safe, efficient and productive. For six decades, customers have asked us for solutions and services. We have listened and acted. Together, we have accomplished much, transforming from an aircraft sales business to a world-renowned, full-service company with dozens of locations. We provide every service a business aircraft operator needs. Our 2,200 team members listen to customers and respond by developing and providing experience, unlike any other.



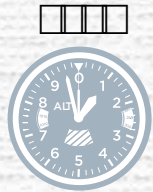
Aircraft Sales



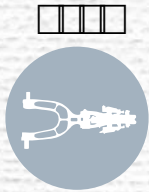
Lincoln, Nebraska



Fuel Services



Avionics & Instruments



Accessories



Paint



Engines



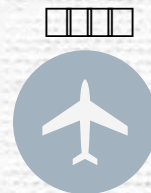
Interiors



Parts Consignment



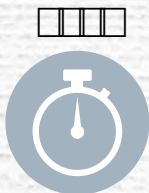
Avionics Satellites



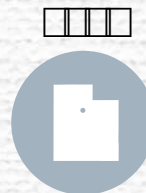
Aircraft Acquisition



Battle Creek, Michigan



Engine RRT



Provo, Utah



Future innovations to be determined by your requests.



The Pratts, while notorious for belching soot all over the tail boom, are otherwise fine under most circumstances: but the Turbomecas provide slightly more power for operating in high/hot conditions, such as mountain flying in the summer. However, the Pratts are somewhat more maintenance friendly. The knock on Turbomeca product support is largely lore of the past and the company has made great strides to improve customer service worldwide.



LIBIA

Buyers of used AW109Es will face a few issues that are endemic to this model.

All that engine power, coupled with operating repeatedly at or near maximum weights, can stress the transmission, and there are reports of them not making it to overhaul intervals when operated in this manner. Factory paint has been reported as “thin,” so if you’re having the interior re-ragged, you might want to opt for new paint at the same time. The newer composite main and tail-rotor blades have longer life and a lower external noise signature, so you’ll want to make sure your 109 has these. The seals on the cabin doors have been known to let water pass, so you’d be wise to have them inspected periodically. The external cabin step that deploys

automatically with the landing gear could be more robust, and fixing it isn’t cheap.

Also, the AW109 must be towed with care on the ground to avoid failure of the nose-wheel gear. A telling point here is that the nose gear must be modified if you want your Power to qualify for an optional 330-pound gross-weight increase. In very hot climates, the air conditioning is weak. While the cockpit is advanced for its time, the absence of visible throttles has led some hurried pilots to try to lift off with only one engine operating at takeoff power. These occurrences have been rare, however.

As noted earlier, service and support for all AgustaWestland helicopters is much improved in recent years, mainly due to growth of the manufacturer’s Philadelphia outpost. The company reports that it can provide owners of preowned aircraft with many services, including power-by-the-hour maintenance plans; pilot and maintenance training; component overhauls; avionics and VIP cabin upgrades; and installation of entertainment systems, radar and satellite phones.

If you want something elaborate in the cabin, you can turn to the Mecaer Aviation Group, located near AW Philadelphia, or the Rotorcraft Service Group in Fort Worth, Texas, both of which have strong reputations when it comes to AW109 interiors. The latter company offers window shades for the helicopter and a particularly popular aftermarket air conditioner that weighs 82 pounds and features a compressor rated at 28,000 BTU.

If you must have more cabin room than a standard AW109E provides, be advised that it’s available in three successor aircraft—albeit at a big price premium. The AW109 Power Elite features more generous backrest pitch on the



rear bench seat, affording more passenger headroom. The tradeoff is slightly less fuel capacity and a reduction in range of about 15 minutes. Another option is the AW109S Grand, which the manufacturer introduced in 2005. The Grand adds two and a half inches of interior cabin width and uprates the useful load limit by nearly 300 pounds. It does this partly via a 69-gallon decrease in fuel capacity, which reduces range by almost an hour. Then there’s the AW109SP Grand New, introduced in 2010, which also adds two and a half inches of cabin width and additionally offers avionics upgrades to the Grand, including enhanced-vision and terrain-awareness warning systems, synthetic vision and a four-axis digital autopilot.

A factory-fresh Grand New will set you back \$8.3 million, while a good 2005 Power can be had for around \$2 million. If a few extra inches of cabin space and the latest and greatest avionics aren’t all that important to you and maximum range is, you’ll find that a used AW109E Power offers value that’s hard to beat.



Industry veteran **Mark Huber** (mhuber@bjtonline.com) has reviewed aircraft for **BJT** since 2005.

AgustaWestland AW109E Power compared with other helicopters

Model	First year produced	Variable cost/hour	Seats crew/pax	Range (nm)	Normal cruise (kt)	Max takeoff weight (lb)
AW109E Power	1998	\$1,146	2/5	260	154	6,614
Bell 427	1999	\$1,289	1/5	320	138	6,350
EC135P2	1999	\$1,083	2/5	282	140	6,250

Assumptions: Aircraft are 2005 models. Jet fuel \$6.26/gal; variable cost: fuel plus maintenance reserves; four passengers; NBAA 30 min. reserve fuel; passenger weight 200 lb includes baggage; two pilots.

Sources: Conklin & de Decker’s Life Cycle Cost and Aircraft Performance Comparator


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Down, down, down



A global pullback accelerates declines in preowned-aircraft values.

by James Wynbrand

After several years of mixed signals and uncertainty, the preowned-aircraft market found its direction, if not its footing, in 2015.

“At the end of the day, we can make one statement: we are going down,” says Dennis Rousseau, president and founder of preowned-market data provider AircraftPost.com in Clifton Park, New York. “The rates of depreciation are extreme.” Andrew Bradley, president of global sales at Burbank, California-based brokerage Avjet, adds, “Price declines have accelerated drastically.”

Among the factors behind the drop in values are the slumping economies of Brazil, Russia, India and China and retrenchment of emerging markets, even as the U.S. market has staged a comeback.

Some see the plunge as a healthy acceptance of reality. “A year ago, people were still wishing and hoping” for a rebound in values, says Jay Mesinger, founder and president

of Boulder, Colorado-based Mesinger Jet Sales. “Today it’s pretty clear where the market is and isn’t, and in my opinion, that makes for a more focused industry, [though] you might not like what you’re focusing on.”

On the positive side, demand has strengthened even as values have declined. “We should remember that 2014 generated the industry’s best-ever preowned volume [with 2,300 retail transactions],” says Rolland Vincent of aviation consultancy Rolland Vincent Associates in Plano, Texas. This year’s numbers are on track for a similar total.

Given the pullback in formerly hot international markets, where buyers are favoring new, top-of-the-line models, it’s not surprising that large-cabin and ultra-long-range business jets—market leaders at holding value in recent years—led the declines of the past 12 months. The 235 or so large-cabin, long-range business jets for sale worldwide represent an increase

in inventory of about 20 percent year-over-year, according to JetNet.

But the scale of their drop in values caught experts off guard. “It would have seemed unfathomable to many in our industry this time last year that we are now on the precipice of seeing the first pre-owned G450 trade in the \$12 million range or the first G550 trade

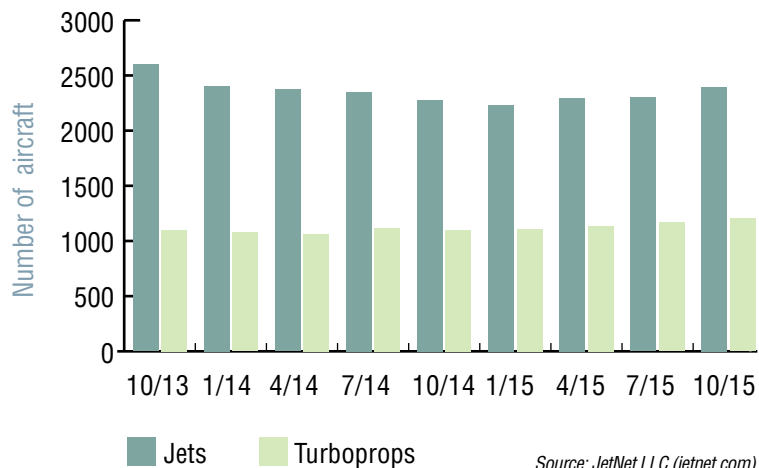
below \$20 million,” says Bradley.

Not all the value declines can be blamed on market softness. The impending introduction of new models such as Dassault Falcon’s 8X and 5X and Gulfstream’s G500 and G600 also put pricing pressure on current production aircraft. [See “In with the New...” in the Preowned column in our August/September 2015 issue. —Ed.]

Meanwhile, year-over-year inventory of other categories of business jets has fallen to about 11.2 percent worldwide, similar to pre-recession levels of 2006–07. Small-cabin aircraft, which took the biggest hit in the immediate aftermath of the 2008 downturn, have seen their values firm up.

The G150, for example, is finding favor at the high end of the owner-flown market, according to Bryan Comstock, managing partner at Jeteffect, a brokerage based in the Los Angeles area. Another small-cabin success story: less than 4 percent of Pilatus’s single-engine PC-12 turboprops are for sale, and five- to 10-year-old models have held 80 to 85 percent of their original list price.

PREOWNED AIRCRAFT FOR SALE



Source: JetNet LLC (jetnet.com)

“Annual depreciation going forward is probably not the 3 and 4 percent people saw for years, but more like 7 percent,” says one aircraft broker.

In general, preowned aircraft that move quickly in today’s market are less than five years old with no damage history; are enrolled in cost-per-hour engine maintenance programs; are ADS-B and FANS compliant and equipped with Wi-Fi in the cabin; and have standard interior and exterior styling that appeals to a broad segment of prospects.

A bullish sign going forward: financial institutions, which withdrew from aircraft financing in the wake of the 2008 economic downturn, are “entering or returning to the market,” says Rich Newton, an accredited senior appraiser with Cleveland’s Axiom Aviation. Moreover, institutions that already provide financing are loosening lending parameters that had limited deals to ones where the age of the aircraft and length of the loan added up to no more than 15 years. (For example, a loan for an eight-year-old aircraft would have to be repaid within seven years, and for a 10-year-old airplane in five.) “Maybe it’s increased confidence, or maybe it’s just that the sting of 2008 has gone away,” Newton says.

Brokers, meanwhile, have adjusted their fee schedules to compensate for the drop in values. Most have long charged a flat fee on the acquisitions side, and now many have replaced their traditional

percentage-based sales fee with a flat rate as well, as declining prices have shriveled their take on revenue-dependent payouts. “I basically got my commission cut in half” as a result of the drop in values, says Brad Harris, president and founder of brokerage Dallas Jet International and chairman of the National Aircraft Resellers Association. “But my service is the same, and the transaction is the same.” Harris estimates that 75 percent of brokers now charge flat fees for both sales and acquisitions.

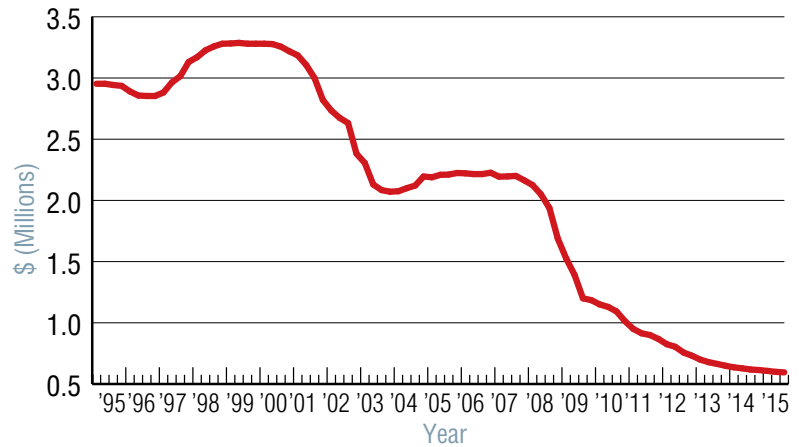
Market experts see little change in direction ahead. “The real annual depreciation going forward is probably not the 3 and 4 percent people saw for years, but more like 7 percent,” says Mesinger. “That will probably never stop, and we as an industry need to understand it, bake it into our residual-value calculations, and get about our business of a recovery with a more realistic view of values.”

For owners considering the sale of their aircraft, “Get out today and be realistic about the market, because it’s not going to get better,” advises Rousseau. “As a function of this global economic perspective, the value is going down further and faster because the base isn’t there to support normal age-based depreciation. If you wait two years, you’ll start kicking yourself.”

Buyers, while in the driver’s seat today, face a similar prospect. “The aircraft value is still depreciating,” says Harris. “In the past, an aircraft you bought for \$30 million might be worth \$34 million a year later. Now, instead of appreciating, it might drop in value in a year to \$25 million. We don’t know, but I don’t see a recovery story.”

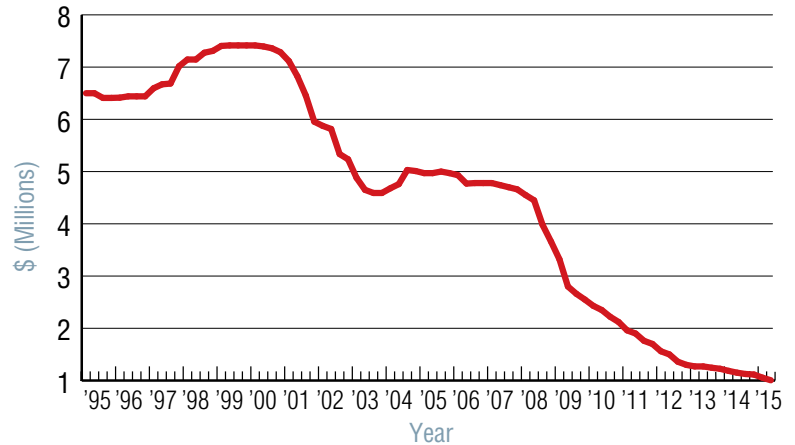
James Wynbrandt (jwynbrandt@bjtonline.com) is a private pilot and longtime **BJT** contributor.

LIGHT JET INDEX



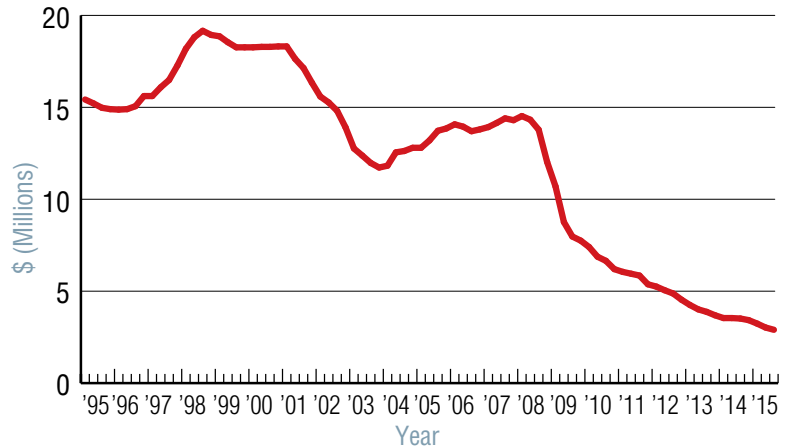
The index is a compilation of the 1991 Beechjet 400A, 1993 Cessna CitationJet, the 1990 Citation II, the 1990 Citation V, the 1982 Falcon 10, the 1985 Westwind II, and the 1991 Learjet 31A markets. Source: Vref

MID-SIZE JET INDEX



The index is a compilation of the 1988 Cessna Citation III, the 1992 Citation VII, the 1990 Astra SP, the 1990 Hawker 800A, and the 1993 Learjet 60 markets. Source: Vref

LARGE JET INDEX



This index is a compilation of the 1990 Bombardier Challenger 601-3A, the 1990 Falcon 50, the 1990 Falcon 900 and the 1990 Gulfstream IV markets. Source: Vref.

Hedge-fund shopping in a crowded field

They can make sense for high-net-worth investors, but you need to understand the risks and fee structures.

by Chana R. Schoenberge

Hedge funds are the quintessential special opportunity: they come with the potential for high returns but are open only to high-net-worth investors.

To get in on the game, you have to be “accredited.” You fit the definition, according to the Securities and Exchange Commission, if you made \$200,000 or more for each of the last two years—\$300,000 combined for a married couple—and expect to reach that level again this year. Alternatively, you can have a net worth of \$1 million, not counting the value of your primary home.

If you meet these standards, hedge funds may be worth considering. Their returns over the last 24 years have been 2 percent above those of the S&P 500, says Ken Heinz, president of Hedge Fund Research in Chicago. When equity markets do well, hedge funds also do well as a group, but when the stock market falls, hedge funds tend to perform better, he says: “For high-net-worth individuals, [a hedge fund] makes sense, because it serves as a complement to the significant amount of equities and fixed-income and private investments they have already.”

Choosing the right hedge fund from a crowded field of some 10,000 managing \$3 trillion can be challenging. Brand-name managers aren’t always the best, says Kurt Silberstein, managing director of alternative investments at Ascent Private Capital Management, the ultra-high-net-worth arm of U.S. Bank Wealth Management. He steers his clients toward “boutique” funds with between \$400 million and \$2 billion under management and a niche focus—for instance, healthcare or shareholder activism. Such



funds are the right size to act rapidly in the market, taking advantage of deals like a \$500 million high-yield bond issuance that’s too small for a larger fund to buy, Silberstein says.

“The difference between a good event-driven manager and a bad event-driven manager is huge,” he adds. “There’s a lot of mediocrity out there.”

Just 2 percent of hedge-fund managers have “a truly unique skill set and competitive advantage,” Silberstein notes. He cites the importance of having access to information others don’t have (while staying away from illegal inside information), the ability to use that knowledge to make wise trades and the skill to structure trades in an advantageous way.

As with any investment, performing due diligence is crucial, says Christine Johnson, managing director and head of alternatives product management at Alliance Bernstein in New York, which has \$12.5 billion on its hedge-fund platform. First, filter down your list by manager’s pedigree, track record and experience. Then ask questions about the fund’s strategy and under what market conditions the strategy will do well. Understand how the fund did in periods of market turmoil, like the 2008 global financial crisis and the 2011 European debt crisis, she says.

The questions are more pointed now that ways exist to replicate some of hedge funds’ allure. With the increasing number of specialty

exchange-traded funds, it's easier for retail investors to structure a portfolio in a low-cost fashion, focusing on particular regions, asset classes or strategies, without paying high fees.

"It's harder and harder to find hedge funds that can outperform this cheap alternative beta on a regular basis," Silberstein says.

Why not buy ETFs instead of hedge funds? ETFs typically do well in a bull market, as the U.S. has had for the past six years, buoyed by monetary and fiscal policy. But in tumultuous or downward markets, or when the Federal Reserve begins raising interest rates once again, it can be difficult to manage ETFs with precision. Just look at relative performance since August across various markets, Silberstein says: "Year to date, hedge funds are slightly positive, depending on what kind of strategy you're looking at, where the markets are negative single digits or even double digits."

Another way to buy diversification is through a so-called "fund-of-funds," which allows you to own slices of many hedge funds at once, for an additional fee of about 1 percent. Another new twist is the publicly traded hedge fund, which operates like a mutual fund and has daily liquidity.

Just 2 percent of hedge-fund managers have "a truly unique skill set and competitive advantage," notes one expert.

Hedge funds typically come with stiff fees, but those costs are dropping, Silberstein says. Once, the vast majority charged a 2 percent annual management fee on assets held in the fund, plus 20 percent of any profits. Now, only the most elite managers have that structure, he says; the standard fee today is 1.5 percent plus 15 percent of profits.

Another consideration is that funds restrict how quickly you can take your money out. Ascent recommends agreeing only to a one-year "soft lock," in which you pay 3 to 5 percent in redemption fees if you withdraw money within the first year. Some funds don't offer any redemption rights during the first year, but after that period, there should not be any penalty for withdrawals, he says.

Investors who decide to buy into hedge funds often start by allocating 3 to 5 percent of their portfolio in this direction, up to no more than

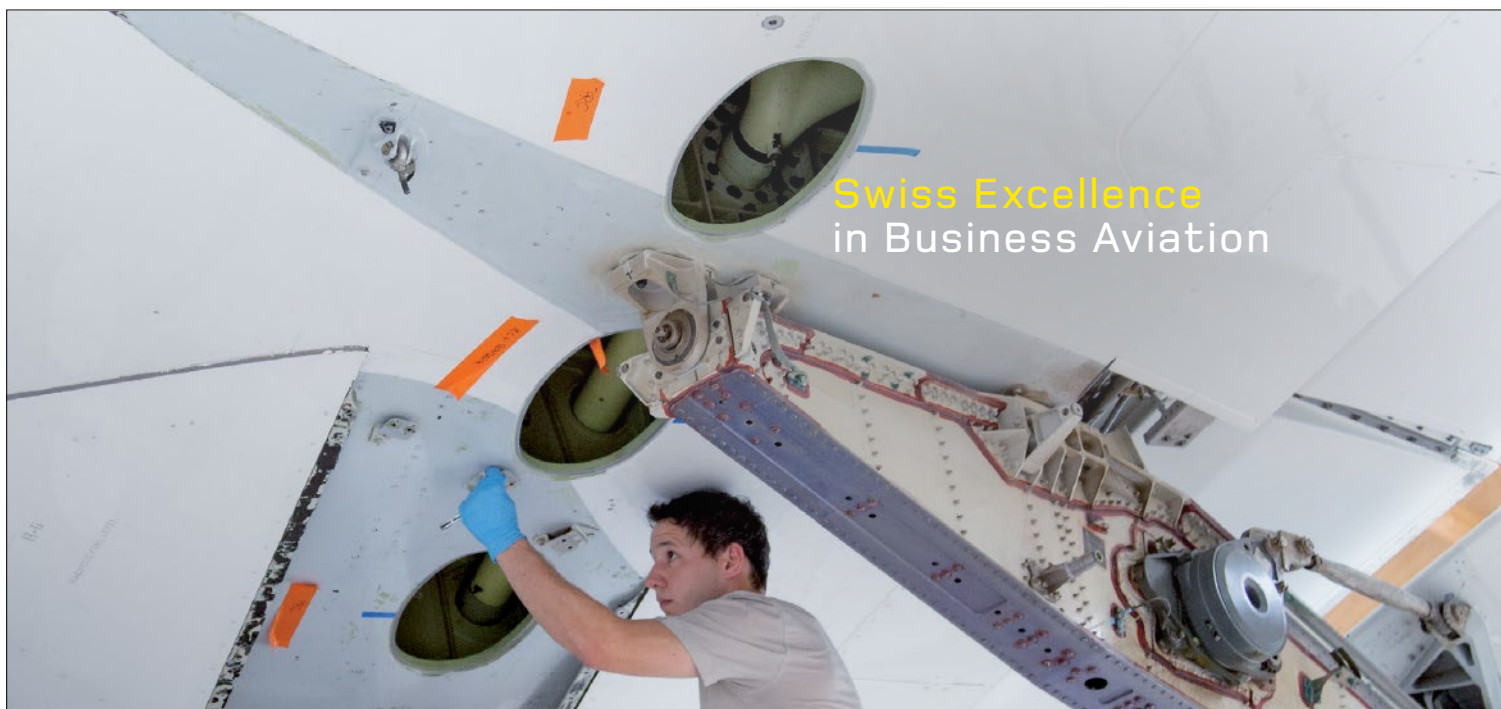
20 percent, spread among 12 to 15 managers, Heinz says.

Fees are an issue only when the fund does poorly; when it's performing well, investors don't complain about paying. "With high equity returns, it's hard to see those fees," Johnson says. "In a difficult environment, those fees will look very different to an investor."

In addition to the fees, one drawback to investing in hedge funds is their high number of trades, which trigger capital-gains taxes. Another is the potential for fraud or malfeasance. Investors remember Bernard Madoff's fund, which collapsed in scandal and criminal prosecutions during the financial crisis, wiping out his clients. But frauds like Madoff's are the extreme exception, Silberstein says. He recommends minimizing the risk by sticking with funds that use one of the "Big Four" accounting firms and a major administrative-services firm like Bank of New York or International Fund Services, a division of State Street Corp.

BJT

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What XOJet has—and hasn't—accomplished

Its original pricing structure was doomed. Nevertheless, it has had a lasting impact on its industry.

by James Wynbrandt

In early 2009 XOJet upended the charter industry when it introduced all-inclusive one-way transcontinental U.S. rates of \$19,000 aboard its owned and operated fleet of new Cessna Citation Xs (later joined by Bombardier Challenger 300s). Not bad for a company whose majority investor, Lehman Brothers, had gone bankrupt just months before.

And not bad for you, the charter customer, given that you had been routinely paying roundtrip rates whether you needed both legs or not and were accustomed to stepping onboard a chartered aircraft without knowing the flight's exact cost. Now you could simply roll your cursor over a U.S. map on XOJet's website and see firm, relatively inexpensive prices not only for transcontinental trips but for routes linking more than 4,000 city pairs. And the prices included ground transportation, catering and, later, an all-Wi-Fi-equipped fleet.

The Brisbane, California-based company claimed it could offer its low rates because it owned and operated its aircraft and used proprietary software to maximize utilization. XOJet said these factors gave it an advantage over charter



Until about 2013, “our pricing was below cost, and that wasn’t sustainable in the long run,” says XOJet CEO Bradley Stewart.

companies with managed fleets, which were saddled with scheduling restrictions and owner-approval requirements.

“A year and a half ago, people said, ‘There’s no way they can do this,’” then CEO Blair LaCorte commented in 2011. He agreed that XOJet’s pricing would be “impossible” for a fractional or aircraft-management company, but added, “We’re neither, so

we do things other people never thought of.”

XOJet expanded rapidly, fueled by \$2.5 billion in financing from its new owner, U.S. investment firm TPG Capital. Meanwhile, competitors grumbled that the company had to be selling its flights below cost, even as many slashed margins to remain competitive. “A Gulfstream operator on the West Coast was offering a GIV-SP [for transcontinental flights] for the low \$20,000s,” recalls Joe Moeggenberg, president and CEO of Cincinnati-based Argus International, which tracks charter

activity. But these competitors “realized very quickly it just couldn’t work,” he notes.

It took XOJet longer to bow to economic reality. Early this year current CEO Bradley Stewart admitted that until about 2013—around the time the company promoted him from president—“our pricing was below cost, and that wasn’t sustainable in the long run.” Today he adds, “Looking back, we can safely

say we bought too many airplanes relative to our customers. We were growing and doing more business but were not profitable.”

Industry insiders can point to charter operators that didn’t survive the price-wars era, whether because of brutal rate slashing or larger economic issues of the post-2008-crash years. But what has been the impact and legacy of XOJet’s pricing model on you, the charter customer?

First, note that many operators stuck to their traditional playbooks during the U.S. economy’s downturn, so a large pool of customers never came to expect what turned out to be below-market rates. “XOJet employed a different model than we do, so from a pricing perspective, we have not been terribly influenced,” says Andy Priester, president and CEO of Chicago-based Priester Aviation.

Veriar Collins-Jenkins, vice president for charter and management of Clay Lacy Aviation in Los Angeles, speaks similarly. “The fares made quite a splash when they first came out,” he says, “but XOJet was focused on one-way flights, and that’s not our core, so there wasn’t a huge impact on our business.”

PATRIK ERIKSSON



XOJet owns and operates a fleet of Cessna Citation Xs and Bombardier Challenger 300s.

Meanwhile, though XOJet has raised its rates (now about \$29,000 to \$34,000 plus taxes and fees for its transcontinental ad hoc flights), “pressure on charter pricing is and will remain a constant,” says Priester.

The reasons are manifold. Owners hungry for revenue continue to offer their aircraft at bargain rates. Moreover, many management companies have always sold charter below its cost, explaining to owners that they should view the income as a way to subsidize ownership rather than make a profit. Current low fuel prices have also helped hold the line on charter rates, as operating costs have declined. (“We reduced our prices based on the cost of fuel,” says Collins-Jenkins.) Additionally, charter brokers, whose share of bookings has risen sharply in recent years according to anecdotal evidence, remain aggressive about negotiating low rates for their clients. Yet even now some operators are looking into ways to increase prices.

“Charter pricing is still in my opinion nowhere near where it should be,” says Moeggenberg, who notes nascent efforts to boost rates by bringing “surge” pricing and airline-style yield-management practices to the business. “If you book a charter 30 days out, you actually pay a premium. If you wait until the day before the trip [to book], you can save money. It’s completely the opposite of the way it should be. The air-charter industry needs to completely revamp its pricing model.”

For now, though XOJet’s bargain-basement fares have disappeared, many in the industry say its transparent pricing and point-to-point fares changed charter to the customer’s benefit forever. “The industry now realizes customers want a very simple transaction,” says Moeggenberg. “They want to know the flight is going to cost X amount, period, with no sudden surprises in terms of landing fees, catering and all the other costs. XOJet simplified the decision for the end user. That really did change the industry.” **BJT**

James Wynbrandt (jwynbrandt@bjtonline.com), a private pilot, is a regular **BJT** contributor who has written for the *New York Times*, *Forbes* and *Barron’s*.

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St. Augustine

America's oldest city, in northern Florida, offers much more than its many historic landmarks.

by Debi Lander

September marked the 450th anniversary of the founding of St. Augustine, Florida, the oldest continually occupied European settlement in America. The thriving, quirky city of 14,000 is a tourist magnet, and not just because of its historic landmarks and vintage buildings.

Fine restaurants permeate its walkable downtown, where historical interpreters and costumed pirates roam the alleys along with clip-clopping horses pulling carriages. Art walks, festivals and parades accompany many holidays and other special occasions. The European charm of narrow cobblestone streets, balconies adorned with cascading flower boxes and intricate Spanish architecture also help explain why *Forbes* named St. Augustine in 2012 as one of America's 10 prettiest towns. That same year, *National Geographic* selected it as one of the "World's Top 20 Places to See," one of only four in the U.S.

Many visitors begin a tour at the Castillo de San Marcos, a U.S. National Park Monument. Construction using coquina (shellstone) rock began in 1672, and the structure stands as the oldest masonry fort in North America. Pounded by cannon fire for 27 days in 1740 by Georgia's British general, James Oglethorpe and his troops, the fort never fell. Now the daily canon firings are by costumed National Park Rangers and volunteers.

You'll find 36 buildings of Spanish and British colonial origin still standing in the historic district, including the 1600s Gonzalez-Alvarez House, the oldest Spanish dwelling. The Spanish Military Hospital Museum should appeal to anyone interested in medicine. This building, on often-photographed Aviles Street, is an authentic reconstruction of a military hospital that stood there from 1784 to 1821. Also worth seeing is the Fountain of Youth Archeological Park, one of Florida's earliest tourist attractions and a tribute to the place where Ponce de Leon is said to have landed in 1513 (see box on page 58).





FOTOLIA

▲ The St. Augustine Lighthouse and Keeper's Cottage were constructed in 1874.

After Florida became a state in 1845, Spanish influence faded and Gilded Agers discovered St. Augustine. In 1888, Standard Oil magnate Henry Flagler constructed the East Coast Railroad and the elegant Ponce de Leon Hotel for his friends, the luxury travelers of the era. Now, this turret-and-tower Spanish Renaissance jewel is a centerpiece for Flagler College. Tours of the former hotel begin in the fountain-centric courtyard and proceed into the grand lobby with its magnificent 80-foot domed ceiling supported by eight hand-carved oak caryatids. Another attraction is

Want a stunning, bird's-eye view? Take a sightseeing ride in a 1930s-style open-air biplane.



▲ Dress like Amelia Earhart for a biplane ride over the city.

the dining room, with its 79 Tiffany stained-glass windows. Thomas Edison personally installed the hotel's electrical lights and prized clock.

Flagler, who became known as the father of Florida tourism, built a second hotel directly across the street that now serves as City Hall.

Want a stunning, bird's-eye view of St. Augustine? You can don an old-fashioned leather flying helmet like a barnstormer of the 1920s and 30s and take a sightseeing ride in an open-air biplane. The Waco was built in 2011 but was designed to look and fly like a 1935 model. Helicopters provide another aerial touring option, day or night. You can soar over the waterways in a Robinson R44 helicopter to North Beach and Porpoise Point and then fly above the city.

Speaking of the waterways, the Matanzas Inlet proved treacherous for early navigators, with its significant tidal changes and shifting sandbars. Many a vessel went down in the offshore waters. To aid navigation, Spanish settlers built wooden watchtowers, followed in 1824 by the first St. Augustine lighthouse. The current lighthouse and keeper's house date back to 1874. Climb the lighthouse's 219 steps for panoramic outlooks of surrounding waterways, and visit the

Traveler Fast Facts

WHAT IT IS:

America's oldest city, with colonial Spanish charm and Gilded Age buildings, located midway between Daytona Beach and Jacksonville, Florida. Outstanding golf, cuisine and seaside activities help make it a desirable vacation destination.

GETTING THERE:

Northeast Regional Airport, formerly St. Augustine Airport, lies four miles north of the historic district with three asphalt runways (the longest is 8,002 feet) and two seaplane lanes. Daytona Beach Airport, 50 miles south, sits next to Daytona International Speedway and offers three runways and a six-gate domestic terminal. Major airlines serve Jacksonville International Airport, 50 miles north. Private watercraft may book reservations at the Municipal Marina.

CLIMATE:

St. Augustine basks in a warm, humid climate with hot summers and no dry season or snow. On average, there are 223 sunny days per year. The July high is around 90 degrees, and the January low is 46.



DEBI LANDER

▲ St. Augustine's Spanish Garrison conducts a 1740 Changing of the Guard Ceremony.

adjacent maritime museum. An archeology tour provides a fascinating glimpse at ongoing research for those interested in shipwrecks.

While flying into St. Augustine is easy (*see box on page 56*), you can also arrive on your boat like the Spaniards did from the Atlantic or from the modern Intracoastal Waterway. Experienced skippers can rent sailboats or hire a captain for a seafaring adventure. Others choose a relaxing sail on the Schooner Freedom or a paddle on ecological kayak tours of the estuary. You can also walk the gangplank on El Galeón, a replica of a ship that traveled the coasts of Florida between the 16th and 18th centuries.

Fishing is huge in Florida. Choose from saltwater and freshwater, inland and

deep-sea. Redfish, black drum, sea trout, flounder, sheepshead and tarpon live here. Charter fishing boats offer reel therapy on half- or full-day outings.

St. Augustine's seashore stretches from Vilano Beach north of the city to Crescent Beach in the south. Try St. Augustine Beach, on Anastasia Island just over the famous Bridge of Lions. Driving is permitted within designated areas on the white-sand beach.

Beautiful beachside scenery offers a backdrop for the area's more than 1,200 holes of challenging golf. The ultimate destination for golfers is the Players Club and Clubhouse at nearby Ponte Vedra Beach. It's home to the



CARLYN LEVY/GETTY IMAGES

▲ Spectators surround the 17th hole on the Players Championship (TPC) course.



DEBILANDER

▲ Tourists stroll along pedestrian-only St. George Street, which is lined with buildings of Spanish and British origin.

Traveler Report Card

ACCOMMODATIONS (A):

Casa Monica Hotel (A+), built in 1888, caters to luxury travelers. Located in the historic district, it features a Spanish-themed lobby that feels like the Alhambra and includes the seductive Moroccan-style Poseidon Spa. **St. Francis (A)** is the oldest of the city's popular bed-and-breakfast inns, yet it features updated amenities, including a battery-charging station for Teslas. **Casa de Suenos (A)** offers a stylish modern feel while the **Pearl of the Sea (A)** presents 10 rooms, including eight with patio views, on Anastasia Island. The nearby **Ponte Vedra Inn & Club (A+)**, a five-diamond oceanside facility, offers two guest-only, 18-hole golf courses, a 30,000-square-foot spa, a beach and pools. With access to six courses, the **Sawgrass Marriott (A)** at the The Players Championship course makes ideal lodging for golfers.

RESTAURANTS (A):

In the historic district, try **Costa Brava (A)** in the Casa Monica Hotel. For intimate dining on international cuisine, **Collage (A)** is a great bet. **Columbia (A)** features authentic Spanish tapas and decor. Lunch and cocktail notables are the **Ice Plant (A)** and the **Tini Martini Bar (A)**. Breakfast favorites include **La Herencia (B)** for Cuban food and the **French Patisserie (B)** for croissants and macaroons. Don't miss the memorabilia, food and drink at the Murray Brothers' **Caddyshack Restaurant (B)** at World Golf Village.

ACTIVITIES (A+):

St. Augustine should please romantic couples, luxury travelers, family groups and individuals interested in cultural and historical attractions, boating, fishing, beaching, golfing or just relaxing. Photographers and birders love the area, too. Major regional events include Amelia Island Concours d'Elegance in March, the Players Championship in May and the Daytona 500 in July. St. Augustine Nights of Lights, which runs from Thanksgiving through January, dazzles with over three million white lights outlining the buildings, bridges and trees of the historic district.



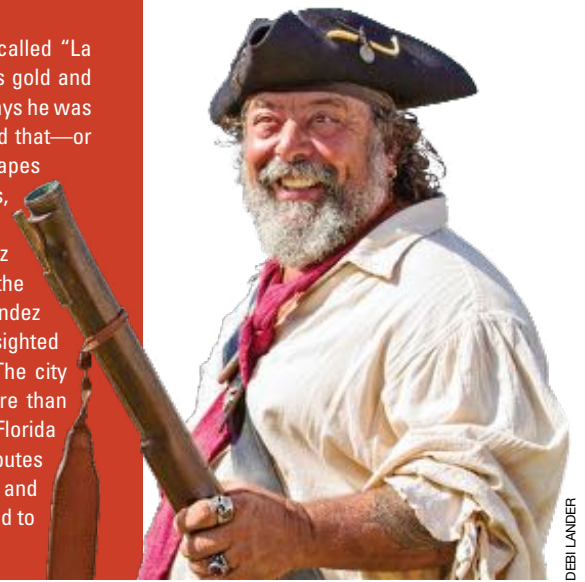
DEBI LANDER

▲ St. Augustine hums with musical performances, festivals and pirates.

A LITTLE HISTORY

When Juan Ponce de Leon landed in what he called “La Florida” in 1513, he claimed the region and all its gold and treasures for the king and queen of Spain. Myth says he was searching for the Fountain of Youth. He didn’t find that—or any gold—but he did discover lush green landscapes sparsely populated by friendly Native Americans, and bountiful fruit and fish.

In 1565, the crown sent Spaniard Pedro Menendez de Aviles to establish a colony, as well as run off the French, who had settled near Jacksonville. Menendez named the settlement “San Agustín,” having first sighted the coast on the feast day of Saint Augustine. The city served as the capital of Spanish Florida for more than 200 years and was designated the capital of the Florida Territory until Tallahassee took over in 1824. Disputes with pirates, skirmishes in the Revolutionary War and territorial wars with the Seminole tribe contributed to St. Augustine’s storied past. —D.L.



DEBI LANDER

Players Championship, golf’s “fifth major.” The clubhouse (open to the public) is also a draw, with volunteer storytellers in the lobby and escorted golf-cart rides to the final three holes, including the famous 17th island hole, considered the most photographed hole in golf.

At the World Golf Hall of Fame within the World Golf Village in St. Augustine’s suburbs, check out the locker-room area where mementos chosen by the inductees represent their individual stories. The spectacular trophy room displays many championship cups. You’ll also find a family-friendly, 18-hole outdoor natural-grass putting green.

Pirate raids, part of the history of this region, are the inspiration for more family fun. A deadly sack of the town in 1668 by pirate Robert Searle is colorfully re-enacted annually. The Pirate and Treasure Museum features one of only three Jolly Roger flags in existence, the only known authentic pirate treasure chest and Jack Sparrow’s sword from the *Pirates of the Caribbean* movies. Cruise aboard the Black Raven, St. Augustine’s resident pirate ship, for swashbuckling fun.

The Alligator Farm, a zoo founded in 1893, attracts bird watchers and photographers from February to May. The huge gators keep

predators away so thousands of egrets, herons, roseate spoonbills and wood storks return to the rookery each year.

The Colonial Quarter, which feels like a mini-Williamsburg, brings the city’s Spanish and British heritage to life with a leatherworking shop, a blacksmith, a print shop and an 18th-century home. The ruins of Fort Mose—the first legally recognized free community of ex-slaves, established in 1738—offer an important piece of black history.

To maintain its ambiance, St. Augustine requires that all restaurants within the historic district be privately or chef owned; no chains are allowed. A culinary tasting tour is one of the best ways to sample the fare, which ranges from Spanish tapas to French patisseries to Mexican favorites and pizza by the slice on touristy St. George Street.

Free tours and tastings take you through the St. Augustine Distillery, which produces gin, vodka and whiskey from local ingredients and Florida-grown sugarcane. Bartenders incorporate the distilled spirits into outstanding artisanal cocktails. At the tastings that follow, try the Florida Mule, a house specialty at the Ice Plant, the upstairs restaurant. It’s a great way to end a day in this majestic and unforgettable city. **BJT**

Debi Lander (dlander@bjtonline.com), a frequent **BJT** contributor, lives within the historic district of St. Augustine.



DEBI LANDER

▲ Colorful shops and eateries enhance the walkable historic district.

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The consequences of compensation

Understand FAA rules before accepting payment for a business jet flight.

by Jeff Wieand

Compensation for flights is one of the most important concepts to consider when you're structuring the ownership and operation of a business jet. For the U.S. Federal Aviation Administration, the payment of compensation for air transportation usually makes a flight "commercial," which requires that it be conducted under a commercial certificate.

The general rule can be stated simply: you can't charge to carry passengers or cargo unless you have an air carrier or commercial operating certificate from the FAA or can invoke one of several basic exceptions to that requirement.

The first exception permits persons providing air transportation to candidates for elective office to receive the compensation required by election laws. The second permits a passenger to share the operating expenses of a flight with a private pilot when the trip is for a common purpose. The third, which applies chiefly to business jets, allows compensation to be received for time-sharing agreements, demo flights and other stated flights. In addition, several years ago the FAA introduced an exception allowing high-level company executives to pay to use corporate aircraft in certain cases to make it easier for them to change

travel plans. [See "Paying to Fly the Company Jet," June/July 2011, available at bjtonline.com.—Ed.]

As we shall see, the FAA is doggedly literal in its interpretation of its regulations, so an aircraft operator is allowed to charge only what an FAA exception specifically permits. A charge under a time-sharing agreement, for example, can't exceed two times the cost of fuel for the flight, plus the cost of certain incidental items listed by the FAA, such as landing fees and crew travel expenses.

Thus, you can't charge a time-share passenger for the hourly cost of an engine program such as Rolls-Royce CorporateCare, which is not among the enumerated expenses permitted by the regulations. However, if there are FAA-approved expenses that you aren't charging for, such as crew travel expenses actually incurred, you could charge the time-share passenger for those expenses *in an amount not to exceed* the Rolls-Royce CorporateCare expense of the flight. The difference is not in the amount, but in the characterization of the expense.

Note that I said the cost must be an *actual* expense: the FAA says you can't charge two times fuel cost in a time share using "average fuel consumption for a type of aircraft and an average fuel price." If you took

on 600 gallons for a flight at \$6 a gallon and actually used 400, you can charge up to 400 times \$6 times two, or \$4,800.

Aircraft operators frequently run afoul of FAA restrictions on payment of compensation by failing to understand how the agency defines "compensation." The most common misconception is that if there's no profit motive, payment doesn't qualify as "compensation," as in "I only wanted to recoup my costs, not make a profit." Noble as this sentiment may be, any remuneration received for transporting someone in your airplane, whether profitable or not, constitutes compensation for FAA purposes, a position confirmed by the National Transportation Safety Board. The conclusion is the same if the compensation is a "gift"; the FAA told a pilot transporting ministers to provide church services in far-flung locations that voluntary donations from the churches represented compensation.

Nor does the compensation have to be in cash. If the FAA exhibits any spark of creativity in interpreting its regulations, it is not in trying



When It's OK to Pay

Flights where compensation can be paid without a commercial certificate include:

- Carriage of elected officials (FAR 91.321)
- Cost-sharing by a passenger with a private pilot (FAR 61.113(c))
- Demonstration flights (FAR 91.501(b)(3))
- Certain inter-company flights (FAR 91.501(b)(5))
- Flights pursuant to time-sharing, interchange and joint-ownership agreements (FAR 91.501(b)(6))

Jeff Wieand (jwieand@bjtonline.com) is a senior vice president at Boston JetSearch and a member of the National Business Aviation Association's Tax Committee.

to forestall illogical prohibitions, but rather in casting the widest prohibitive net possible. In one FAA Chief Counsel interpretation, the agency suggests that if a pilot builds flight time in the aircraft while performing an unpaid service for another party, that could be a form of compensation. In a case before the NTSB, the FAA successfully argued that a pilot who took an income tax deduction for providing no-charge flights for a charitable organization was receiving compensation. To sum up: just about any conceivable benefit you receive for providing air transportation will be treated as “compensation.”

The FAA, though, doesn’t hold a monopoly on creativity. Business jet owners have been equally clever in trying to dream up ways around FAA compensation strictures. One idea was to have the compensation for transporting a passenger paid by

a third party instead of the passenger himself. The FAA saw through that right away.

Another is to bury the compensation where the FAA won’t find it. Suppose, for example, that a company wants to charge its CFO for the fully allocated cost of his non-business flights on the company jet. The company could enter into a time-sharing agreement with the CFO, as permitted by FAA regulations, but as noted above, full cost reimbursement under the time share would not be possible. So, instead of trying to charge the CFO for the flights as they occur, the company could simply track their costs and take them into account when determining the CFO’s year-end bonus. Although it might be hard for the FAA to uncover this scheme, there is little doubt as to what its view would be if it did. Call it what

Business jet owners have been clever in trying to dream up ways around FAA compensation strictures.



you will; the company is indirectly receiving compensation for providing air transportation to the CFO.

One question to keep in mind when evaluating the receipt of compensation is: who is transporting whom? Suppose the CEO of BigCo is scheduled to travel to a meeting in New York City and BigCo’s chairman happens to be flying there that day in her personal jet to visit her mom. If she gives the CEO a ride, can BigCo reimburse her for flight costs? I would say no, because the chairman would be providing air transportation to the company. But if you change the facts so that the chairman, not the CEO, is going to the meeting, reimbursing

the chairman for her flight costs is like giving her a mileage allowance for using her own car on company business. In both cases, she is providing transportation to herself and BigCo is simply reimbursing her for her expenses in doing so.

Two final cautions. First, compensation for flights may be an issue when a service is performed by flights in the aircraft—the taking of aerial photos, for example—even though no passengers or cargo were transported. Second, whenever you receive compensation for flights, be mindful of the income and excise tax consequences. Unfortunately, the IRS has a different view about such matters than the FAA. **EJT**

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BUSINESS JET TRAVELER

TRAVELER CALENDAR

November 13–January 3

RADIO CITY CHRISTMAS SPECTACULAR

New York City. The best show to see the famous Rockettes, this remains a tourist attraction for a reason. **Info:** radiocitychristmas.com

November 27–January 1

NANTUCKET NOEL AND CHRISTMAS STROLL

Nantucket, Massachusetts. The town pulls out all the stops for a multi-week extravaganza that will cheer up even the biggest Scrooge. **Info:** nantucketchamber.org



Nantucket lighthouse

LEUSINO

November 28–January 3

THE NUTCRACKER

Lincoln Center, New York City. The New York City Ballet never disappoints with its rendition of this classic by George Balanchine. **Info:** nycballet.com

December 2–January 3

ALVIN AILEY

New York City. *See box.*

December 3–6

ART BASEL MIAMI BEACH

Miami Beach, Florida. More than 250 of the world's leading art galleries showcase works from contemporary masters as well as emerging stars. **Info:** artbasel.com

December 16–20

NEWPORT BEACH CHRISTMAS BOAT PARADE

Newport Beach, California. Holiday lights and music add atmosphere as multimillion-dollar yachts and other vessels sail across the harbor in this 107th annual event. **Info:** visitnewportbeach.com

January 1

TOURNAMENT OF ROSES

Pasadena, California. A two-hour parade precedes the celebrated Rose Bowl college football game. **Info:** tournamentofroses.com

January 6–10

NEW YORK NATIONAL BOAT SHOW

New York City. An opportunity to check out everything from yachts and cruisers to canoes. **Info:** nyboatshow.com

January 10

GOLDEN GLOBE AWARDS

Beverly Hills, California. If you weren't nominated this year, you have a good excuse to watch the awards—and the parade of glamour on the before-show red carpet—from the comfort of your couch. **Info:** goldenglobes.com

January 18–31

AUSTRALIAN OPEN

Melbourne. The first of the four Grand Slam tennis events of the year. **Info:** ausopen.com

January 20–24

PALM BEACH CAVALLINO CLASSIC

Palm Beach, Florida. A week of "automotive excellence" at the Breakers Hotel. **Info:** cavallino.com

January 20–29

PARIS FASHION SHOWS

Paris. Don't forget your sunglasses—the flashbulbs are bright! **Info:** modeaparis.com

January 21–31

SUNDANCE FILM FESTIVAL

Park City, Utah. This annual showcase offers the best in new independent film. **Info:** sundance.org

January 23–24

SIPS & SUPPERS

Washington, D.C. This food festival features renowned chefs cooking dinner in private homes and benefits the homeless and hungry in the area. **Info:** sipsandsuppers.org

January 24–May 8

SAN FRANCISCO BALLET

San Francisco. The 2015 repertory season includes full-length favorites such as *Swan Lake* and *The Nutcracker* as well as several new works. **Info:** sfballet.org



Palm Beach Cavallino Classic

JERRY WYSZYCKI

A Revelation

New York City. Alvin Ailey will heat up New York with a month of modern dance performances when the dance troupe takes up its annual holiday residence at New York City Center from December 2 to January 3. *Revelations*, the company's signature work, is set to African-American gospel spirituals, song-sermons and blues music. It was created from the choreographer's "blood memories" of a childhood in rural Texas shaped by the Baptist Church. It is an experience so moving you will feel it in the tips of your toes. **Info:** alvinailey.org —*Jennifer Leach English*



January 28

NBAA REGIONAL FORUM

West Palm Beach, Florida. Business aircraft owners, operators, manufacturers and customers come together for networking and educational sessions. **Info:** nbaa.com

January 28–31

X GAMES

Aspen, Colorado. Extreme skiers, snowmobilers and snowboarders pull out the stops. **Info:** aspensnowmass.com

February 5–9

RIO CARNIVAL

Rio de Janeiro, Brazil. Get your samba on at the world's biggest carnival. **Info:** rio-carnival.net

February 7

SUPER BOWL 50

Santa Clara, California. For the first time in Super Bowl history, the game will be branded with an Arabic rather than a Roman numeral (50, not L). **Info:** nfl.com

February 9

MARDI GRAS

New Orleans. Why not spend Fat Tuesday in New Orleans this year? The raucous, colorful celebration takes over the city for days with parades, festivals and musical celebrations. **Info:** neworleanscvb.com

For a long-range events calendar, please visit bjtonline.com/calendar.



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Flying ‘under the radar’

Business aviation and privacy go hand in hand for good reasons, says our columnist.

by Mark Phelps

Some people in the general aviation industry object to the term “private flying,” on the theory that it suggests to the general public that we must have something nefarious to hide. I understand the concern, though I’ve never thought of it that way, any more than I’ve thought “private property” signs in a driveway implied the people living there were up to no good.

To me, “private” simply distinguishes personally owned turf or devices or personal activity from those meant to be accessible to everyone—like the difference between a community swimming pool and the one in your own backyard. To most people, “flying” means sitting amidst strangers on a crowded airliner. So “private flying” is a simple way to differentiate.

For many people who can afford to travel on business jets, privacy is a big advantage, and it has nothing to do with keeping something illicit under wraps. Some of these passengers need to use their time in flight to discuss confidential business matters. And some are easily recognized in public airline terminals, which can get tiresome.

I admit to being part of that problem. Several years ago, I was at a United Airlines gate in Orlando, Florida, headed home, when I recognized that the guy standing close by, also waiting to board, was New York Yankees general manager Brian Cashman. Before he had arrived at the gate, there had been a slight delay as agents assisted a passenger in a wheelchair, and Cashman asked me whether I knew why we weren’t boarding yet. I told him what was going on; and then figured that made us best buddies. So I felt OK asking, “Are you who I think you are?” He was polite—even after hearing I’m a Red Sox fan—but I could tell he wished I hadn’t recognized him. After a brief exchange, I discreetly let him be.

A front-office executive like Cashman might hope to slip by unnoticed (he was even flying coach), but many of his ballplayers wouldn’t be so lucky.

And for those in the forefront of the entertainment industry, for example, it’s even worse. Just getting from the security checkpoint to the gate could take hours. So the privacy element of private flying can be a significant benefit, indeed.

Once on board, an exhausted athlete or performer may have to cope with requests for autographs and selfies. And there’s always the chance of having a video of them snoring going viral on social media.

When you’re traveling with colleagues, the benefits of privacy extend to the opportunity to meet, review and plan in confidence—or just in an atmosphere of peace and quiet. That perk is usually thought of in the business context, but flying privately can also be a great opportunity for musicians to jam together on a new arrangement, or brainstorm a technique. Impromptu rehearsals in business jet passenger lounges are not unheard of, and sometimes the best ideas crop up unplanned.

Pilots, flight attendants and other personnel at aircraft charter operators and private airport terminals are trained to respect passengers’ privacy and not intrude on their solitude. That’s not to say there is never any interaction, but the default rule is to treat celebrity passengers with the deference, respect and discretion they’ve paid for and deserve. Even other passengers are usually considerate of privacy when they spot a recognizable face in the passenger lounge of an FBO.

Then again, there are celebrities who just love receiving attention. But they’ll usually let you know.

BJT



FOTOLIA

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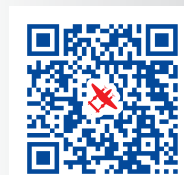
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