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DECEMBER 2016/JANUARY 2017

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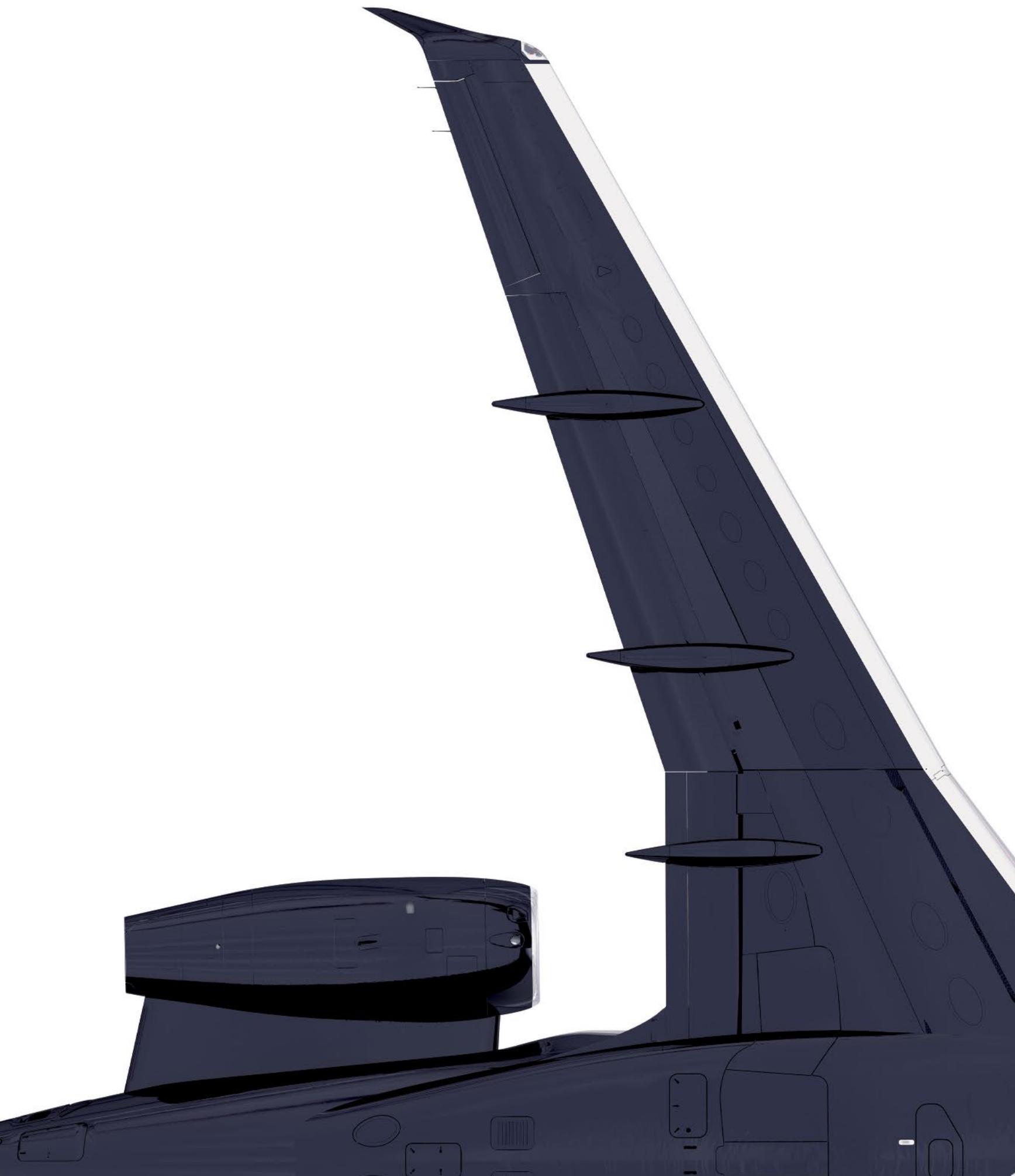
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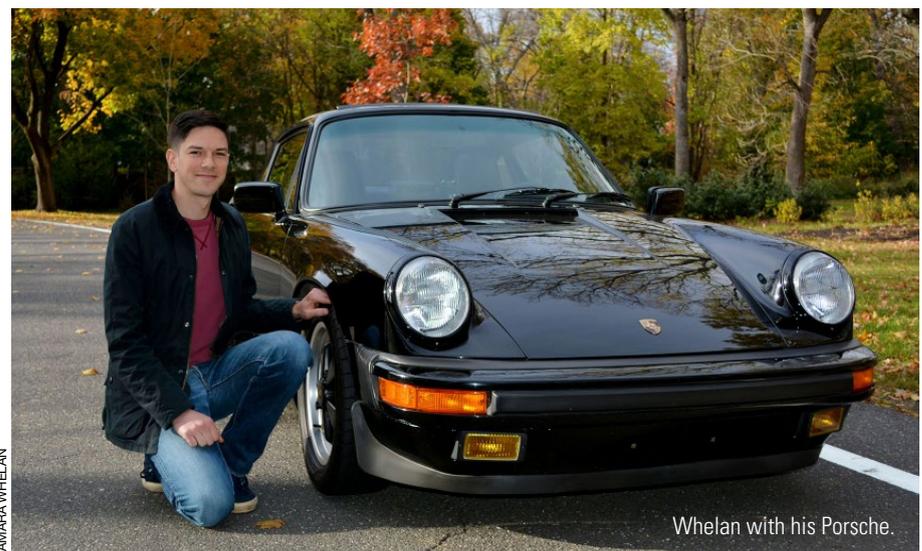


FEATURED CONTRIBUTOR

IAN WHELAN

Ian Whelan, whose review of the Volvo XC90 begins on page 36, is AIN Publications' video producer and a lifelong auto enthusiast. He joined us after working on projects for Google, Porsche, Land Rover, BBC America, and the Criterion Collection. A native of New Jersey, he holds a Bachelor of Fine Arts degree from the School of Visual Arts in Manhattan.

Ian grew up with historic cars, with his father constantly driving something interesting, taking him to car shows, and teaching him to turn a wrench. After becoming very familiar with the nuts and bolts on a couple of Saabs, he recently acquired his dream car, a 1987 Porsche 911 Carrera. "There's something special about cars that were designed and built by hand," he says, "but I do appreciate when today's automakers have the foresight to use clean, uncomplicated design."



Whelan with his Porsche.

TAMARA WHELAN



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Up Front

For this year's holiday gift guide (*see page 24*), we asked some of our past cover subjects to tell us about the best presents they've ever given or received. Their responses started us thinking about our own favorite gifts. Mine is probably the statue of "jewels" my daughter made for me when she was three. Granted, it might look to you like a collection of dirty rocks mashed together, but to me it's priceless—something I'll always treasure. Here's what some members of our editorial team told us about their own favorite gifts.

Mary Avella, accounting: "The best gift I've received has to be the Fitbit exercise tracker. It's gotten me to finally use my gym membership."

Marylou Moravec, accounting manager: "The best gift I ever received was actually the card that came with a gift. It was from my sister and in it she wrote about how important our relationship is to her. It really touched me."

Lysbeth McAleer, production editor: "The best gift I've ever received was the prettiest, coziest long robe from my husband and son. Every time I wrap myself in that powder-blue cloud I feel marvelous."

Nadine Timpanaro, sales assistant: "The best gift I ever gave was for my uncle's 80th birthday. I asked friends and family to write a memory or just well wishes for him. I put the comments on strips of paper and placed them in a jar. I told him to read one each day. He enjoyed them for weeks. As for the best gift I've received, my sister Wendy once compiled a collection of songs for me from all parts of our lives, including ones that our late sister, Lynn, had loved. The music brought tears."

Michele Hubert, director of finance & human resources: "The best gift I've received was a 25th anniversary party that my kids gave me and my husband. It's fun when you come full circle and the children are doing things for the parents."

Mona Brown, graphic designer: "The best gift I ever received was a song written for me by a longtime coworker. The lyrics beautifully depicted the events of the many years we've worked together, reminding me of fun times we've had all over the world."

Martha Jercinovich, associate production editor: "My 10-year-old son made me a short movie in which Lego characters using Lego



CY CYR

blocks slowly spell out the words 'happy birthday.' I still watch it."

Jeff Burger, editor: "During a surprise party for my wife, I told her that her beloved aunt Eva was on the phone from London to say happy birthday. They talked briefly and then, with my wife still holding the phone, Eva entered the room. The expression on my wife's face—which radiated both astonishment and joy—helped make Eva's plane ticket the best gift I ever gave."

What's the best gift you've ever given or received? We'd love to hear from you.

Jennifer Leach English
Editorial Director
jenglish@bjtonline.com

P.S. In this year's prestigious Folio: Eddies competition, which is open to all U.S. magazines, we received four honorable mentions: Best Full Issue of a Consumer Travel Magazine (October/November 2015 and June/July 2016), Best Series of Articles in a Consumer Travel Magazine (Joe Sharkey's On the Road column) and Best Single Article in a Consumer Travel Magazine (Margie Goldsmith's "Georgia on My Mind").

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England's answer to Champagne

by Chris Allsop

At the end of last year, English sparkling wines came of age when they beat some of champagne's best-known names—including Pol Roger, Taittinger, and Veuve Clicquot—in a blind tasting. With the climate warming and a chalky *terroir* similar to that of France's Champagne region, the U.K.'s southeastern counties of Hampshire, Sussex, and Kent have seen a rise in the number of vineyards opening over the past five to 10 years, and some champagne producers have even begun to invest in English plots for themselves. Sparkling wines are England's forte, and the holidays are the perfect time to acquaint yourself with some of these emerging world beaters. Three recommendations:

Nyetimber Classic Cuvée 2010. One of the two English wines that won out in the 2015 tasting organized by *Noble Rot Magazine*, Nyetimber

Classic Cuvée is intense and elegant, with flavors of brioche, apple, and biscuit. A vine-growing estate since 1986, the well-respected Nyetimber ranks among England's leading producers of sparkling wine with 420 acres (planted with Chardonnay, Pinot noir, and Pinot Meunier grapes) arrayed across West Sussex and Hampshire.

Hambledon Classic Cuvée. England's oldest commercial vineyard supplied the other wine that knocked the French off their sparkling perch in 2015. (Its non-vintage Classic Cuvée also won a points victory over Nyetimber by a whisker.) Hambledon's blend of Chardonnay, Pinot Meunier, and Pinot noir grapes produces aromas of red plums and desert apple ahead of a vivid palate. Hambledon Winery produces around 120,000 bottles per annum on the South Downs National Park in the county of Hampshire. (The nearby village, from which the winery takes its name, is also famous as the "cradle of cricket.")

Gusbourne Rosé 2011. Producing sparkling wines since 2010, Gusbourne owns around 250 acres spread across Kent and Sussex. A winner from a follow-up blind tasting against the French this year, Gusbourne Rosé—a blend of Pinot noir and Pinot Meunier—offers sour cherry, toasted brioche, and spice on the palate, with a dry, rounded finish. **BJT**

BJT Editor's Book Offers Fresh Insights about John Lennon

BJT editor Jeff Burger's newly published *Lennon on Lennon: Conversations with John Lennon* anthologizes some of the artist's most illuminating interviews.

As the book begins, with a 1964

Q&A, Lennon is a newly famous 23-year-old rock star who struggles, often unsuccessfully, to express himself. In subsequent interviews, though, he emerges as an increasingly articulate and controversial figure with a commanding personality and quick wit.

He speaks candidly about his intense, sometimes tumultuous relationship with Yoko Ono, his split with the Beatles, his squabbles with Paul McCartney, his evolving political views, and many other topics. By the time he grants this book's final interview, only hours before his

death, he has become as well known for his outsized personality as for his music.

The majority of *Lennon on Lennon's* conversations have not been previously available in print, and several of the most important—comprising more than a third of this volume—have not been widely available in any format. Together, they paint a revealing picture of the artist in his own words and offer a window into the cultural atmosphere of the sixties and seventies.

The book is Burger's third for Chicago Review Press's Musicians in Their Own Words series. *Springsteen on Springsteen: Interviews, Speeches, and Encounters* came out in 2013, followed by *Leonard Cohen on Leonard Cohen: Interviews and Encounters* in 2014.



QUOTE UNQUOTE

"We didn't take no fancy rock-star airplane [to get here]. [Pause.]

All right, all right, we *did* take a fancy rock-star airplane. But we *thought* about driving."

—Bruce Springsteen, talking to the audience during an April 23, 1988 concert at Los Angeles Sports Arena



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Skiing without Waiting

When you're eager to hit the slopes, you don't want to have to first spend hours in a car or on an airliner. Here are a few top ski-in, ski-out destinations that offer easy access via private jet:

Zermatt, Switzerland. Featuring 200 miles of marked trails and the highest ski runs in the Alps at an elevation of 5,310 feet, this huge resort is covered with snow for most of the year. If you fly into Sion Airport (longest runway, 6,562 feet), you can be here by helicopter 20 minutes later. Stay at Chalet Pollux, which is accessed through a tunnel near the end of the ski runs beneath the Matterhorn Express lift station, or at the top-rated 36-room, six-chalet Hotel Cervo.

Telluride, Colorado. This historic town offers great no-wait runs by day and a charming après-ski scene come cocktail hour. You can fly into Telluride Regional Airport (longest runway, 7,111 feet). Many of the town's hotels and chalets are ski-in, ski-out. Element 52-Auberge Residences downtown and Lumière in Mountain Village offer luxury accommodations with heated pool and concierge services.

Lech Zurs, Austria. Set along the banks of the river Lech in some of western Austria's most scenic Alpine countryside, Lech am Arlberg is marketed

with nearby Zürs and offers on- and off-piste skiing and open slopes that run between 4,750 and 9,280 feet above sea level, including the White Ring—the clockwise circular route known as the world's longest ski run. You can fly into Innsbruck Airport (longest runway, 6,562 feet) and be here less than 30 minutes later with Wucher helicopter taxi. Most Oberlech properties are ski-in, ski-out, and the seven-suite Chalet N is one of the most hotly coveted addresses during the season.

Tahoe, California. With luck, you can drive here from San Francisco in about three and a half hours, but the trip can take twice as long in bad weather or traffic. If you fly into Lake Tahoe Airport (longest runway, 8,541 feet), however, you can be at Heavenly Mountain Resort 15 minutes later; Northstar, Squaw Valley, Kirkwood, and Diamond Peak are all within 60 minutes by car or a few minutes by helicopter. The Ritz Carlton Lake Tahoe, at the foot of Northstar's most scenic runs, offers two outdoor pools and a spectacular spa. If you'd prefer a private rental home, consider Home Run, Slopeside, and Après Ski Lodge, which offer accommodations for 10 to 12 guests, right on the mountain. —*Gemma Z. Price*



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 one deserving organization per 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 Burn Foundation

(childburn.org)

Any child who suffers severe burns requires more than just medical care, and the Children's Burn Foundation meets their needs through support services that contribute to their psychological and social recovery. Founded in 1985, the organization provides more than 50,000 children and families annually with reconstructive treatment, family assistance, prevention and education programs, and counseling.

Recognizing that young burn victims can feel isolated, the charity hosts camps, retreats, and holiday parties where they can build friendships. It also brings children, parents, and siblings together for support groups that are guided by therapists and designed to help the entire family through the emotional aspects of the recovery process.

The foundation's international outreach program provides education and training in burn units in Zambia, India, and Guatemala. The charity's U.S. teams work side by side with local doctors and nurses in those countries to help improve burn treatment. —*Lysbeth McAleer*

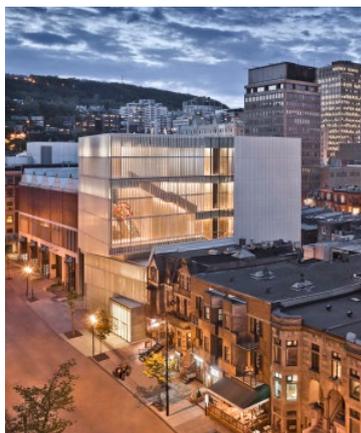


A New Home for Old Masters

In conjunction with celebrations for Montréal's 375th anniversary, the Montréal Museum of Fine Arts has inaugurated the

massive \$25 million Michal and Renata Hornstein Pavilion for Peace. With the addition of this 53,000-square-foot facility, the MMFA now occupies nearly 575,000 square feet, making it Québec's largest museum.

The new pavilion is named in honor of a Polish-born real estate magnate and his wife, who, after escaping from the Nazis, moved to Rome at the end of World



War II and began to collect art. Later, they immigrated to Canada and, in 2012, they donated their \$75 million collection of Old Masters to the MMFA.

Besides housing the Hornstein collection and other international art, the new pavilion includes facilities for the International Atelier for Education and Art Therapy. Designed by Atelier TAG in consortium with Jodoin Lamarre Pratte Architectes, the aluminum-lacework structure has been designed to fit in with the Victorian houses that surround it. For more information, visit www.mbam.qc.ca/en.

—*Margie Goldsmith*

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The need for *speed*

Skepticism about supersonic air travel continues, but so does the effort to bring it back.

by Joe Sharkey

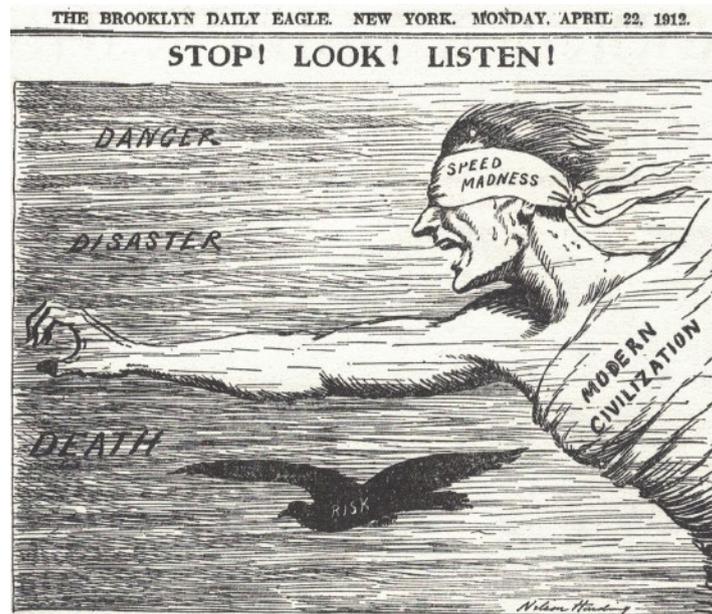
“Slow down.” “Not so fast.”
“What’s your rush?” “Whoa.”

Most of us started hearing such admonitions as toddlers, and I think we may be genetically wired to be wary of speed. On the other hand, we’re literally wired through technology to demand it.

The idea of speed has always generated anxiety, even in communications. “There can be no rational doubt that the telegraph has caused vast injury,” grouched a late-adopting correspondent in the *New York Times* on Aug. 19, 1858, three days after the first successful test of an undersea cable between the U.S. and Europe. The dispatch described “telegraphic intelligence” as “superficial, sudden, unsifted, too fast for the truth.”

There has also been resistance to speedy transportation innovations. In 1912, after the sinking of the *Titanic*—which had been promoted for its transatlantic speed—a cartoon in the *Brooklyn Eagle* newspaper depicted a man labeled “Modern Civilization.” Arm outstretched over the wings of a raven marked “Risk,” the man wore a blindfold labeled “Speed Madness” as he moved through an abyss that contained the words “danger,” “disaster,” and “death.”

Which brings us to the issue of regenerating the supersonic airplane, a concept that halted with the scrapping of the Concorde airliners in 2003. Now there is growing, and sometimes anxious, discussion about development of new supersonic transport.



“Speed Kills: Why planes aren’t getting any faster—and won’t any time soon,” reads a headline on a report issued last April by Future Tense, a research collaboration among Arizona State University, *Slate*, and New America, a think tank. “The obstacles to fast jet travel remain very high, and if anything they are getting higher,” said the report.

The most viable supersonic transport initiatives, in terms of both engineering and economics, seem to involve business jets. One such project is the \$120 million AS2, which Reno, Nevada-based Aerion Corporation is developing in partnership with Airbus. [See our October/November 2016 issue for a preview of this aircraft. —Ed.] The first flight of the 20-seat business jet, which

would have a top speed of Mach 1.5, is planned for 2021, with entry into service in 2023. Flexjet, the fractional-jet-share company, said last year that it had placed a firm order for 20 AS2s.

Boston-based Spike Aerospace also is developing a supersonic jet, in partnerships with other aerospace companies. Its S-512—which will have a windowless cabin to reduce weight and sonic boom—will have a maximum cruising speed of Mach 1.6. Lockheed Martin, too, is working on the sonic-boom hurdle and is in early development of a much larger 80-seat model called the N+2.

Addressing skeptics, Spike Aerospace CEO Vik Kachoria insisted that a viable market exists for supersonics, at least in the business jet world. In a recent Bloomberg webcast, he said he often needs to

travel to Dubai, “but it’s a 12-hour flight from Boston, not something I want to do regularly. If I can bring that flight down to six hours, I would probably go there once a month. Building those face-to-face relationships is critical for business; you need to be there, to shake hands, look someone in the eye, have casual conversations.”

Be that as it may, a luxury Concorde-style supersonic operated by scheduled airlines might be pie in the sky, even if one could be economically built and operated. Commercial air travel might be miserable for most passengers, but for those in first-class and business-class cabins on international trips on premium airlines, the golden age of air travel is now. These passengers are cosseted in lie-flat-bed luxury, and enjoy gourmet food and fine wine en route. Even in coach, passengers have ready access to instant communications via Wi-Fi. That leaves speed alone as the major selling point for supersonic travel and, for many people, that might not be enough to justify the price tag.

Business jet travelers could be the exception to the rule, however. And while Future Tense’s report expressed deep skepticism about supersonic aircraft, it nevertheless conceded that models like the Aerion AS2 will likely find a market. “The top end of the business jet market is virtually price-elastic,” the report said. **BJT**

Joe Sharkey (jsharkey@bjtonline.com), the author of six books and a long-time **BJT** contributor, wrote a weekly business travel column for the *New York Times* for 16 years.



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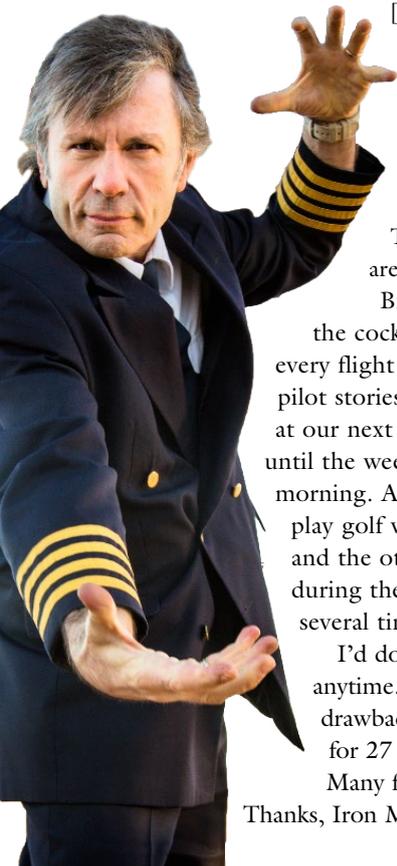


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BRUCE DICKINSON

Regarding your interview with Iron Maiden's Bruce Dickinson [*August/September 2016*]: I had the privilege of being a flight-crew member in 2010, flying the group on the North American portion of the Final Frontier Tour in a GIV. All the band members are great. [Drummer] Nicko



BRUCE DICKINSON

[McBrain] showed up with his golf clubs and Bruce with his swords. The flight schedule ran like a precision clock. These guys are pros.

Bruce visited the cockpit almost every flight and shared pilot stories after arriving at our next destination until the wee hours of the morning. And I got to play golf with Nicko and the other pilot during the tour and several times after that.

I'd do that trip again anytime. The only drawback was being gone for 27 days in a row. Many fond memories.

Thanks, Iron Maiden.

*Stephen Zmijeski
posted on bjtonline.com*

TWO PATHS TO THE COCKPIT

Regarding "Two Paths to the Cockpit" [*Exit, August/September 2016*], I live right next to a huge Air Force base and have flown and worked with both civilian and military pilots.

One thing that has struck me is that there are outstanding pilots from both streams. Surprisingly, there are also lousy pilots from both sources. Also, military training has not seemed to keep pilots from having the same kinds of stupid accidents

all pilots do. There is a bit of "if I can fly a B1 I can sure fly a Mooney" arrogance, too.

*Duane Mader
posted on bjtonline.com*

Although I'm biased as a former U.S. Air Force fighter pilot, it would be hard to deny the value of the \$6 million the military says it invests in training a pilot. I think many of my military commanders who flew in Vietnam would disagree that "most Vietnam pilots flew helicopters." Personally, I see the benefit of military training in high-altitude awareness and knowledge of maneuverability above 40,000 feet, a skill that I don't see taught or exercised at the civilian training centers. Likewise, aerobatic training is invaluable, as the new EASA requirement for new ATP pilots shows. I wouldn't trade military training for any other form. As Manfred Von Richtofen said, "anything else is rubbish."

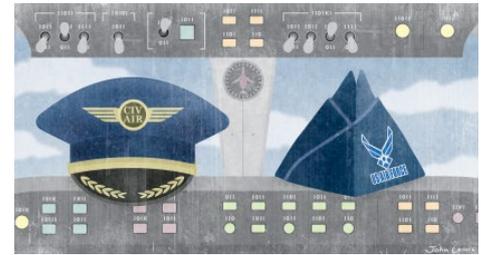
*Michael Petridis
posted on bjtonline.com*

The article's section on having it "easy" in the aspects mentioned doesn't hold true for Army helicopter pilots. We are responsible for performance planning, flight planning, fuel requirements, weather, weight and balance calculations, etc. There is no support infrastructure (other than maintenance) for us.

*Preston
posted on bjtonline.com*

I think the answer is, "it depends." It depends on the person, and it depends on the type of military training and missions the pilot performed.

I know two firsthand examples of pilots whose military training did little to make them great jet pilots. The first flew as a forward air controller in a Bird Dog over Southeast Asia at 1,000 feet in the 1970s. His military training did not make him a great jet pilot, but his professionalism and dedication did. The other pilot flew large



cargo jets for the Air Force and received the \$6 million version of jet training. Yet his fellow pilots flying civilian aircraft always reported him as mediocre at best and he never learned that passengers care about the ride, even though his military cargo didn't. Some habits are hard to break.

Yes, most military pilots should have excellent skills because they got really good training, but it's just not that simple.

*Kathy Tyler
posted on bjtonline.com*

EXPLORING SOUTH AFRICA

There was one glaring error in "Exploring South Africa in a 4x4" [*June/July 2016*]: the article did not mention Lanseria, the business jet hub of South Africa, which serves Johannesburg. Taking an aircraft into the main airport, O.R. Tambo, is a no-no in terms of slots and cost.

*Rod Murphy
posted on bjtonline.com*

FLIGHT-SHARING SCHEME

Regarding "A Flight-Sharing Scheme Collides With Federal Regulations" [*June/July 2016*]: if there is a good, acceptable or wretched decision to be made, a government bureaucracy—one as dismal as the FAA—will make the wretched one every time.

*Kevin
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.

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Top brokers analyze new opportunities in the preowned aircraft market

If you're in the market for a preowned business or private aircraft, your timing couldn't be better: a global oversupply continues to deflate prices, creating great values. At the same time, sellers face a challenge to know when and on what terms they should close deals. Now more than ever, expert brokers can make sense of a confused marketplace and ensure best-possible values for those they serve in transactions. With open-source data unavailable, brokers increasingly rely on their network of sources to gauge pricing as closely as possible, and to know when the time and circumstances are right to close deals.



Marc Foulkrod, Avjet Global Sales



Don Bass, Avpro



Todd Jackson, Elliott Jets

We asked some of the industry's most **experienced aircraft brokers** to assess today's complex and challenging marketplace and how their expertise can make a difference in it. Read on for their exclusive perspectives on what's selling, who's buying, and where the supply is located.





Don Dwyer, Guardian Jet



Joe Carfanga, Leading Edge Aviation Solutions



Jay Mesinger, Mesinger Jet Sales

How do you advise your clients to think about future resale values when they are buying an aircraft?

Don Bass: We are extremely honest and direct about current market pricing and projected resale values with our clients. The day you buy an airplane is the day you think about selling it. It has never been more important to buy “right” than it is now. If you’re aware of the market going into the purchase, you can better execute your ownership strategy. Owners must realize the utility of the private jet and the advantages it affords them. The jet is now more than ever a tool, a multiplier and a time saver. So, future resale values will be depressed and the challenge will be to maximize the aircraft’s usefulness while it’s owned.

Todd Jackson: Buyers should purchase the best airplane that fits their mission for the money. On today’s used market, you can get more for your money than at any previous time. With so many good options available, you can pick the right price point and find an airplane to fit your needs.

Short-term trends are more established, but it can be impossible to know long-term resale values. Make sure to factor items like avionics obsolescence, parts availability and OEM reputation into the equation to help gauge an aircraft’s economic viability.

Jay Mesinger: First, I have a discussion about needs and wants. Once we have collaboratively determined that the time is right to

purchase, we can discuss the value metrics we have developed—our industry internal data points and global economic external data points—to predict future value. This approach, combined with specific aircraft considerations, helps us determine credible short- and long-term residual values.

Joe Carfanga: We forecast for approximately three to five years, sometimes longer, and make estimations using statistical probability. We run an NPV [net present value] analysis, in many cases, when performing acquisitions so that the total cost of the purchase, the operation and the residual value are all factored into projected total cost of ownership. Estimating residual values conservatively is certainly the industry trend.

Marc Foulkrod: This is a very challenging question. We are experiencing rapidly falling prices. The two questions on a buyer’s mind are: one, am I getting the best deal in the marketplace and two, what will the value be when I sell? While those are important questions, I try to get the client to look at the value not necessarily from an asset standpoint or a dollar amount but from a convenience standpoint. Those two values are something we can help the client calculate in real dollar figures over their expected ownership timeframe.

Getting the cheapest aircraft or best deal but acquiring the wrong

aircraft can net the client a huge loss. Calculating a future value entails informing the client to realistically understand that values are falling quickly and that even the best forecasted values can quickly expire. I get calls from sophisticated financial institutions, seeking private jet values so they can value them on their books. Even banks with computer asset models and quantitative analysts with Ph.D.s are at a loss when forecasting values more than a year out.

Don Dwyer: The first thing we do when we are buying an aircraft is to make sure that we can resell it. And there are triggers you just don’t want to miss. A big part of our job is protecting the capital that our customers have invested in their airplanes. Sometimes their

desires are not necessarily in sync with that, which is OK. They must understand the delta, and what the cost is to not being as careful about it as we would like.

We are looking for a nimble asset. An airplane is not a liquid asset, like a stock, but it should be as nimble to get into and out of as possible. That way, we can identify the market opportunity and react to it better, because we have an airplane that will sell quickly. Along with physical features, configuration, condition and pedigree are the main drivers protecting your investment.

Buying in the right market cycle has a lot to do with future value. We want our clients to always be aware of their aircraft value and how the markets are behaving. Being smart about when you buy can pay huge dividends.





What is the **No. 1** reason that an aircraft will sit on the market? If the answer is price, how do you try to get the seller comfortable with realistic pricing?

Todd Jackson: Price will be the No. 1 factor. Aircraft sale prices aren't public knowledge and can vary widely. However, through our industry relationships, we're able to secure actual selling prices that give customers an accurate view of the market. We show our customers this data to help them price their aircraft realistically the first time so that they don't lose money in the long run by riding the market down.

Don Bass: There is a tremendous difference between buyers of new and preowned aircraft. Otherwise, you could never justify the cost delta. Preowned aircraft have become commoditized. A preowned buyer is looking for utility and value rather than the thrill of a new-aircraft purchase. Preowned aircraft purchases are influenced more by spreadsheets and forecasts than by emotions. Sellers who haven't accepted the current marketplace are most apt to watch on the sidelines as values decrease. Market acceptance and realization are unique to each owner.

Don Dwyer: The No. 1 reason airplanes sit on the market too long is price. The best-prepared airplane will sell. Part of being prepared is pricing correctly. If you have an airplane that hasn't

been painted in 10 years, with a scruffy interior, this impacts the time to sell as much as pricing, however. Owner expectations can keep an airplane from selling.

When values are falling 10 percent or more a year, each day you are on the market is expensive.

The best way to prepare the owner for that is data. We think we have the most robust valuation process in the industry. We're constantly talking to other brokers and sellers about where airplanes are selling. There are things that can help you with pricing. Ask prices are predictive. Trends can help us be predictive. If you have an airplane that lost value for the last two years, it's likely to go down in the next quarter. We're not pricing for the current market but for the market 90 days from now, and that is tricky. You don't want to leave anybody's money on the table, but you certainly don't want to leave an airplane out there for sale.

Jay Mesinger: Incorrect pricing is the main reason for an airplane remaining on the market too long. Configuration, location in the world, damage history and other factors also play a role. However, price overcomes all of that. There are buyers in today's market, so selling or



Price determines everything in these rapidly falling markets. The No. 1 mistake most brokers make with their sellers is to focus on the last comparable trade.

Marc Foulkrod, Avjet Global Sales

sitting is all about being correctly priced or not. We provide sellers with empirical data to ensure that they won't leave money on the table. We gather our own data, distill it and analyze it to provide metrics to develop an asking price that will reduce time on the market. Our clients listen to us and are making smarter decisions than ever before, mitigating the downward slide. It takes this kind of work from your professional sales partner to navigate today's business jet markets.

Joe Carfagna: Aircraft can sit on the market because someone is uninformed or unrealistic. We believe that a good broker's main function is education. Educated clients are empowered. When empowered they are more proactive than reactive. We take into account historical and present market conditions when providing guidance using our proprietary

marketing and forecasting models, modified by our own knowledge of the very recent market. Once we've presented all the facts and overlaid them with our opinions, we typically can show clients why our value estimates have merit.

Marc Foulkrod: Price determines everything in these rapidly falling markets. The No. 1 mistake most brokers make with their sellers is to focus on the last comparable trade. In these markets you have to show the seller the price the next comparable aircraft will trade at, and if the seller doesn't want to be the next trade, you show them over time how much value they lose by having unrealistic expectations. The last trade isn't nearly as important as the next trade. Most clients, both corporate and private, are very smart and successful people. Show them accurate real-time data.

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What technical upgrades, modifications or refurbishments most help to boost aircraft resale values?

Jay Mesinger: Today more than ever to the person in the back of the plane the answer is connectivity. Buyers also want an airplane in the most turnkey condition that they will not have to put down for near-term major maintenance, NextGen compliance upgrades or cosmetic refurbishments.

Don Dwyer: This always goes back to having the best-prepared airplane to sell. Without the proper configuration, condition and pedigree, you'll be on the market longer than you want to be, and as we said, that can be very expensive. You don't have to be on an engine program but in some markets not being on it can keep your airplane from selling. Paint and some interior refurbishment should be done on a recurring basis. Leaving it for the next buyer makes that buyer more scarce.

In the regulatory environment that we live in, airplanes that meet regulatory requirements

sell quicker. It is not necessarily a question of if you spend the \$300,000 to get ADS-B out. It will sell faster because of the upgrade and if it sells faster, that \$300,000 will look like a smaller number compared with holding onto an airplane in a declining market.

Todd Jackson: Some upgrades, like a major avionics upgrade, can potentially increase resale value. However, many modifications can help decrease the time an aircraft is on the market. In a declining market, a faster sale can be the equivalent of a value increase because each day an airplane sits on the market it declines in value. Whenever you are making a paint or interior upgrade, keep in mind the ability to resell the aircraft with the scheme you have chosen or the reputation of the shop that completes the work. Reputation, quality of work and aesthetics can reduce time spent on the market.

Joe Carfagna: NextGen equipment that is required going forward is a big driver today, but this isn't a new concept. Many years ago, retrofitting an aircraft with TCAS was of paramount importance and a large expense; so was RVSM for some older models, when it was mandated. When a minority of aircraft of a certain type have had the impending modifications done, the upgrade increases value, typically by the full cost of the improvement. When a majority of aircraft of a certain type have had the modifications done, those that lack the upgrades often lose as much value as the upgrades would cost.

Marc Foulkrod: High-speed data and Internet access are a must these days. We live in a world of real-time communication, and clients feel like they've landed on the moon if they don't

have access to email, texting and Internet. On older aircraft, interior modern refurbishments and new paint help aircraft resale values. On the technical side—this is especially true with large-cabin, long-range aircraft—items like CPDLC, FANS 1/A, and ADS-B out are important upgrades.

Don Bass: I once heard: "We'd rather lose an engine than Wi-Fi." Seriously though, this is a very interesting question. We have found that the buyer will never value the cost of your recent upgrade/improvement in concert with what you paid. It may even be a different system/mod than what they had in mind. Buyers represented by Avpro or other firms will take into account the aircraft as is and adjust their offers accordingly. So while pricing should find its level, a well-equipped aircraft on programs will, however, almost always sell quicker.



We have found that the buyer will never value the cost of your recent upgrade/improvement in concert with what you paid.

Don Bass, Avpro

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What's the best advice you can give to an aircraft buyer who's concerned about overpaying? What's the best advice for a seller concerned about getting the best price?

Marc Foulkrod: Find the aircraft that has everything you want in terms of interior layout, options and mission profile, and then focus on negotiating the best deal at that time. I can almost guarantee that whatever a client pays today, the value six months from now will be less, and a year from now even less.

Find the right aircraft that meets the client's needs 100 percent. I've had clients miss out on the exact aircraft they were searching for because they were worried about overpaying and then had to wait another year or more to get what they wanted or buy something that wasn't 100 percent of what they were searching for. Nothing is worse than feeling like you bought less than what you wanted because you missed the last deal.

Don Bass: You must have competent representation and work with a firm in your desired market. Again, it's an information business. If you buy new, you overpaid. If you buy preowned, you overpaid 30 days later. Increase in inventory has not matched increase in demand. Furthermore, as large-cabin aircraft descend in price you do not necessarily have an increase in the pool of qualified buyers. I can buy a GIV-SP for less than a new King Air 350 now. That doesn't mean Beechcraft owners are building bigger hangars. It is a unique dynamic in our industry. Aircraft are business tools or

personal luxuries, and their values must be calculated going forward on another line item. Ask: Am I more productive with it? Does it help business? Can I spend more time with my family because of it? That is the currency of private jet aircraft going forward.

Selling to get out of aviation or selling to upgrade/downgrade is tough and your first loss may be your best. There are opportunities when swapping aircraft and this is an area Avpro, as a dealer, excels in. We are able to present a transaction in its entirety, which is often more palatable.

Todd Jackson: Right now, the amount of money that can buy an airplane is arguably the best deal in the history of corporate aviation. If you delay a purchase because you think you will get a better deal in the future, you will in theory never buy an airplane. Buyers, make sure you are buying the best value airplane for the kind of airplane that fits your mission. Sellers, clarify that brokers have real-time data and fully understand how much equipment

affects the value of the airplane and can help you price the aircraft right the first time, getting you more money in the long run.

Jay Mesinger: Choose a broker who is active in your market and can demonstrate their understanding of the trends of the target market and surrounding markets—and produces internal metrics and historical sales price data to help them make good informed decisions.

Buyers will never make a purchase good enough to get them ahead of the falling market, and totally protect them against future value losses. At the same time, making the best buy will mean purchasing an aircraft with good pedigree, in good mechanical condition and as turnkey for your operation as possible—accelerating entry-into-service time so you can obtain value through utilization faster.

International transactions are taking longer and costing more than ever. With values falling each month and quarter, more time between having an accepted offer and entry into service means potential lost value.

Sellers should work with trusted advisors to establish realistic market expectations and pricing strategies. The longer your airplane sits on the market the less you will take later. Prices will not go up. Being patient will cost you money.

Joe Carfagna: No. 1, hire a good professional. A good broker today does not just buy and sell aircraft. They are consultative in every aspect. They will help an owner plan for the future effectively. They will, of course, know the market far better than any website listing aircraft for sale, and have handled the buy-and-sell process over and over. Retaining a National Aircraft Resale Association (NARA)-certified professional is the best insurance against overpaying or selling under the market.

Don Dwyer: Whether buying or selling, the answer is understanding where the market is. If you buy new aircraft, the pricing can be very dynamic. It helps to have someone in your corner who has done it before, with a lot of information on what new aircraft are selling for. If you are buying used aircraft, buy now or be patient. Pricing is at an all-time low.

We like to say best-prepared airplanes sell. In today's market, being prepared means to price aggressively. The less time you spend on the market the more you sell for.



Right now, the amount of money that can buy an airplane is arguably the best deal in the history of corporate aviation.

Todd Jackson, Elliott Jets



The Wells family and Private Jets, Inc. has been in business as a FAR 135 charter company for thirty years and has been involved in hundreds of aircraft transactions during this time. We all live in a fast paced business environment and often don't take the time to acknowledge and express appreciation for excellence.

The attention to detail on our recent Lear 40XR acquisition with Elliott Jets, did not go unnoticed. Aircraft transactions can often times be challenging, at best. I want to thank you for your professionalism throughout the entire process. We all have choices and Private Jets would certainly be a repeat customer.

Thanks,
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How do you see the current supply/demand dynamics in the upper end of the preowned market?

Don Bass: Aircraft today provide unprecedented access to global markets. When JP Morgan died in 1913, his empire was bound by the railway and steamships. Today with a G650ER, you are one stop from anywhere on the globe. There is a saturation point—\$73 million jets and the G550 and Global series. How many folks have the 7,500-nm mission?

Why buy new when preowned G650s are below \$50 million? Gulfstream's flagship G600 will soon compete with preowned, better-performing, larger-cabin G650s. Most missions are less than four hours and with fewer than four passengers, anyway. Falcon is slow rolling its 5X, and Bombardier is sitting out the turmoil by announcing delays on its 7000 and reducing production on the 5000/6000. So many incredibly capable aircraft are available now. Supply will outweigh demand for the foreseeable future.

Joe Carfagna: It's pretty apparent that late-model, long-range aircraft are in heavy supply at the present time. We believe this will hold true into 2017 given that the European Union, Russia, China and South America continue to reflect a downward or flat trend. Additionally, oil-producing countries are adjusting to lower oil prices and some must curb spending. These areas of the world have been a significant part of the expansion of the large-cabin aircraft market for approximately the last 10 years.

Don Dwyer: Post 2008, the only end of the market with more than tepid performance in terms of new sales and residuals was the very high end. We cautioned our buyers two years ago that the light-, mid- and super-midsize markets were going to recover or the large-cabin used prices would head south. No one was predicting an economic recovery on a grand scale so the latter happened. We

haven't seen the stabilization of the high end that we have seen in the light and midsize jet markets.

Marc Foulkrod: Buyers have the upper hand in this market. It's simple supply-and-demand equations and right now there is too much supply and not enough demand. This is especially true in some large-cabin markets where there are literally fewer than a half dozen buyers and 20 to 30 aircraft for sale in some segments.

Brokers incorrectly surmised that the very top of the upper end of the market, say the G650, would be immune to market forces. They were wrong. We sold a brand new G650ER at the top of the market last July (2015) for nearly \$74 million. Just 12 months later a similar one sold for under \$64 million, the next one will likely trade at \$62 million. Just like in 2008 when all business jet markets corrected from a bubble, so did the G650 market in the long term.

Jay Mesinger: The supply-demand dynamic is prevalent throughout the markets, but particularly with upper-end aircraft. Discounted pricing from OEMs and the increased pressure in earlier-vintage aircraft is creating a lack of confidence in the pricing of like-new aircraft. Buyers are reluctant to purchase like-new aircraft if they can acquire a never-before-seen deal from an OEM that includes a warranty or an older aircraft in the hopes of hedging expected residual loss.

Buyers are willing to buy older aircraft with good pedigree and average-to-low total time. Because of low-asset values many buyers make incredible buys and then invest millions of dollars to modernize the aircraft to their exact specifications so that they have aircraft that can fulfill their lifelong mission requirements. Buyers have a lot of options.



It's pretty apparent that late-model, long-range aircraft are in heavy supply at the present time.

Joe Carfagna, Leading Edge Aviation Solutions

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Is there an oversupply of aircraft? If yes, what will help to fix the imbalance? How long do you believe this will take?

Don Dwyer: Clearly there has been an oversupply. OEMs are trying to address it. We have seen production cutbacks. The oversupply has impacted pricing. There is a tremendous amount of value in used airplanes today. The manufacturers are all trying to address that with programs, pricing and new products. From a residual perspective the newer designs are faring much better—the G650, Challenger 350 and Phenom 300.

What we are seeing now is market obsolescence, when the price of an airplane gets so low that the person is attracted to that price, but may struggle paying the operating costs of the airplane. While a lot of people could afford to buy a Falcon 900 today, they may not be able to afford to take it for an hour's trip [i.e., cover the operating costs].

Todd Jackson: In some markets it may look like there is an oversupply of aircraft. Many of these airplanes will not actually be for sale or will be priced out of the market. As a buyer, you need to dissect each market and understand which of those airplanes are actually for sale.

Joe Carfagna: Yes, there is an oversupply of aircraft. OEMs will have to slow production down which some have already done. Looking forward, there may not be an increase in production of new aircraft. For the time being, less production is the new normal.

Marc Foulkrod: You don't have to have a Ph.D. in economics to tell you that prices are clearly signaling that we have an oversupply condition at all levels of the business aviation market. Right

now, there is a 2014 G450 that can be purchased near \$19 million. It delivered less than two years ago and is still under factory warranty. The seller paid something on the order of \$33 million for that aircraft. It's lost 42 percent of its value.

While the pace of price declines will abate, until we can reach some equilibrium between buyers and sellers, it could be another year or two before we see a stable market. Right now there are 35 G550s for sale and 30 G450s. Combined, there might be a dozen buyers for the two aircraft.

Don Bass: Yes. New wealth generation and a greater acceptance of business aircraft as a tool and not a luxury will help. OEMs are victims of their own engineering excellence. Imagine if your car lasted 30 to 40 years. Tax incen-

tives now typically cannot overcome the rapid depreciation of the asset. The five-to-seven-year annuity most OEMs have come to expect has been replaced by rational valuations of flight department fleets. It is less expensive to operate out-of-warranty aircraft than to buy new and realize the huge loss in hull value.

Jay Mesinger: Totally an oversupply. Lower production of aircraft by the OEMs, combined with an increase in aircraft sales in emerging markets that had slowed down would help the imbalance. The problem is compounded by aging aircraft, which continue to be a viable solution for many. This combination has created the situation we find ourselves in now. It will likely take years to fix this imbalance and flush out the excessive supply.



What we are seeing now is market obsolescence, when the price of an airplane gets so low that the person is attracted to that price, but may struggle paying the operating costs of the airplane.

Don Dwyer, Guardian Jet

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Over the past year some OEMs have cut their production rates and it looks like GAMA delivery numbers in the large-cabin segment will be down in 2016. Do you see this as a momentary correction or a **new normal**?

Jay Carfagna: This will be the new normal for the next short term until the entire industry can get a better understanding of the political and economic conditions in the world market.

Don Bass: I do not think the pre-2009 pace was maintainable. Again the dichotomy of the incredible airplanes now being produced. B-29s in World War II had engine overhauls at 250 hours. We now expect 10,000 hours as routine. There will always be new buyers and new improvements to

entice those buyers. However, the pool of capable aircraft increases every year and will certainly affect future production.

Todd Jackson: Until the pricing on the used market has been stabilized it will be impossible to know the long-term effect on the production of new aircraft.

Don Dwyer: The smartest thing that OEMs could have done is cut back production; and that is good for everyone. It allows them to have some discipline and

credibility in their pricing and that is good for everyone. That's also good for residual values long-term. OEMs have worked hard to reduce the number of speculators in the market, and that is very positive. The idea to cut back production is a good one, but we don't see it lasting forever. Activity is very strong this year. We are buying new airplanes. Our customers are buying new airplanes.

Jay Mesinger: I hope the production rate follows the global demand.

Marc Foulkrod: I see it as a momentary correction. One has to remember that after the 2008/2009 financial crisis China poured billions of dollars into the world economy and OEMs were all too happy to take orders from China for literally hundreds of aircraft, many of which are just now hitting the market. This has contracted the backlog we just spoke about and is having a severe negative consequence on the current pricing environment. The projections OEMs made for Asian customers looking out five to seven years were simply too optimistic.

Where do you see the **best aircraft values** in today's market?

Don Bass: What's your mission? Ultra-long-range aircraft have never been more affordable. Light jets are abundant and can be owned and operated in a cost-effective way. Not to mention the turboprop market where PC-12s provide comfortable, safe and economic solutions as well. If you buy right and manage your expectations, you can manage aircraft ownership. As Dirty

Harry once said: "A man's got to know his limitations."

Marc Foulkrod: Whether you are searching for your first jet or you're in the market for your 10th jet, values are down across the board and there are great values in the marketplace in every category. The largest obstacle at the moment is that buyers always feel that prices will go lower indefi-

nately and are hesitant to commit to an aircraft for fear that a better deal will come along.

I recommend to my clients to find the best aircraft on paper that meets everything they desire (interior layout, options, mission profile, etc.) and focus on negotiating the best price for 100 percent of what you want. Otherwise you end up on the sidelines, indefinitely, while good aircraft trade.

Joe Carfagna: The large-cabin-class aircraft that are nearly new have had a significant drop in pricing because of the rapid oversupply in the market. The disparity between new aircraft pricing and near new is somewhat dramatic and makes the used aircraft more desirable because market depreciation in subsequent years will be less.

Jay Mesinger: The best values are in aircraft five to 10 years old. Consider more than getting a plane for less money. A combination of major maintenance compliance status and technological upgrades are available and they can make these slightly older aircraft as capable as new aircraft but at a lower cost. There are tremendous opportunities in the preowned market.

Todd Jackson: The used market is in a position where some of the best values ever seen in business aviation are available in most makes and models.

Don Dwyer: There are great values all over the airplane markets. From a residual value point of view I'd look to the markets that have stabilized. Right now that looks like light, mid- and super-midsize aircraft.



The best values are in aircraft five to 10 years old. Consider more than getting a plane for less money.

Jay Mesinger, Mesinger Jet Sales



Has there been a geographic relocating of preowned aircraft over the past 12 to 18 months? Are certain locations **net buyers** or **net sellers** of business aircraft? How do you see this trend in the future?

Marc Foulkrod: The business aircraft market is a fluid, ever-evolving market. Right now the United States is the net buyer of aircraft. This is especially true of the newer large-cabin space, comprising 80 percent of the preowned inventory we have bought over the past 12 to 18 months. China only three years ago was a net buyers' market. Now China sells large quantities of preowned large cabins. In the past six months we have seen Europe shift from a net sellers' to a net buyers' market, but very slowly. South America, once a net buyers' market, has been relatively absent the past 12 months.

Fears over an economic meltdown in Brazil have buyers on the sidelines. Lastly, Africa, which only three years ago was seen as the new engine of growth in the

preowned markets, is struggling at the moment due to weakness and lack of investment from China. My main concern is that the United States has become the last-resort buyer. If anything prevents U.S. corporations and clients from buying business jets, the oversupply condition could become catastrophic.

Todd Jackson: North America remains the market for net buyers, and Europe and South America the market for net sellers. This has not changed in a few years.

Jay Mesinger: The activity for buying in the last 12 to 18 months has predominantly been in North America. This means that many aircraft, originally sold internationally, are coming back to North America.

Don Dwyer: In the last 12 to 18 months the hottest market has been the United States. The only hot market would be North America. Mexico is fairly strong and Canada seems to be doing fine. These assets are transportable so there is a little bit of a relocation. We don't have the exact numbers. There is probably a net loss in Europe and Asia, although parts of Southeast Asia are doing fairly well. If a U.S. customer is buying, the easiest place to buy is in the United States.

We are looking for good deals around the world. We see the international markets eventually recovering and are making moves to be ready when that happens. We have recently opened an office in London because of that.

Don Bass: Into China, out of China. Europe expands and then contracts as do South America and the Middle East. There has definitely been an influx of aircraft back into the United States. Non-U.S. markets are certainly more volatile and ride the wave of policy and intrigue more than we do in the United States. Planes will ultimately find their homes.

Joe Carfagna: Over the last 12 to 18 months the trend has been for more North American sales than the rest of the world and North America has been the net buyer. Other world markets are net sellers. There are exceptions here and there, but this forecast holds for the short term.

Conclusion:

Though market conditions are changing quickly, there's never been a better time to buy, say brokers who participated in this special supplement. Brokers who possess the right experience and information can help both buyers and sellers by ensuring that an aircraft is market-ready and that owners and purchasers have realistic expectations.



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From aircraft technical reviews and pre-purchase oversight to mission profile planning, Andy looks after the nuts and bolts of each transaction.

Josh's experience and trusted industry relationships allow him to overcome any challenge, and create winning solutions for clients.

Adam's extensive market and valuation analysis ensures clients have the best data to make informed, smart decisions.

Start to finish, Ruth supports every stage of every transaction, making sure no detail is left unchecked.

Louie ensures all tennis balls are well accounted for.

Miles keeps all the squirrels in check.



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BRAD KESELOWSKI

**THE PROFESSIONAL STOCK-CAR DRIVER TRAVELS FAST
AROUND THE TRACK—AND EVEN FASTER ON HIS LEARJET 45.**

by Matt Thurber



Stock-car driver Brad Keselowski has climbed to his sport's challenging peaks, cranking out top-place finishes and wins for Team Penske. He has won races in each of NASCAR's three national series and, last July, he came out on top in the Coke Zero 400—his first victory at Daytona International Speedway, as well as the Penske team's 100th cup win. Now in his sixth season with that team, he has also launched his own truck-racing team, Brad Keselowski Racing.

Keselowski, who began his NASCAR career in 2004 at age 20, was born into a racing family. His father Bob raced trucks in the Camping World Truck Series and his uncle Ron drove in NASCAR Cup Series races in the 1970s. From an early age, Keselowski came to understand a fundamental truth of car racing: besides driving at the track, you may have to spend a lot of time on the road getting from one event to another.

These days, however, more and more racers avoid that grind by employing business aviation, and Keselowski is no exception. Five years ago, he bought a Bombardier Learjet 45 that he bases in Statesville, North Carolina, near where he now lives with his girlfriend and baby daughter. The aircraft gets a thorough workout flying Keselowski, his family, and his colleagues all over the U.S. during the 36-weekend racing season each year.

When we met with him recently at his hangar at Statesville Regional Airport, we began by talking about the days before he started flying privately—and about how those days affected the way he flies now.

ALL PHOTOS BY WILSON GRASSMANN UNLESS OTHERWISE INDICATED.



"THE FIRST THING I NOTICED FLYING PRIVATELY WAS YOU DON'T LOSE TWO HOURS IN SECURITY AND CHECKING IN. THE SECOND WAS THE LEVEL OF PRIVACY."

You traveled a lot by car to your father's races and to your own before you started flying privately.

That was an interesting experience. You start to realize how much valuable time you lose on the road, personally and professionally.

I understand your introduction to aviation was not such a great experience.

I was nine in 1993, a dark year in motorsports. For whatever reason, a lot of people were dying that year. Specific to aviation, there were two terrible incidents. The first was Alan Kulwicki, who had won the [NASCAR Winston Cup] championship the year before. He was flying from an event for his sponsor at the time, and his plane crashed, killing him and the executive team that was with him.

That rocked me a little bit because here's a self-made man who had done everything right. He just had the poor fortune of getting on a corporate airplane where the pilots made errors that caused it to crash.

The second incident happened a few months later. Another very successful driver, Davey Allison, was flying his helicopter to a racetrack, and he crashed and perished.

How did those tragedies affect you?

They had a profound effect on how I viewed aviation. One lesson that I took was that I should own my own plane and have direct contact with my pilots. It's important to have knowledge about what I'm flying, maintenance schedules, the people.

I also decided to not be a pilot myself. I am focused on being the best

race-car driver I can be, and I didn't want to distract from that. And focusing on being the best race-car driver I can be means I can't be the best pilot.

When did you first fly privately?

I had just gotten my first job here in North Carolina, and I got an invite from Dale [Earnhardt] Jr., who I was driving for at the time, to fly with him to a race.

Did you contrast it with the airlines?

The first thing I noticed was you don't lose two hours in security and checking in. We got right on the airplane and left. The second was the level of privacy, which because we were going directly to the racetrack later that day, helped us to stay focused. You have a chance to really get your mind prepared



Brad Keselowski's Learjet 45

Model years produced	1998–2007
Variable cost/hour for latest model	\$1,861
Seating (exec/max)	8/9
NBAA IFR range	1,913 nm
Max cruise speed	465 kt
Max takeoff weight	20,500 lb
Cost range, used	\$1.6–3.2 million

Assumptions: Jet fuel, \$3.99/gal; variable costs include fuel, routine maintenance reserves, and misc. expenses. Range based on four passengers weighing 200 lb each, including baggage, NBAA IFR fuel reserve, 200-nm alternate. Sources: Conklin & de Decker Aircraft Cost Evaluator and Aircraft Performance Comparator; Vref Aircraft Value Reference.



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"DRIVING THE RACE CAR IS THE MOST REWARDING THING I DO. IT IS ALSO ONE OF THE SMALLEST THINGS I DO [IN TERMS OF HOURS SPENT]."



Keselowski takes a victory lap after winning the 2013 Bank of America 500 at Charlotte Motor Speedway.

WIKIPEDIA

for the day. And once we landed, literally a mile from the track, our travel time was dramatically reduced.

What's a typical trip for you during the racing season?

Most of our flights are right at two hours or slightly under. We'll travel to a racetrack, depending on the schedule of events, on Thursday midday or first thing Friday morning. Then we'll return immediately after the race. Usually we'll have a midweek event that's out of town about once or twice a month, so for example, we'll fly to a sponsor's headquarters on a Tuesday and return that day. Or we'll travel to a media event.

What led you to buy the Learjet 45?

I was leasing a Lear 31A, which was a great airplane. I really liked it. But I wanted to own. The right opportunity came up with this airplane, specific to pricing, hours, et cetera. And we looked at it and I liked it immediately. There's nothing about it that's extraordinary; it's just very well rounded and it has great performance in every category.

How many hours per year do you fly?

Somewhere between 200 to 300.

I understand you added Gogo Business Aviation's air-to-ground system.

I wanted the ability to use Wi-Fi on the airplane, because I felt I wasn't getting enough work done while I was traveling. I do a lot of reading. I love to study. It can be business or personal growth. And I do most of my reading in digital format. Of course there's a

lot of communications, too—email and text messaging. Occasional social-media bursts.

What do you read for personal growth?

Science is great because a lot of the time it has practical application to what I do. Health is important to what I am and what I do. I have to be in great shape. That's why we have our own chef.

Is a regular exercise routine important for racing?

It's one of the key reasons why aviation is so important to me. You're never going to get the same quality of workouts on the road as you are at home.

Having private aviation also gives me more time to spend with my family at home, which is significant in work-to-life balance. There's always more work to do than there is time, and you have to find a balance. You have to have the ability to be your own person, to be with your family, to convert more time into practical use, and that's what aviation does for us.

Shortly after your daughter was born, she needed to go to the Mayo Clinic for emergency surgery. Was that another way that private aviation helped your family?

It's one of those hidden perks. I never thought that I would use it for emergency transportation to a hospital, but it was one of those days where you were glad to have it.

When did you decide to become a race-car driver?

I don't ever remember not wanting to be one.

FASTFACTS

- ▶ **NAME:** Brad Keselowski
- ▶ **BORN:** Feb. 12, 1984 (age 32) in Rochester Hills, Michigan
- ▶ **PROFESSION:** Stock-car racing driver for Team Penske; owner Brad Keselowski Racing
- ▶ **TRANSPORTATION:** Bombardier Learjet 45
- ▶ **PERSONAL:** Lives in North Carolina with girlfriend Paige White and daughter Scarlett.

How do you prevent cars bumping during a race from turning into a crash?

It's really where driver skill comes in—being able to take minor contact and still avoid a major incident.

You've had some serious accidents. Do you have fear about that, similar to how you felt about flying?

No, it's something I overcame. It doesn't bother me anymore.

And NASCAR has done a lot to reduce the risk?

Absolutely. I'm OK with an accident when I'm in control.

But when you're flying, you're not in control.

To some extent. I'm in control of the airplane I'm flying in. I'm in control of who the pilots are.



You asked. We acted.

Duncan Aviation has full-service locations and a nationwide network of avionics and engine rapid response teams that provide comprehensive business aircraft service and help thousands of aircraft operators every year. Customers asked for more services accessible in the western United States.

In 2018, Duncan Aviation will expand its Provo facility, adding nearly 275,000 square feet of buildings with a 222,000-square-foot maintenance and modifications center and a 53,000-square-foot paint facility. We continue to listen to our customer wishes and respond by developing and providing experience, unlike any other.

60

YEARS



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Experience. Unlike any other.



So you feel more comfortable in your own airplane compared with flying on the airlines?

Flying commercial, I'd feel a lot less comfortable. I don't know the airplane. I don't know the pilots. I read a lot of NTSB reports. I've always been fascinated by the chain of events that it takes to cause an accident, and I think that there's a lot of lessons learned from those events that can be applied to motorsports.

Another advantage of having an airplane is family travel, I assume.

Especially traveling with a one-year-old, private aviation is much different from commercial aviation. When she gets fussy, you're not looking over your shoulder and feeling guilty. And you can travel with the dog, and some of the best quality time with my family is on the airplane. It's one of the few forums where you can avoid all the other distractions.

Tell me about your truck-racing team.

It is a lot of work. I'm a big believer in paying things back and paying things forward. And I was provided some incredible

opportunities in my career very early on, so the truck team is my response to that. It's not a great business venture; it is an important personal venture for me.

In terms of supporting the people that work there?

It's helping people grow, helping support other people's lives, giving back to the sport that I love and have been so fortunate to be part of. Of course I love the competition aspect. That drives a lot of what we do.

What about racing stock cars do most people not know?

There's a lot of technology that you don't see. There's an incredible demand on your time to do it at the highest level. And that demand comes in training, in generating the revenue through sponsorship, and the search for that. Driving the race car is the most rewarding thing I do. It is also one of the smallest things I do [in terms of hours spent].

Is this a career you'd like your children to enter?

I'd like them to have that opportunity. But I would never force it. I was fortunate to

follow my family, my dad, but he never forced it on me, and I respect that.

Is driving a race car still fun for you?

When you're running good, there's nothing better. When you're running bad, it's a long day in the office.

How fast do you go?

That depends on the weekend. We were in Michigan two weeks ago, probably our fastest track, and we topped out at about 218 [mph].

Things happen pretty darn quickly at that speed.

Yes, they do.

But it's relative; you're all going around the same speed.

Hopefully, I'm going a little faster. **BJT**

Matt Thurber (mthurber@bjtonline.com), a longtime **BJT** contributor, is a senior editor at our sister publication, *Aviation International News*.

Interview has been edited and condensed.

2011 FALCON 900LX s/n 254



- EASy II, Cert. 2
- ADS-B Out (S.B. 402 FSBA)
- Head-Up Guidance System (HGS)
- Enhanced Flight Vision System (EFVS)
- Honeywell MCS-7120 Satcom – Swift Broadband
- TCAS 7.1
- Open and bright 12 passenger interior configured with forward & aft lavatories
- 4A+ Inspections completed September 2016 by Dassault Aircraft Services - ILG
- Engines and APU on MSP Gold
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GIFTS GALORE

BJT readers tend to have long holiday gift lists. With that in mind, we offer a wide array of memorable *cadeaux* across all price ranges for all sorts of recipients. We hope you'll find something here for everyone you care about—maybe even yourself.

by Jennifer Leach English



1

for the business jet traveler

1. Six Days of Nightlights

A six-day Northern Lights Tour of southern Iceland features snowmobiling on Myrdalsjökull glacier, dogsledding atop an ice cap, exploring Geysir Hot Spring Area, and many more adventures. \$4,050/person at bigchilladventure.com



4

2. Where's Junior?

The Gizmo Pal 2 by LG is a sturdy watch that helps you keep tabs on your little one by providing real-time tracking and letting you know when your child crosses set GPS boundaries. \$80 at verizonwireless.com



2

4. Pillows You Can Pack

An inflatable goose down travel pillow that rolls up feels like your favorite one from home. \$225 at pillowpackers.com



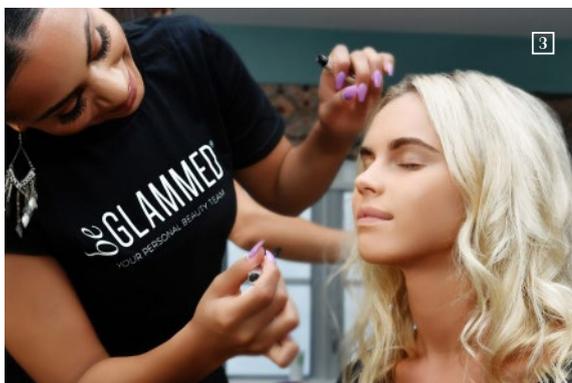
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5. Decadence Under Wraps

Perfectly decadent and beautifully packaged, the Indulge Box is 250 grams of White Sturgeon caviar presented in a lockable pine wooden box with two mother-of-pearl caviar spoons. \$695 at roecaviar.com

3. Glamour on Demand

A stylist will come to your home or hotel room at any time to do hair, makeup, or both. Gift certificates start at \$50 at beglammed.com



3

"I'm a sucker for any sort of electronics, whether it's a new pair of headphones or a remote-control helicopter that I fly around my office. These definitely bring out the little kid in me!"

—Daymond John, entrepreneur and Shark Tank star



for business associates



6

6. Massage Delivery

Even business jet travelers have tight muscles after a long trip. A gift certificate to Soothe will allow them to book a massage anywhere they want. *\$282 for three hours of massages at soothe.com*

7. Beauty and the Box

Succulent & Fleur—a polished, colorful combination of blooms and succulent plants in a handcrafted box—makes this the perfect gift for a client. *\$108 at oliveandcocoa.com*

8. This Is Nuts

These super-large sea-salted peanuts are delicious and addictive. Blue Crab Bay Co. also offers other classic favorites that make great gifts, such as peanut brittle and Bloody Mary mix. *\$25 at bluecrabbay.com*

9. Protect Against Oil Shortages

Every month, the Olive Club will deliver three bottles of flavored extra virgin olive oils and balsamics. Six-month gift plan. *\$138 at olivethisolivehat.com*

10. Tame Somebody's Inbox

A beautiful, customized, or monogrammed handmade glass paperweight will help calm your colleagues who get stressed about overflowing inboxes. Our favorites: a large rectangular paperweight customized by Bernard Maisner and a dome decoupage paperweight by John Derian. *\$80 at bernardmaisner.com. \$60 at johnderian.com*

11. These Truffles Aren't Truffles

Those who grew up in California already know what delicious treats Sees Candy offers. We especially love the white mint truffles (available only during the holiday season) and the milk Bordeaux chocolates. *About \$20/pound at sees.com*

12. Thirsty? Remove the Flowers

Two's Company makes lovely silver-plated brass mint julep cups, and they can hold many things beyond a cocktail. For example, they make beautiful flower vases. *\$68 for a set of four at amazon.com*



7



8



10



9



11



12

GIFTS GALORE

For her & him

13. Take Off on Two Wheels

An elegant bicycle in a fun color will make an impression. Two good options are Classic Sport by Tokyo Bike and Diamond Bike by Martone Cycling Co. \$825 for *Classic Sport* at tokyobikenyc.com; \$1,100 for *Diamond Bike* at saksffthavenue.com

14. Magnificent Music Boxes

Bruce Springsteen's *The Ties That Bind* combines a remastered version of his *River* album with previously unavailable tracks and an amazing concert video. New editions of Fleetwood Mac's *Tusk* and *Mirage* include unreleased and live material. And David Bowie's *Five Years* and *Who Can I Be Now?*, a pair of 12-CD sets, document his career from 1969 through 1976.

Starting at around \$75 at amazon.com

15. Timeless Watch

You can't go wrong with Hermès, and certainly not with its understated and classic Cape Cod watch. Available in several sizes and colors and with single or double strap. An *Apple Watch* version is also available at apple.com. \$3,000 at hermes.com



13

16. Pictures in a Flash

The Fujifilm Instax Mini 8 Instant Camera breaks the ice at parties while transporting you back to the Polaroid era. Camera, \$53, film, \$37 for 60 shots, at amazon.com

17. Ultimate Auto

The reengineered Singer Porsche 911 has the best of everything ever put into a car, in a classic-looking wrapper. They are completely bespoke for each customer.

\$200,000 and up at singervehicledesign.com

18. Flowers by the Week

Flower Muse ships its bouquets directly from the farm. The company offers several weekly subscription packages, such as fragrant flowers and garden roses. Starting at around \$200/month at flowermuse.com

19. Ascend to PJ Heaven

These classic woven pajamas from Mark and Graham are cozy, cute, and available for women and men. Starting at \$165 with complimentary monogramming at markandgraham.com

20. Hangups that Require No Therapy

Saatchi Art is an online gallery that contains an exceptional array of original paintings, photography, drawings, and sculpture for all price ranges. saatchiart.com

21. Memorialize That Special Place

A personally significant longitude and latitude can be engraved into a bracelet, ring, or necklace from this special collection. Starting at \$75 for gold-filled (also available in solid gold) at imbjewelry.com

22. Dinner at Your Door

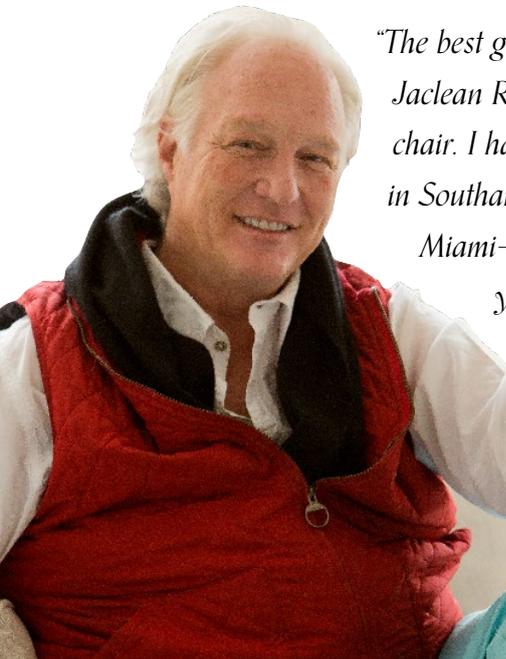
Every week delivers a new batch of Quinciple's locally curated farm ingredients and recipes that use them. Vegetarian option available. \$200 for one month at quinciple.com



14



15



"The best gift I ever gave was the Jaclean Relax 2 Zero massage chair. I have three of them myself—in Southampton, New York, and Miami—and they have given me years of relaxation and meditation. I wanted to share the chair's benefits, so I gifted one to a very good friend."

—Chris Burch, entrepreneur

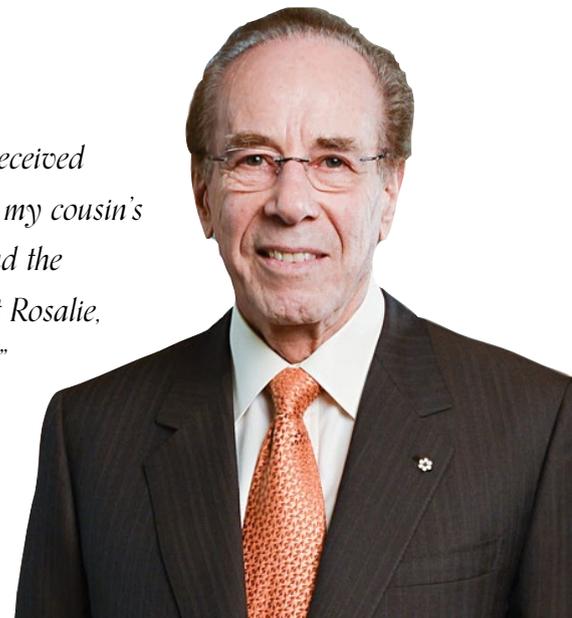


16



The best gift I ever received was an invitation to my cousin's wedding, where I had the good fortune to meet Rosalie, my wife of 61 years."

—Isadore Sharp, founder, Four Seasons Hotels and Resorts



GIFTS GALORE

For babies, kids, & new parents

23. Surprises from Andy Warhol

Collectible three-inch figurines of iconic Warhol creations come in "blind boxes," so you don't know until you open them which ones you're getting. Fun to unwrap, they're even more fun to look at. \$11.99 for one or \$240 for a case of 20 at Kidrobot.com

24. Stylish Stroller

The Bugaboo Cameleon3 is the fanciest of strollers and also happens to be expertly crafted. Its multistage design adapts to a growing child. \$1,219 at giggle.com

25. Tools for the Tots

This beautiful enameled spade, shovel, rake, and pail set is perfect for the beach or backyard. \$28 at novanatural.com

26. When Kids Outgrow Crayons

Faber-Castell Young Artists' Essentials Gift Set offers 64 drawing essentials in a beautiful wooden case. \$45 at dickblick.com

27. Children in the Cockpit

An Airflow Collectibles Sky King Pedal Plane lets your little pilots take off, if only in their dreams. \$449 at pilotmall.com

28. Skip the Night Shift

Baby Night Nurses, aka Nighttime Nannies, can help new parents with daunting basics like swaddling and feeding. And, they can be hired for 12-hour shifts so sleep-deprived moms and dads can get some shut-eye. The International Nanny Association and Care.com are reputable resources. \$200-\$300/night at nanny.org or care.com

29. Icy Homemade Treats

The best thing about making your own with the Cuisinart Snow Cone Maker is that you control the ingredients. \$70 at target.com

30. This Bug Won't Bug You

Indestructible, safe, adorable, and loved by toddlers, the Wheely Bug goes backwards, forwards, and sideways; is available in several adorable animal designs; and promotes gross motor skills. Most remarkable: it doesn't drive parents crazy. About \$60 at amazon.com



23



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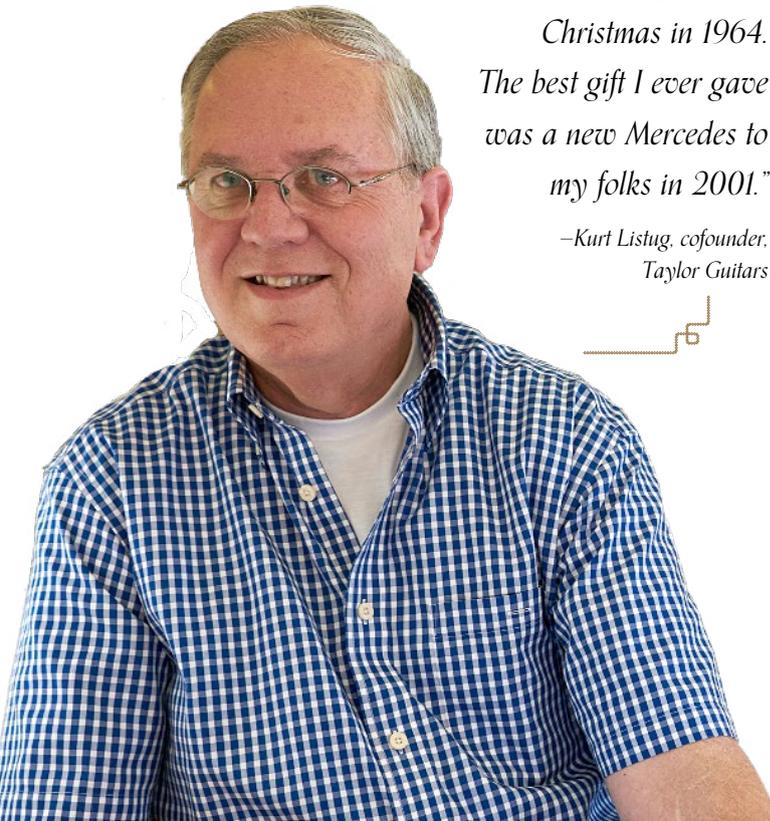


30



"The best gift I ever received was a guitar for Christmas in 1964. The best gift I ever gave was a new Mercedes to my folks in 2001."

—Kurt Listug, cofounder, Taylor Guitars





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NEW AIRCRAFT
PREVIEW

Gulfstream G500





In development for seven years, this large-cabin, long-range jet has much in common with the wildly successful G650.

by Mark Huber

The large-cabin business jet experience is about to be redefined, thanks to Gulfstream Aerospace's G500. The approximately \$45 million large-cabin, long-range jet—which the airframer now expects to begin delivering to customers by late 2017—has a maximum speed of Mach 0.925. It has a range of 5,000 nautical miles at Mach 0.85 and can be configured to convey up to 19 passengers in a three-zone cabin.

The aircraft features Gulfstream's Symmetry flight deck, which is driven by Honeywell Primus Epic avionics and characterized by clean lines and an absence of much visible switchology. The avionics include Gulfstream's enhanced vision, Honeywell's synthetic vision with 3-D taxi, and a head-up display system. Pilot inputs are made through five

Honeywell touchscreens with large, easily viewed icons.

Gulfstream's familiar cursor-control devices (CCD) are integrated into the center console at the head of the handgrips. The console extends aft of the pilot seats, but it is lower-slung, making step-over entry and exit easier. The CCD gives each pilot control of three of the four main display screens and allows 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 have multiple adjustments. The elbow rests behind the sidesticks are adjustable, as are the rudder pedals. The sidewalls offer ample storage space for personal items. Two 110-volt power outlets are located aft of the pilot seats.

NEW AIRCRAFT PREVIEW



In development for seven years, the G500 is slated to replace the G450 in Gulfstream's product lineup and shares considerable proven designs and systems with the airframer's wildly successful ultra-long-range, large-cabin G650.

Equipment and systems in common with those on the G650 include air data and secondary power; primary avionics content; auxiliary power unit; cabin acoustic treatment; satellite, navigation, and radio communications; the wireless Gulfstream Cabin Management System;

and hydraulic and electric power generation. The fly-by-wire flight controls and actuation, cabin pressurization and control, landing-gear control, and aircraft health and trend monitoring system all employ architecture and design similar to what you'll find on the G650. The G500 also shares the G650's expansive cabin windows and emergency exits and has a similarly styled electric main entry door. In a recently announced minor change, the G500 has 14 main cabin windows, up from an originally envisioned 12.



Gulfstream G500 at a Glance

Price (2016 dollars):	\$44.65 million
Crew	2-3
Passengers	8-19
Range	5,000 nm (Mach 0.85) 3,800 nm (Mach 0.90)
Top speed	Mach 0.925
Maximum takeoff weight	76,850 lb
Maximum payload with full fuel	1,800 lb
Takeoff distance	5,200 ft
Maximum cruise altitude	51,000 ft
Cabin	Length: 41 ft, 6 in
	Height: 6 ft, 4 in
	Width: 7 ft, 11 in
Baggage compartment	Volume: 1,715 cu 175 cu ft

Source: Gulfstream

The G500 maintains Gulfstream's signature style, from the clean cabin design to the large oval cabin windows to the slick wing with an aggressive 36-degree sweep. The cabin cross section measures 91 inches wide and 74 inches tall—about seven inches wider and two inches taller than the cabin cross section in the G450. New cabin seats have controls in the inboard armrests and pockets sculpted into the interior arms for more hip room. The aircraft features forward and aft lavatories and a roomy 175-cubic-foot baggage compartment that is accessible in flight through the aft lavatory. Additional floor and ceiling tracking allows for

flexible loading and incorporates fold-down shelving and space that can be configured to store golf clubs, ski gear, or large suitcases.

The G500 can be configured with a forward or aft galley that allows for a high degree of customization. The galley offers a four-cubic-foot refrigerator, a microwave/convection oven, and an oversized sink. A steam oven is optional.

Gulfstream designed the G500 with simplicity in mind. The flight controls need just eight line-replaceable units as opposed to 16 on the G650. In addition, 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 comes from Pratt & Whitney Canada's recently certified PW814GA engines, which provide 15,144 pounds of thrust each. The engines have the same core technology used in the company's geared turbo-fan airliner engines. They have a 10,000-hour time-between-overhaul limit and no midlife-inspection requirement.

The G500's focus on passenger comfort and ease and economy of operation should make it a class leader when it reaches the market. **BJT**

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

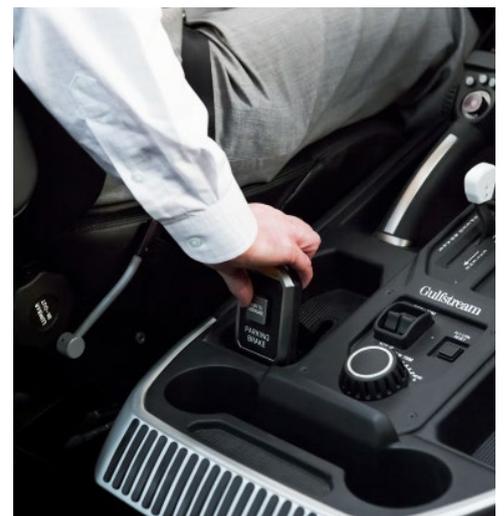


Testing the G500

Through late October, the G500 test fleet had flown over 1,750 hours, achieving a top speed of Mach 0.995—just barely under the sound barrier. It has flown at up to 53,000 feet, successfully crossing the Atlantic, and logging a longest flight of nearly eight and a half hours. It has smartly survived a variety of ground-based extreme temperature chamber and crosswind torture tests at Eglin Air Force Base in Florida.

Besides flying four certification test aircraft and one production evaluation aircraft, Gulfstream has conducted over 53,000 hours of testing in the systems integration bench, integration test facility, and "iron bird" test fixture. Human-factors testing has been completed with the FAA and its European equivalent, EASA, in the integration test facility and a FlightSafety International cockpit simulator. Among the human-factors tests was one that validated the pilots' ability to use the G500's touchscreen avionics in turbulence.

FlightSafety had a G500 full-motion simulator up and running at its Savannah Learning Center before the aircraft made its first flight. It's fully conformed to the G500's flight deck and features new Vital 1000 high-resolution graphics. Gulfstream used it to develop flight-crew procedures for the G500 and to support crew training, familiarization, and human-factors testing. —M.H.





PREOWNED ANNUAL REPORT

Throw out the rulebooks

Belying old market assumptions, aircraft sales volume stays high while values continue descending.

by James Wynbrandt

Inventory crept up and value declines steepened over the past year, but some market makers see foundations for a preowned aircraft turnaround in progress.

“The resale market is healthier than it’s been in a long time,” says Chad Anderson, president of aircraft brokerage Jetcraft, which registered \$1.7 billion in transactions last year. “Yes, values are depressed, but there’s still an adequate level of buyers to exchange aircraft with, and worldwide, sales are up.”

About 11.5 percent of the jet fleet (2,415 jets) was on the market in October, representing a steady if small uptick from the 11.3 percent (2,298 jets) for sale at the same time last year, according to JetNet. (Turboprops for sale dipped from 8.2 to 8.1 percent of the fleet during the same period.) That’s still not far off the 10 percent fleet availability long considered the top end of a balanced preowned market, leading some to suggest that the old inventory benchmark needs adjustment.

“I’m starting to think [10 percent] is no longer a balanced market, because we’re pretty close to that, and prices aren’t firming,” says David Wyndham, president of aviation consultancy Conklin & de Decker.

Prices of models whose inventories are at or below the 10 percent mark bear out that suspicion. Only 9 percent of the Challenger 300 fleet, 7 percent of all Sovereigns, and 10 percent of Falcon 900s are for sale, yet asking and sales prices continue to fall.

Data from *Vref* confirms “value loss has increased,” says Rick Cox, publisher of the valuation reference. In the last year, light, mid-size, and large jets have lost an average of 5, 16, and 17 percent of their value, respectively, steepening their loss curves; the two-year value drops for these categories are 9, 22, and 31 percent, respectively.

The oversized drop in value in the large-cabin market this past year is striking but understandable, given how long the category defied the declines seen in all other segments. The collapse even dragged down one of the bizav fleet’s most acclaimed, advanced, and popular models, Gulfstream’s G650: sales in the first half of last year brought in \$66.5 million to \$73 million each; in the first half of 2016, pre-owned G650s sold for \$57.8 million to \$62 million apiece, according to AircraftPost.com. You can see a

cascading impact in recent bargain-basement-type price reductions in G650s on the market (e.g., from \$59.9 million to \$54.9 million) and in markdowns throughout the large-cabin fleet (e.g., a Global XRS slashed from \$28.5 million to \$23 million overnight, and a Falcon 7X cut from \$29.95 million to \$24.95 million.)

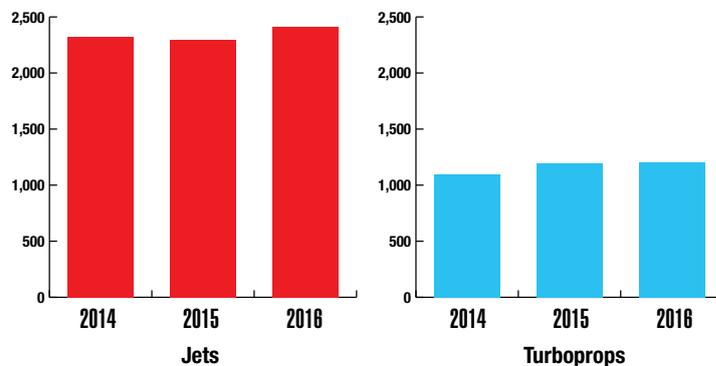
“Last month, we ran an analysis for a G550,” says Tony Kioussis, president of Asset Insight, a business aircraft appraisal firm. “The owner said, ‘These prices are falling like a stone. What should I do, hold onto it?’ I said, ‘Right now, our electronic trending modeling

is showing the price is going down \$5 million in the next 90 days. If you want to sell, you’d better do it now.”

Kioussis points to another benchmark under assault in recent years, abetted by price reductions in like-new aircraft that the G650s noted above illustrate: the notion that market depreciation is linear.

“It used to be if you bought a new airplane for \$20 million, in 20 years it would be worth \$1 million—it was a fairly straight line,” says Kioussis. “Now the curve has gotten a lot steeper on the front end and flatter on the back end. You buy a new airplane for \$20

PREOWNED AIRCRAFT FOR SALE 2014–2016



Note: Figures are for October of each year. Source: JetNet LLC (Jetnet.com)

million and in the first five to seven years you've lost \$10 million."

This accelerated depreciation brings great value to the preowned market but impacts the vitality of the manufacturers at the top of the food chain. "If residual values don't stay within a reasonable, predictable loss rate, it makes it very difficult to sell new airplanes against preowned," says Jay Mesinger, president and CEO of Boulder, Colorado-based Mesinger Jet Sales. "It's a big problem for the manufacturers."

"Yes, values are depressed, but there's still an adequate level of buyers to exchange aircraft with, and worldwide, sales are up," says one broker.

But the manufacturers are where many believe a large part of the problem with the continual slide in preowned values begins. "They continue to turn out 650 to 700 new jets [annually], and that's above what the market can bear," says Rolland Vincent, of the consultancy Rolland Vincent & Associates. "We need a slowdown in the production side, but who wants to be first?" he asks rhetorically.

And once these jets join the fleet, few of them leave. "The real problem is that aircraft really have no identifiable obsolescence or end-of-life timeframe," says Kioussis. "There are functional concerns as aircraft age, but there is always someone who seems to have a 'solution' that continues to keep older assets flying."

What does this mean for buyers and sellers? On the sell side, find a qualified firm to represent you, and take its pricing advice. On the buy side, give yourself a high five: the selection keeps getting better, the bargains bigger.

"From an asset-quality or maintenance perspective, aircraft [on the market] are in the best condition we have ever measured," says Kioussis.

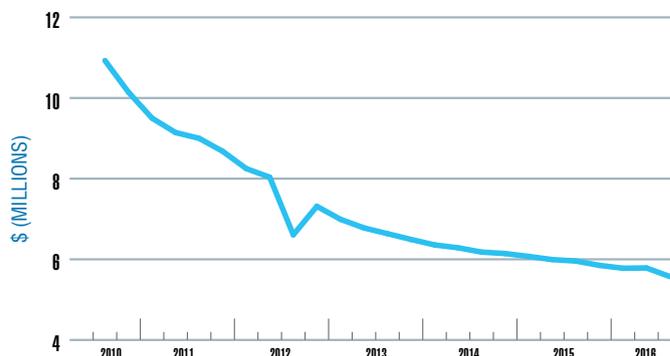
Anderson notes that Jetcraft has enough confidence in the market to buy and hold for its own inventory both preowned and new aircraft

(the latter in cases where, for example, a buyer bails on his purchase contract before delivery). "I'm more willing [to buy] today than I've ever been," says Anderson.

And unlike an aircraft broker-dealer, you don't have to just sit on your investment. You can fly on it, too. "It's still a fantastic way to save time, promote your business and get face-to-face [with people], and it's a great way to travel," says Cox. "Those things haven't changed, and there are lots of what I consider fantastic buys where people can get a really fabulous machine for a reasonable price." **BJT**

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

LIGHT-JET INDEX



This index is a compilation of the 1991 Beechjet 400A, 1993 Cessna CitationJet, the 1990 Citation II, the 1990 Citation V, the 1982 Falcon 10, 1985 Westwind II, and the 1991 Learjet 31A markets. Data for late-model light jets is not available.

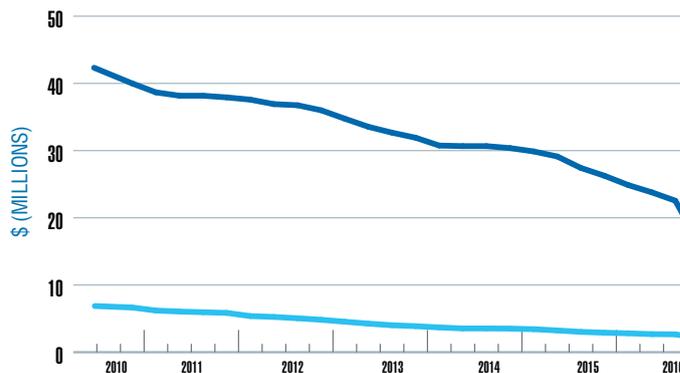
MIDSIZE-JET INDEX



This older-models index is a compilation of data for the 1988 Citation III, 1992 Citation VII, 1990 Gulfstream Astra SP, 1990 Hawker 800A, and 1993 Learjet 60.

This late-models index is a compilation of data for 2008 models of the Challenger 300, Challenger 605, Citation XLS+, Citation Sovereign, and Gulfstream G150.

LARGE-JET INDEX



This older-models index is a compilation of data for 1990 models of the Bombardier Challenger 601-3A, Falcon 50, Falcon 900, and Gulfstream IV.

This late-models index is a compilation of data for 2010 models of the Global 5000, Embraer Legacy 650, Falcon 7X, Falcon 900EX, Gulfstream G450, and Gulfstream G550.

Source: (all graphs on page): Vref Publications



VOLVO XC90

An elegant new competitor enters the high-end sport-utility field.

by Ian Whelan

The leaders in the premium sport-utility-vehicle field—Audi, BMW, Infiniti, Land Rover, and Mercedes-Benz—face fresh and striking competition in Volvo's XC90. The first car to feature that company's elegant new design language, it replaces a model that has been on sale since

2002 and is a break from the engineering approach the automaker shared with Ford, its former parent. Volvo's current owner, China-based Zhejiang Geely Holding Group, has energized the brand through an investment of \$11 billion.

You can buy the XC90 in a variety of trim levels, from the base

T5 Momentum, which starts at \$43,950, to the nearly \$106,000 T8 Excellence. With the latter, Volvo pulls out all the stops with features such as reclining rear seats, and it sets its sights squarely on ultra-luxury competitors, such as long-wheelbase Range Rovers. Even without many options, however, the standard Momentum is well equipped.

The all-wheel-drive XC90 T6 we tested has a sticker price of \$67,155 and features R-Design trim, which adds a sporty touch to the styling. The package also upgrades the headlights to LED units that move with the steering wheel and offer distinctive "Thor's Hammer" daytime-running-light graphics. Our test car's 22-inch wheels are optional, as is the distinctive Bursting Blue Metallic paint.

The clean Scandinavian look extends to the interior, which

incorporates first-rate materials and textures with superb fit and finish. The R-Design package includes a steering wheel with shift paddles, well-bolstered and contoured multi-way adjustable sport seats trimmed in perforated charcoal Napa and nubuck leather, and other touches like aluminum pedals. Optional carbon-fiber trim inlays take the theme even further. (Volvo also offers a package called Inscription, which has similar enhancements but shifts the ambience from sporty to more luxurious.) A large moonroof extends completely over the second-row seats and contributes to an airy feel in the interior. Our XC90 also came equipped with the optional 19-speaker Bowers & Wilkins audio system, which features handsome-looking aluminum speaker grilles and sounds great.

Set into the center of the dashboard, tilted towards the driver,



PHOTOS: IAN WHELAN

VOLVO XC90

you'll find a nine-inch touchscreen for the Sensus infotainment system, which manages the car's audio, navigation, and climate-control functions. That leaves the cabin without many buttons, though I wouldn't have minded a few to more easily adjust the climate control. A 12.3-inch screen ahead of the steering wheel displays the main gauges and a secondary navigation layout. An optional head-up display projects the most important information on the windshield, so you can keep your eyes on the road.

The automaker plans to roll out Android Auto in a future software update, and Apple CarPlay is already an available option. The system also supports cloud-based apps such as Yelp and Spotify. The center-mounted screen can display



images from the optional array of external cameras that stitch together a faux bird's-eye view, which is helpful when parking. If you'd prefer, the XC90 can even parallel park itself; it can also self-park in perpendicular spots.

Volvo is known for its emphasis on safety—it originated the three-point seat belt in 1959—and the XC90 underscores that focus.

In addition to using five times more high-strength boron steel than the previous-generation model, it features the company's latest array of standard systems to protect occupants by avoiding or reducing harm in accidents.

Among them are automatic braking and Run-off Road Protection. The former engages when it detects an impending collision with pedestrians, cyclists, or large animals; it

can even work in an intersection where a car may be approaching from the side. The latter detects when the vehicle has left the road inadvertently and sets the seats to actively protect the spines of occupants from vertical g-forces encountered in a hard landing on rough terrain.

As a precursor to full autonomous driving technology, the XC90 offers a feature called Pilot Assist, which supplements the car's



VOLVO XC90 T6

Base price	\$49,800
Price as tested	\$67,155
Engine	2.0L four-cylinder gas (316 hp @ 5700 rpm, and 295 lb-ft torque @ 2200 rpm)
Transmission	8-speed automatic
Weight	4,627 lb
Cargo capacity	85.7 cu ft
Fuel capacity	18.8 U.S. gal
Fuel economy	20 mpg city, 25 mpg highway, 22 mpg combined
Warranty	Four years/50,000 mi
Free maintenance	Three years/36,000 mi

Sources: EPA (fuel economy), Volvo



PHOTOS: IAN WHELAN

VOLVO XC90

adaptive cruise control and provides semi-autonomous driving at up to 30 mph. This technology requires a road with lane lines running on both sides of the vehicle and a car to follow. The system isn't foolproof and can give up, so you need to remain attentive. I'd rather drive myself in most cases, but Pilot Assist was interesting to experience and could be useful in crawling traffic. A more practical part of this technology is the Lane Keeping Aid, which gently vibrates the steering wheel and nudges the

car back into its lane if you drift over the line without signaling. You can easily override these systems if necessary.

Volvo offers the XC90 with three powertrain alternatives: T5, T6, and T8 plug-in hybrid, with four-wheel drive as an option on the T5. Our car was fitted with the T6 engine, a supercharged and turbocharged 2.0-liter four-cylinder connected to an eight-speed automatic transmission. The relatively small engine generates 316 horsepower and 295 pound-feet of

torque, and works well in this SUV, which weighs over 4,600 pounds.

The EPA rates fuel economy at 22 mpg in mixed city and highway driving with automatic engine stop/start. Power is more than adequate for most drivers, and accelerating to highway speeds is quick. Volvo estimates that a run from 0 to 60 takes 6.1 seconds, the sort of acceleration that was once limited to sports-car territory.

If the T6's performance isn't enough for you, or you want better fuel economy, you can opt for the T8 twin-engine plug-in hybrid model, which offers 400 horsepower and 472 pound-feet

of torque. The T8's powertrain adds an electric motor to supply 54 mpg combined and about 14 miles of all-electric range. The base T5 engine foregoes the supercharger, reducing power to 250 horsepower, and results in 24 mpg combined in four-wheel-drive configuration.

For a large vehicle, the SUV handles twisty roads remarkably well, feeling smaller and lighter than it is, and staying flat in corners, no doubt helped by its optional adaptive air suspension and 22-inch wheels shod with high-performance Pirelli rubber. In general conditions, the air suspension delivers a well-controlled, supple ride, especially considering the car's low-profile tires; the only time I was reminded of the sportier wheel-and-tire package was when I encountered large road imperfections. The smaller standard wheels with more rubber should offer an even smoother ride.

The Volvo XC90 is an excellent premium SUV that seems well suited to daily use. It has a quiet, spacious interior with room for seven passengers, plenty of technology, and the latest safety features in a user-friendly package that is a pleasure to drive. It has been a hit for Volvo, leading a revival for the brand, which aims to replace its entire lineup by 2019.

If you prefer a more traditional luxury sedan experience with a lower seating position, consider the new S90 sedan, which has the same platform and powertrain and similar design language. Another option is the forthcoming V90 station wagon, which looks like a sleeker, sportier XC90. I suspect I'd be happy with any of these variants—especially if it came with that Bursting Blue Metallic paint. **BJT**

A RUN FROM 0 TO 60 TAKES 6.1 SECONDS, THE SORT OF ACCELERATION THAT WAS ONCE LIMITED TO SPORTS-CAR TERRITORY.



PHOTOS: IAN WHELAN

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



BOB PITTMAN
CEO, iHeartMedia

*“Business aviation optimizes
iHeartMedia employees’
ability to meet in person.”*

NO PLANE NO GAIN

PAID FOR BY THE NATIONAL BUSINESS AVIATION ASSOCIATION

SIKORSKY'S

S-76C+

It's the gold standard in two-engine corporate helicopters, and the C+ edition is 24-carat.

by Mark Huber

The race to capture the corporate twin-engine helicopter market began in earnest in the 1970s. In 1979, Sikorsky introduced the S-76, which quickly established itself as the gold standard within the niche. It has sold more than 850 copies and remains in production today, with virtually the same airframe it brought to market in 1979.

One reason for its enduring popularity is that few competing helicopters

convey as much elegance. Buyers also appreciate its futuristic styling, roomy 204-cubic-foot cabin, speed, and solid all-weather capabilities.

That said, some S-76s are better than others. The original A, A++, and A Mk II models are arguably underpowered to some degree—especially for missions that involve urban environments with lots of tall glass canyons. These models also have a lower

maximum takeoff weight than others—900 to 1,200 pounds less.

The B model, with its more powerful Pratt & Whitney Canada PT6-B36A engines and beefier airframe, has plenty of power but gulps jet-A the way a sailor on shore leave might guzzle beer. The C model with its Turbomeca/Safran engines offers better fuel economy and more power than the As, but not quite as much as the B. (The



discerning eye can differentiate As from Cs: A models have a wide tail and a wide horizontal stabilizer; they're narrow on the C.) There is also a little problem with all S-76 A, B, C, and C+ models produced before 2004: they're loud, inside and outside.

Sikorsky introduced the S-76C+ in 1996 and produced nearly 200 of them over a decade. The aircraft—which was rated for single-pilot instrument operation—features a composite main rotor system that delivers enhanced performance, active noise canceling and vibration control, and a pair of Turbomeca Arriel 2S1 engines with full authority digital engine control.

During and after the C+'s production cycle, Sikorsky incorporated many improvements into the model, including an integrated instrument display system, and a four-screen Honeywell electronic flight information system. The most important add-ons for the C+ came in 2004, when Sikorsky began offering its Quiet Zone main transmission gearbox; in 2007, when Keystone Helicopter Corporation (now part of Sikorsky) debuted its Silencer interior; and in 2016, when Sikorsky introduced its C++ engine-upgrade program. Collectively, these three modifications—all available via retrofit—can turn what is already a capable helicopter into a very good one.

Building on NASA-funded research from the 1980s, Sikorsky engineers determined that the majority of interior noise in the S-76 originated from vibrations in the main transmission. Further investigation showed that the vibration resulted from meshing of specific gears in the transmission and that these vibrations were transmitted to the transmission housing and then to the entire airframe, producing a distinctive high-pitched whine.

Sikorsky explored various solutions to the problem. The most effective proved to be chemically superfinishing the gear flanks to make them smooth and thereby reduce

USED AIRCRAFT REVIEW

their friction coefficient. Superfinishing the gears reduces cabin noise to the point where pilots and passengers can hold normal conversations without benefit of headsets and hear aircraft noises not previously discernable. The superfinished gears are at the heart of the Quiet Zone transmissions.

In 2007 Keystone installed its first Silencer cabin shell on an S-76C+. The Silencer not only cuts cabin noise, it shaves 100 pounds off the weight of a standard interior and makes maintenance inspections faster and easier. Because it has pre-engineered access points, mechanics no longer need to remove an entire interior to perform scheduled maintenance.



The system uses an advanced carbon-fiber skeletal structure that incorporates air conditioning ductwork as structural cross members and attaches to the airframe with isolators. The outer framework supports the interior for improved rigidity and reduced vibration while permitting easy access for airframe inspections and allowing room for acoustic blankets. Silencer has proved so effective and popular that it is now standard on all new S-76s, including the S-76D.

In March 2016, Sikorsky announced that S-76C+ operators could upgrade to S-76C++ configuration with a Safran 2S2 engine upgrade kit. Doing so provides greater takeoff and cruising

power and increases useful load limits by 350 to 450 pounds. It also allows operators to incorporate new technologies, including dual digital engine control units and engine inlet barrier filters that prevent ingestion of debris and particulates, thereby improving reliability and lowering maintenance costs. Upgraded aircraft become eligible for enrollment in Sikorsky's Total Assurance or Power Assurance fixed-costs maintenance plans. Upgrading the engines provides a power increase of about 8 percent, delivering 923 shaft horsepower on takeoff and 823 at cruise power.

Of course, a new S-76D has even more power than a C++ (14 percent more on takeoff) and burns less fuel (8 percent). But a nicely equipped one will set you back at least \$12 million to \$15 million, while you can buy a newer C+ for around \$3 million.

You can give an S-76C+ other retrofits to make it more contemporary, adding LED lighting, sat-phone, monitors, beverage drawers and snack nooks, Blu-ray players, high-end speakers, luxurious leathers, and expensive veneers.

One final point. As you may have heard, Lockheed Martin acquired Sikorsky from United Technologies Corporation in 2015. For several years before that, United Technologies acted in ways that left little doubt about its desire to dispose of the helicopter maker. Sadly, one sign of UTC's intentions was its level of product support for civil helicopters as measured by the annual product-support survey in our sister publication, *Aviation International News*.

The good news is that Lockheed Martin has committed to keeping both sides of Sikorsky—civil and military—running and healthy; and the commitment appears to have some teeth. In this year's *AIN* survey, Sikorsky moved up a notch, from fourth to third place among major helicopter manufacturers. **BJT**

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

Sikorsky S-76C+ compared with other aircraft

Model	First year produced	Variable cost/hour	Seats exec/max	Range (nm)	Normal cruise (kt)	Max takeoff weight (lb)
Sikorsky S-76C+	1996	\$1,654	6/13	345	155	11,700
Bell 430	1996	\$1,394	5/9	267	140	9,300
Airbus EC155B1	2003	\$1,791	6/13	351	151	10,692

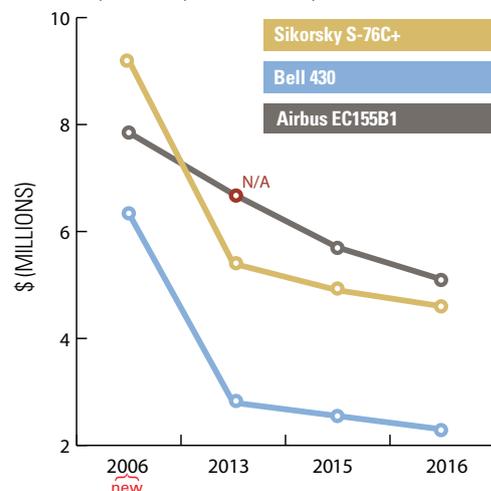
Assumptions: Aircraft are 2006 models. Jet fuel \$3.99/gal. Variable cost: fuel plus maintenance reserves. Two pilots. Range with four passengers, 200 lb each including baggage, 30-min. reserves.

Sources: Conklin & de Decker Life Cycle Cost, Conklin & de Decker Aircraft Performance Comparator.



FAIR MARKET VALUE

price comparison of competitive aircraft



Source: Vref Publications (vrefonline.com)

Specifications & Performance

Passengers (executive)	6
Pilots	2
Range*	336 nm
Max cruise speed	155 kt
Cabin dimensions	Height: 4.5 ft
	Width: 6.25 ft
	Length: 8.75 ft

*30-minute reserve.

Economics

Total variable flight cost/hour	\$1,653.54
Total fixed cost/year	\$509,106

Source: Conklin & de Decker

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.

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Media Awards, American Society of Journalists and Authors
Awards, National Business Aviation Association Gold Wing
Awards, National Air Transportation Association Aviation
Journalism Awards, HAI Salute to Excellence Awards, and
Sapphire Pegasus Business Aviation Awards

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**BUSINESS JET
TRAVELER**

Keep or Toss?

You may be able to shrink your tax and other financial files, but first you need to understand what you must keep, in what format, and for how long.

by Chana R. Schoenberger

There's a good reason for that stack of papers on your desk at home, or the rubber-banded bundle in your safe-deposit box. You know you're supposed to hold onto certain financial, insurance, and government documents in case you'll need them later on, but you're not entirely sure which ones to keep, or for how long.

Providing backup for your tax returns is just one reason why you should hang onto your records. You may also need documents relating to insurance claims; purchase receipts for warranties, exchanges, and returns; and certificates of marriage, birth, or death to verify identity and beneficiary status.

Financial records such as W-2 wage forms, receipts and cancelled checks, and stock-trade confirmations let you prove the amount and nature of your income as well as substantiate deductions or credits you claim on your tax returns. If you discard these documents too soon, you won't be able to provide evidence that you filed your returns properly, and you could owe penalties and back taxes if the IRS or state authorities challenge your returns.

The IRS has guidelines on document retention. Generally, the agency says, the limit for reassessing tax that you owe is three years following the return's filing deadline, so it's necessary to keep supporting documents during that

period. If you neglect to report sums that represent more than 25 percent of your gross income, the IRS has six years to come after you. It's smart to keep financial documents for this long after filing a return to prove you've reported all the income that was required. (These three- and six-year guidelines apply to many tax records, but not all. For example, you must keep purchase data for stocks until you sell them to determine cost basis, and IRA records until all distributions have been made.)

Here's the problem: "There is no period of limitations to assess tax when a return is fraudulent or when no return is filed," the agency says. That means you could be held liable if the IRS deems your return fraudulent and you lack documentation to prove that it's not. For this reason, "we recommend people keep their tax records for at least seven years," says Jimmy Lee, CEO of the Las Vegas-based Wealth Consulting Group.

Different retention rules apply to other kinds of documents. For example, you should retain records

of your cost basis for investments until you sell them, because taxes typically are levied on the profits, so you need to be able to establish what you paid originally. Keep forever your loan documents, even once you've paid off the debt, as well as the papers that support your estate plan, including Social Security cards, and certificates of birth, marriage, divorce, and death. Institutions often require death certificates to issue benefits, in some cases years after the original account holder has died.

Try to maintain the paper original of any legal document or contract that's important enough to require an official seal or notarization, Lee says, although a copy may suffice if the original has been destroyed. This includes records of large transactions like home deeds as well as vital-records certificates.

"We recommend keeping originals of any documents that legally may require wet signatures," says Robert Trinchet, chief information officer of Florida-based GenSpring Family Offices.

Among examples he cites: wills and estates, passports, copyrights and patents, abstracts for real estate, deeds and mortgages, property easements, birth and death certificates, marriage records, divorce decrees, and adoption papers. These documents belong in safe-deposit boxes at a bank or a fireproof home safe, but Lee recommends keeping electronic copies as well.

You can shred less-crucial documents after digitizing—including tax-related records, as the IRS accepts digital copies. Be certain to save those copies in a widely used format such as PDF so that you're not dependent on software that might become obsolete years from now, says financial advisor Pete Lang of North and South Carolina-based Lang Capital. And to protect against loss, store the documents online, via a cloud-based server. **BJT**

Chana R. Schoenberger
(cschoenberger@bjtonline.com) has been an editor at *Forbes*, an online editor for the *Wall Street Journal*, and a news editor at Bloomberg News.

Booking your ride



Here's how to make sure your ground transportation to and from the airport is as dependable as your flight.

by Kim Rosenlof

ADOBE STOCK

You're busy. You expect the limousine to be ready when your aircraft touches down and to deliver you quickly and safely to your destination. You also expect to be productive—or relaxed—en route. Here are tips for selecting a limousine company that can meet those expectations.

Talk to the FBO and check the web. The fixed-base operator—the company that fuels and stores your aircraft during your visit—most likely works with one or two limousine companies that know the airport and run safe operations. You can also check websites like FlightAware.com as well as the airport's own site, which may list limo companies that are affiliated with or based at the facility.

Use a worldwide service. These often consist of a network of independent companies in up to 600 cities around the globe, and some are essentially just internet-based booking systems. But services that cater specifically to business aviation personally manage reservations to ensure the same high standard of service at every stop.

“Between the time that the client books his reservation and the pickup, the reservation is touched 20 times—verified, re-verified, we've talked to the partner office, and we've talked to

the driver several times,” says John Villanova, president of New York-based Limousines Worldwide. “Our staff constantly communicates with the client's office and our partners to make sure everything runs smoothly.”

If you use a company that's affiliated with a network, find out how often its staffers visit its partner locations to inspect their facilities, vehicles, and drivers.

Make sure the operator understands business aviation. Ask how many vehicles it has based at or near the airport and whether it has “through the fence access” for airplane-side pickup. Ask, too, how much of its business it derives from private aviation customers and whether it belongs to the National Business Aviation Association or a similar regional association, such as EBAA, ASBAA, or AfBAA.

Ask about the vehicles. Does the company offer no-smoking limos? Do its vehicles have Wi-Fi capability and 110V power outlets for charging cellphones and laptops en route? If you'll be traveling in a dangerous part of the world, will the company supply shadow cars or armored vehicles for additional safety?

Check insurance coverage. Confirm that the company has high liability insurance limits to prevent an aircraft owner from coming after you in case of accidental car/airplane contact. Also ask whether the operator carries worker's compensation for all of its drivers, including independent contractors.

Find out what technology the company employs. Many business-aviation-oriented limo companies use flight-tracking software to monitor airplanes' progress and make adjustments if customers will be early, late, or even diverted to another airport. Some also use GPS to track their vehicles.

In addition, many limo services offer apps similar to those employed by ride-sharing companies like Lyft and UberBlack. “It's the way the modern world is going...Self service is service,” says Robert Alexander, president and CEO of RMA Worldwide Chauffeured Transportation. “[Clients] are OK getting their own receipts, booking their own ride, tracking where [the car] is. Before, we had to give them all of that information. Now we just have to give them the tool to get them the information.” **BJT**

Kim Rosenlof (krosenlof@bjtonline.com) is an Arizona-based freelance writer and a longtime contributor to BJT.

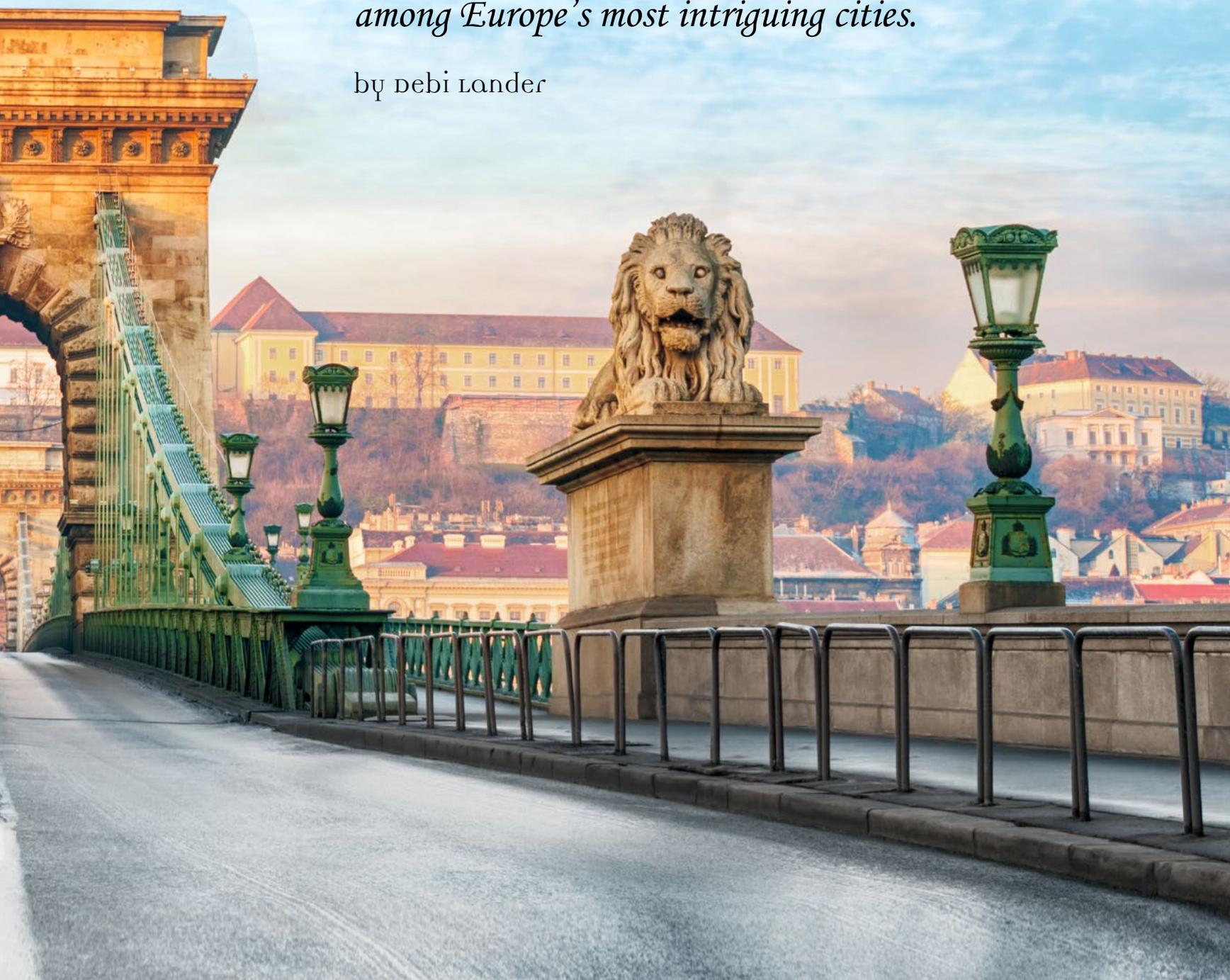
Buda



pest

*Often deservedly called the
Pearl of the Danube, it ranks
among Europe's most intriguing cities.*

by debi lander





OPENING SPREAD: FOTOLIA. ALL OTHER PHOTOS BY DEBI LANDER.

Long a crossroads between Western Europe and Asia, Hungary has been influenced by the Romans, Magyars, Turks, Austrians, and Soviets. Its cosmopolitan capital, Budapest, isn't quite like anyplace else in Europe.

Budapest lies less than three hours from Vienna and is often called the Pearl of the Danube, a worthy nickname. The river waltzes through the city core: the bank on the west is named Buda and the one on the east is Pest. You can stroll along streets with grandiose architecture from the days of the Austro-Hungarian Empire; climb to high places adorned by castles, churches, and palaces; and sink into relaxing thermal baths. Plan on spending at least five days to take in the essentials.

Parliament Building, the capital's most impressive structure, is certainly one of those essentials. Construction, which was completed in 1904, involved about a thousand workers, 40 million bricks, and half a million precious stones. During the communist regime a red star perched on the top of the dome, but it was removed in 1990, the year after Hungarian independence was proclaimed from the Parliament's balcony. Today the government uses only a small portion of the building.

The immense structure (879 feet long, 404 feet wide, 315 feet high) features needle-nosed pinnacles that sparkle like lasers when illuminated at night. You can join a Danube cruise at twilight to capture the golden glow of Parliament reflecting on the water, an unforgettable picture. However, don't miss the exquisitely painted grand halls and

meeting rooms on the interior. The 16-sided, central-domed chamber showcases the former crown jewels. For the republic's nearly 10 million residents, they remain significant, even though the royalty of Hungary ceased to exist in 1918.

Construction of the parliament building, the capital's most impressive structure, required 40 million bricks and half a million precious stones.



Bronze shoes along the Danube.

meeting rooms on the interior. The 16-sided, central-domed chamber showcases the former crown jewels. For the republic's nearly 10 million residents, they remain significant, even though the royalty of Hungary ceased to exist in 1918.

Sculpture thrives in Budapest, from ravens symbolizing the fabled King Matthias, who fought the Ottomans, to Hero's Park, which showcases monuments to warriors and government officials. You'll discover statues of saints and kings, literary and musical giants, and 50 pairs of bronze shoes along the riverside commemorating the Jews who in 1944 were shot along the banks and left to fall in the Danube. Slightly outside the city stands Memento Park, an outdoor museum containing statues of Stalin, Lenin, Marx, and other figures that were removed from Budapest after the fall of communism.

The Széchenyi or Chain Bridge links the business side of Budapest with Castle Hill. It crosses the Danube River in front of Gresham Palace, now the Four Seasons Hotel. Meander over the suspension bridge and head up to the walled complex enclosing the Royal Palace, Buda Castle, Matthias Church, and Fisherman's Bastion. Buda Castle dates back to the 13th

Traveler report card

ACCOMMODATIONS (A+):

Consider the highly acclaimed Aria Hotel Budapest, a musically themed boutique hotel with the latest technology, spa, rooftop dining/nightlife, plus a superb staff. Try the Kempinski Hotel Corvinus for top-notch business travel and 24-hour service. The opulent Boscolo Budapest incorporates the New York Café, and Ritz-Carlton and Four Seasons also offer five-star lodgings.

DINING (A+):

Fine dining at Kollazs in the Four Seasons Gresham Palace features a grillroom atmosphere and scenic views. Cooked-to-order breakfast and afternoon wine and cheese are complimentary for guests at the Aria Hotel. Costes, Onyx, Borkonyha, and Tanti all have Michelin stars. Gorgeous views from terrace dining at Fisherman's Bastion. Many dishes contain paprika, tomatoes, and peppers.

ACTIVITIES (A+):

Budapest spins with activity. Select from opera and symphony concerts, thermal baths, river cruises, museums, walking, biking and architectural tours, and a look back at communism. So-called "ruin pub" crawls—visits to low-cost bars in majestic but uninhabited buildings—are popular nighttime entertainment for the younger crowd. Many tourists plan visits during the annual Easter festival and Christmas Market events.

traveler fast facts

WHAT IT IS:

Budapest is the capital of Hungary and one of the largest cities in the European Union. Its metropolitan area is home to more than three million people, or nearly a third of the country's residents. It is on the banks of the Danube, Europe's second-largest river.

HISTORY:

The Asian Magyars settled Hungary in A.D. 869. Recent leaders struggled during both world wars. Afterward, the country fell under Soviet control, and it didn't establish its independence until 1989. Hence, the standard of living in Budapest has lagged behind that of other Western European capitals, but recent gains have diminished the disparity.

CLIMATE:

Hungary lies within the temperate zone and has four distinct seasons. Its latitude is similar to those of Paris and Vienna.

LANGUAGE:

Hungarian. Surprisingly, it's not related to Slavic languages. Online booking may require Google translation and city signage can be confusing. If you need on-the-ground assistance in English, ask for help from young millennials instead of boomers.

MONEY:

Although Hungary is a member of the European Union, the currency remains the Forint (Ft. or HUF). Credit cards are widely accepted.

GETTING THERE:

Airlines don't fly directly from the U.S. to Budapest, but air and rail connections from European cities are readily available. Ferenc Liszt Airport is 10 miles outside the city and has two runways, the longest of which is 12,162 feet.



Top left and right, inside Matthias church. Left, view from St. Stephens and Fisherman's Bastion.



Nearby stands the Fisherman's Bastion, a seven-level, wedding cake-like construction of interconnecting white stucco towers. Ascend a series of walkways to terraces and linger at the ultimate Budapest venue for a view while sipping drinks or dining. A roving violinist supplies atmospheric Hungarian music.

Spy the domes of St. Stephen's dominating the skyline over on the Pest side of the river. This Vatican-sized Basilica of baroque design arose in honor of St. István (St. Stephen), Hungary's first Christian king, during the country's millennial celebration of 1896. The high-ceilinged nave and stained-glass windows engender a feeling of insignificance in the presence of the divine. A chapel in the church rear displays the jeweled reliquary containing the saint's right hand. If you're ambitious, climb 364 steps to the panoramic tower and enjoy yet another outstanding downtown vista.

Hungarians feel passionate about music, especially the classical genre and the violin. Buskers play in the squares, and world-class musicians perform

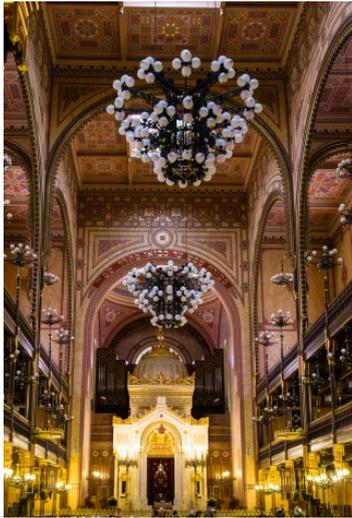
century, but post-World War II reconstruction changed its appearance. Today, it hosts an archeological and history museum as well as the National Gallery (which will move to an art museum that's under construction). The castle terrace offers panoramic views.

The 700-year-old Matthias Church, which served as a coronation

site for centuries, boasts a Gothic exterior and a flamboyant steeple topped by the symbolic Matthias raven with a ring. Colorful patterns of Zsolnay ceramic tiles cover the roof. Step through the massive doors and you'll be swept into an astonishing swath of swirling hues and stenciled designs.

Also worth a visit is the Loretto Chapel, which holds a beloved 1515 statue of the Madonna and child that was plastered over to protect it from the Ottomans. In 1686, it reappeared during canon fire when a wall collapsed. The reappearance scared enemy soldiers, and they fled, allowing the Christian army to recover the city. Hungarians attribute the miraculous victory to the Madonna, and many still bow at her feet.





Top left, inside dome of synagogue. Left, interior of synagogue and memorial tree. Bottom left, baths. Right, terrace restaurant.

in historic concert halls. Favorite composers include Béla Bartók, whose work incorporates gypsy folk themes, and Franz Liszt. Hungarians also love Michael Jackson and still leave tributes beside a memorial tree near the five-star Kempinski Hotel.

Indulge your senses with a concert at the Hungarian State Opera House. Or, if you can't make a performance, at least take a tour of the stunning gilded interior, with its three-ton crystal chandelier, marble pillars, and domed ceiling.

Another site worth visiting is the Dohány Street Synagogue, the second-largest synagogue in the world and arguably the most beautiful. Behind the temple stands a memorial garden with a weeping willow cast in steel,



known as the Tree of Life. Each leaf of the tree is inscribed with the name of one of the 5,000 Holocaust victims buried nearby. Not until 1990, after the fall of communism, was it possible to acknowledge the Holocaust and erect the tree.

According to popular TV travel-show host Anthony Bourdain, "One thing that hasn't changed through the years is the Hungarian affection for taking the waters—marinating in thermal baths, a tradition going back to the Romans, continued by the Ottomans, and something that survived through two wars and communism. And they do it in style."

Indeed they do. Don't forget to pack your bathing suit so you can slow your tempo by spending a few hours soaking in a therapeutic warm mineral water. Pick from a multitude of public bathing options around the city, such as the Gellért Baths, a historical complex of pools, tubs, saunas, and steam rooms in an art nouveau building. Afterward, you'll feel relaxed yet energized without

a massage or treatment, although these extras are always available.

You'll find Hungarian food outstanding if you enjoy meaty dishes like sausages, goulash, stuffed cabbage, chicken paprikash, duck, and veal. Try street food for an authentic taste of local specialties along with Hungarian wine and beer. After a meaty and sauce-heavy meal, finish up with traditional, sophisticated pastries, such as cream cake, puff pastry, crepes, and strudel. Stop by a *cukrászda* (bakery shop) just to eye the exquisite artwork of the cakes and cookies. Or join the café culture with coffee and a confection at the opulent New York Café.

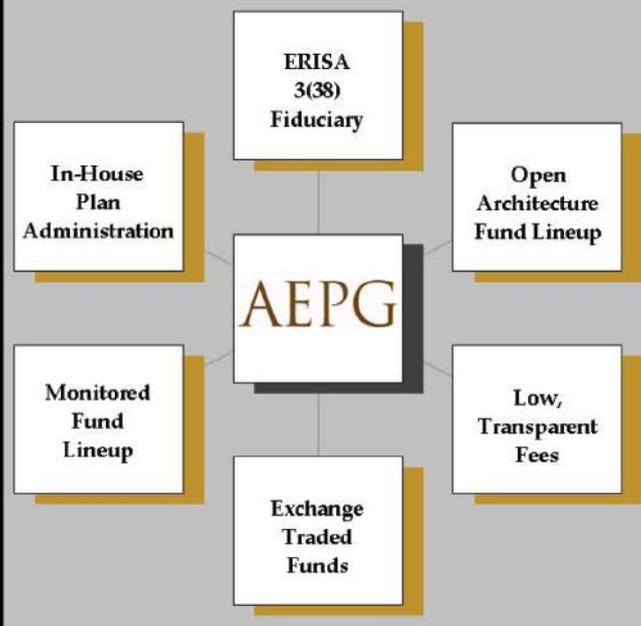
It's difficult to say exactly what makes Budapest feel quirky or slightly askew from the rest of Eastern Europe, but there's something about the combination of history, language, culture, customs, and cuisine that sets it apart. And the city is as fun as it is unusual: wherever I went, I found open and friendly people and a dance card full of exciting activities. Budapest may just be the up-and-coming belle of the European Union. **BJT**

Debi Lander (dlander@bjtonline.com), a frequent **BJT** contributor, is a Florida-based freelancer who specializes in travel subjects. She received some complimentary lodging in Budapest, but paid all of her other expenses for this article.

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Donating your aircraft

Giving your airplane to a charitable organization can sometimes be a wise move. Here's what you need to know.

by Jeff Wicand

Many business jets have recently been depreciating faster than ever before. Some models whose value historically declined an average of 4 percent per year experienced losses in excess of 20 percent in 2015. *Aircraft Value Reference (Vref)*, for example, reported that during a three-month period toward the end of last year, the value of the average Falcon 7X sank between \$1.8 and \$2.7 million, with other models such as the Gulfstream G550 experiencing similar declines. Sellers of such jets face pressure to complete a transaction sooner rather than later, which further accelerates depreciation rates.

No matter how old they are, though, jets never seem to run out of value altogether. Instead, they often hit a floor, a kind of depreciation-free zone, where loss in value slows or stops for a time. *Vref*, for example, reports that in the same three-month period, Gulfstream GIIIs, Dassault Falcon 10s, Citation Bravos, and Learjet 55s did not decline in value at all.

In part, this apparent stabilization may simply reflect a lack of sales. Buyers aren't plentiful for a 32-year-old business jet that needs an eight-year inspection, major avionics upgrades, and engine overhauls. A potential purchaser might conclude that the cost to render the aircraft serviceable exceeds its ostensible value. The owner who

wants to get rid of an airplane that's hard to sell, then, has limited options. A business jet, after all, isn't like a car that you can push out to rust in a field by the barn or have hauled away by a junk-metal dealer's tow truck.

When an aircraft becomes too expensive to operate or too difficult to sell, a typical solution is to "part it out"—to tear it down for parts. This is a flourishing industry served by a trade organization called the Aircraft Fleet Recycling

Association, which offers accreditations in airplane disassembly and recycling. But depending on the model, the market for its parts may already be saturated. As a result, owners seeking to get rid of older jets are increasingly thinking about giving them to a charity.

There's no lack of willing recipients. Institutions like the nascent Massachusetts Air and Space Museum and the established EAA AirVenture Museum accept

donated aircraft, either for display or to resell for revenue. Other aviation-related organizations, such as the AOPA Foundation, also seek such donations, as do donateairplaneusa.org, wingsfortheword.org, and aircraftdonation.org.

Some of these charities may employ the aircraft for their mission—delivering food, clothing, and medical supplies to hard-to-reach third-world locations, for example—or may transfer it to a broker or parts dealer for cash. As you might expect, if the donee organization is looking for aircraft it can put into service or display in a museum, its interest in your donation will largely depend on what exactly you have to offer. A museum may be delighted with your B-17 Flying Fortress; a medical lift organization, not so much.

Obviously, a key concern in donating an aircraft is to make sure you're dealing with a bona fide charity whose mission you agree with. Ask what the organization will do with the aircraft or the proceeds of sale. Ask, too, for its taxpayer ID number, which will enable you to check whether you can deduct contributions to the group for tax purposes. (To do so, visit irs.gov/charities-&-non-profits/exempt-organizations-select-check.)

You should also discuss with the charity how the transfer of possession of the aircraft will be effected. Many organizations will



send pilots (or a truck, if necessary) to pick it up, often on short notice. A timely pickup can be important if you're tired of paying the holding costs of a jet.

Even if the charity meets IRS criteria for tax-deductible contributions, it doesn't necessarily follow that the donation will result in tax benefits to you. Aviation tax attorney John Hoover notes that aircraft owners sometimes have unrealistic expectations in this regard. "Many owners think you can deduct the fair market value of the aircraft," he says,

Even if the charity meets IRS criteria for tax-deductible contributions, it doesn't necessarily follow that the donation will result in tax benefits to you.

"forgetting that they already depreciated it to zero for tax purposes." Not surprisingly, the IRS doesn't let you deduct the same thing twice.

Furthermore, says Hoover, if the charity sells the aircraft, "the deduction is limited to the donee organization's sale price, so it might be wise to get an idea about the expected sale price before making the donation."

As with all charitable contributions, there are limits on what you can deduct in a given year. That amount is also capped by the aircraft's fair market value, which must be supported by a qualified appraiser, who is required to sign a form submitted to the IRS. Note that in the unlikely event the appraisal shows that the aircraft actually appreciated in value since you acquired it, your deduction might not be limited to its adjusted basis.

On the other hand, if the charity sells the aircraft for less than the appraised value, the sale price

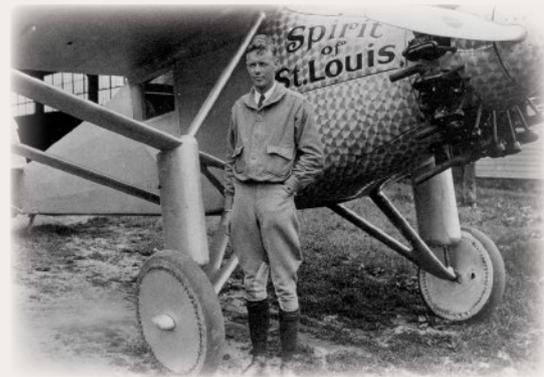
is generally the maximum amount that you can deduct. Thus, suppose you donate an aircraft with an appraised value of \$100,000 to a charity that immediately resells it for \$50,000. If your adjusted basis in the airplane is at least \$50,000, you can deduct the full sale price; if it's less than \$50,000, your deduction is limited by the adjusted basis. IRS rules regarding deductions of property are complicated. "It's important to get the paperwork right," says Hoover. "Courts have consistently held that the deduction

will be lost if your paperwork does not comply with the requirements of IRS forms and regulations." (For more information, see IRS Publication 4303, A Donor's Guide to Vehicle Donation.)

A final word. To protect yourself from liability, you should treat the donation the same way you would a sale of the aircraft. The transfer paperwork should contain the usual exculpatory clauses and clarify that you are making no representation or warranty regarding the aircraft or its condition and that the donor organization is accepting it on an "as is" basis. Ideally, the charity should agree to indemnify you for any losses or damages sustained by anyone in connection with the aircraft after you donate it. Keep in mind, though, that such an indemnity is only as good as the charity's financial position and insurance. **BJT**

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.

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CROSSING THE ATLANTIC WAS EASY COMPARED TO NAVIGATING CONGRESS.

When "Lucky" Lindy made his transatlantic crossing, he didn't have to deal with an ocean of congressional wrangling (maybe that's why they called him "Lucky"). The prevailing winds blew in his favor. But today, those winds have changed. Flying for business is more scrutinized than ever. Luckily, there's NBAA. We've made a home on the Hill, so that our members can make a living in the sky. Because business aviation enables economic growth. And at NBAA, we enable business aviation.

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PREFERRED LIFT

We asked some of our most experienced aviation writers to tell us about their favorite aircraft. Their responses follow.



JAMES WYNBRANDT

Wynbrandt is a private pilot and a longtime regular contributor to BJT.

Bombardier Challenger 600 series: In the 1990s, my airplane would cross paths on a ramp in South Florida with a muscular but sleek business jet that I learned was a Challenger 600 series model. I didn't hang out with business jets much, but I knew immediately that this one wasn't like the others I'd seen. The proportions were more ideal and were realized on grand scale. The 600 series still draws my attention on ramps for the same reasons. Recently Gogo Business Aviation invited me aboard its beautiful Challenger 604 to showcase its connectivity equipment. I texted. I talked. I flew in a 600 series Challenger. Life was good.

Socata TBM 700: Birth notices of the TBM 700 set my heart racing. It was the first real general aviation single-engine turboprop (sorry, Cessna—to me the boxy, utility C208 Caravan didn't count), and its shape, performance, turboprop invincibility, and 300-knot speed were everything I'd dreamed of in a category of airplane everyone knew was coming. I was smitten.

After wrangling a pilot-report assignment, I flew a TBM 700 (circa 1991). The spectacular demo flight climaxed on the ground when we put the condition lever into beta range and backed the TBM into its tie-down spot. Since then the aircraft has matured through iterations into the 850 and 900 and been rebranded from Socata to Daher-Socata and now Daher. Meanwhile, I've accepted that I'll never possess the object of my desires, and each new model flown has been reminiscent of that wistful encounter in Van Morrison's song about the "Brown-Eyed Girl": "My, how you have grown."

The Daher TBM 930 was introduced earlier this year. Call me a fool: I don't know where this relationship is going, but a quarter century later it still seems headed in the right direction.



MATT THURBER

Thurber is a private pilot, a frequent BJT contributor, and a senior editor at our sister publication, Aviation International News.

Hughes/Schweizer 300: The aircraft division of Howard Hughes's Hughes Tool Company (yes, that Howard Hughes) developed this utilitarian-looking helicopter. It's not pretty, but it's the first rotorcraft that I could reliably hover by myself, and it gave me an understanding of how it's possible to fly a helicopter with extreme precision. Sikorsky now owns the 300 program, which is basically defunct, but the model taught many a helicopter pilot to fly. It also spawned a family of popular, bigger, and more comfortably equipped turbine-powered siblings that MD Helicopters currently produces.



Eclipse 550: When I finally got to operate an Eclipse a couple of years ago, I found it to be a capable, fun-to-fly personal jet. The 550 cabin is extremely quiet and surprisingly roomy, while the cockpit is better equipped than that of any airliner, and the diminutive yet efficient jet is worth more than three times its originally projected price. Granted, this is not an airplane that would regularly cross the Atlantic or even fly coast to coast in the States, but it can do so if desired. And for a sub-1,000-mile trip with a reasonably light load, the Eclipse 550 perfectly fills the bill.

Embraer Legacy 500: This model is part of a new breed of business jet, those with fly-by-wire flight controls. Such controls make the pilot's job easier and the aircraft safer, smooth the passengers' ride, and contribute to fuel efficiency. Having flown this new Legacy model, I've come to appreciate Embraer's designers' skills at making sure the pilot feels well in the loop: the airplane is a pleasure to operate, even though a computer is turning my commands into movement of the flying surfaces that make the jet travel gracefully through the skies. The designers also paid attention to the cabin, which is superbly outfitted yet not ostentatious.



NIGEL MOLL

Moll, a private pilot, is the editor of BJT sister publication Aviation International News.



ROB SCHLEIFFERT

Siai-Marchetti SF.260: The quintessential light sport aircraft, this piston-powered three-seater thinks it's a jet, thanks to thin, tapered wings with only two-thirds the lifting area of a lowly Cessna 150 trainer. Designed by the late Stelio Frati, this all-metal masterpiece traces its heritage to the wooden F.8L Falco of 1955, which was a gem of futurism in an era of generally stodgy

personal aircraft. I first flew the SF.260 in 1977, and it has been the yardstick by which I've measured the handling qualities of the 150 aircraft types I've flown. For me, it is close to perfect.

Unlike most aircraft, this one is flown from the right seat, a result of its role as a military pilot trainer, so that the pilot uses his right hand on the control stick and his left hand on

the throttle quadrant. It's stressed for aerobatics, and popular with operators who offer air-combat dogfight thrill rides. Riding in this purebred is an experience that's rich in sensory input, from the throaty roar of the 260-hp flat-six Lycoming to the perfectly balanced and crisp flight controls, the fishbowl visibility through the slide-back canopy, and the way the highly loaded wings shrug off turbulence.

Watch your speed, keep the nose pointed where the airplane is headed (in other words, don't ask too much of the wings with insufficient speed or airspace), and you'll be rewarded with one of the finest flying experiences you'll ever find. Surplus military examples go for about \$250,000 but are in the Experimental certification category. Civil-certified airplanes command maybe 10 percent more if you're fortunate enough to find one for sale.

Concorde: It's still hard to accept that the thoroughbred of the airline fleet is now a museum piece. I was fortunate to occupy the cockpit jump seat of British Airways Concorde seven times and to fly the airline's full flight simulator. For an aviation nut, the SST offered lots to love: the needle nose, the supremely elegant curved delta wings, the gut-shaking roar of four Olympus afterburning turbojets, the fact that you could travel at the muzzle velocity of a .22 rifle bullet in shirtsleeves while sipping Champagne. Flying the Concorde simulator down the curved Canarsie approach into New York JFK Airport was one of the most memorable thrills of my 40-year career—something I could not have dreamed of as a 14-year-old kid watching the SST's first flight on TV in 1969.

Supermarine Spitfire: Historians have debated whether "The Few" in their Spitfires and Hurricanes were responsible for England defeating Germany in the Battle of Britain. Regardless, it could be argued that had it not been for the Spitfire, Western civilization as we know it might well not exist. That's how important this elliptical-winged fighter is in the panoply of aircraft.

In 1990 I found myself in the back seat of a rare dual-control two-seat Mk IX and was almost overwhelmed by the significance of what this airplane, now in the sky and responding to my hands, represented. It also seemed peculiar that this whole surreal experience was in vivid color, in contrast to all the black-and-white pictures I'd studied in books. After landing, I took off my leather flying helmet and used it to wipe some fresh Merlin oil from the belly. I just wanted part of that airplane and everything it represents to stay with me.



MARK PHELPS

Phelps, a private pilot and a columnist for this magazine, is a managing editor at AIN Publications, which publishes BJT.

Dassault Falcon 50: I've always thought the Falcon 50 was one of the coolest business jets, ever. Yes, the earlier Falcon 20 was the one that got FedEx started and launched Dassault's line of business jets. And today's Falcon 7X and the upcoming 8X and 5X are cutting edge examples of how elegant and efficient a jet can be. But for me, the 50 remains special.

For one thing, it was Dassault's first three-engine jet, a configuration that has become one of the airframer's distinctive signatures. Somewhat non-intuitively, using three engines



KONSTANTIN VON WEDELSTÄDT

affords greater performance on less fuel, a Falcon trademark. But what I really like about the Falcon 50 is just the way it looks. Smaller and more nimble than many comparable jets, it has a balance to its appearance that bespeaks agility. The cabin size is "just right"—not opulent, but comfortable and pleasant to ride in.

The airframer has a wonderful video clip in its archives of a Falcon 50 takeoff. Shot from the end of the runway, the video shows the jet approaching the camera head-on, accelerating quickly, and then hopping into the air like a playful bird. To me, that video illustrates the essence of the art of flight.

MARK HUBER

Huber, who has flown more than 50 aircraft types, has reviewed new and used business jets, turboprops, and helicopters for BJT since 2005.



Cessna Grand Caravan EX: Fitted with the plush optional Oasis interior's club seats, this single-engine turboprop gives you more room to stretch out than do some large-cabin corporate jets. Granted, it's not pressurized, so you're not flying high (generally under 9,000 feet) or fast (about 180 knots in cruise). But as a result, there's more to see out the panoramic windows, and you can go to more off-the-beaten-path places. Plus, the rugged spring landing gear means those places don't have to be paved. Lightly loaded you can take off in less than 1,000 feet, and with aggressive braking and propeller reverse, landings can require a lot less space than that.

You can equip the nine-seat Oasis with all kinds of creature comforts, including air conditioning, an electric flushing toilet, a refreshment center, and cabin electrical outlets. Cessna introduced the EX model a couple of years ago. It replaced the standard engine in the old Grand Caravan with the more powerful Pratt & Whitney Canada PT6A-140, providing better short runway, high/hot, and climb performance. The EX also comes with Garmin G1000 avionics.

Airbus H175: The first thing you notice about this super-medium helicopter is how tall it stands. The second is how smoothly it flies. This 17,180-pound beast flies like a jet, with less cabin vibration than you'd expect and low exterior-noise levels. The oversized passenger windows provide spectacular views, and the dual-zone air conditioning eliminates the Hobson's choice of freezing in the cabin or frying in the cockpit. Each passenger position has its own overhead gasper.

The H175 doesn't have an auxiliary power unit, but one engine can be run on the ground while declutched, providing power to cool the cabin before aircraft loading. The main cabin is big—434 cubic feet—and the baggage hold adds another 95 cubic feet. You can load 16 passengers in standard utility configuration or eight in VVIP style.

The H175 has established several time-to-climb records, most notably 19,685 feet in just six minutes, 54 seconds. It has a range of 600 nautical miles and a good radius of action under a variety of load conditions: 265 nautical miles with seven passengers plus reserves or 136 nautical miles with 16 passengers and reserves. The avionics incorporate the latest safety features, including automatic hover.

Dassault Falcon 2000S: This 2013 entry into the super-midsize market mates large-jet comfort with light-jet runway performance. Granted, it has shorter range than the more expensive Falcon 2000LX (3,350 nautical miles versus 4,000 for the LX) and the cabin layout is standardized, with a forward club-four seat grouping followed by a six-seat conference grouping. However, the 2000S is more than just a stripped-down and shorter-legged 2000LX.

It can access shorter runways, thanks to its lighter weight. A fuselage fuel tank was removed, and the addition of inboard wing slats allows it to fly steeper approaches into shorter runways. The slats—extendable portions of the wing's leading edge that can be deployed at slower speeds—combined with standard autobrake, cut the approach speed to 108 knots.

Performance on hot days at high-altitude airports also improves, as does time-to-climb performance. The Pratt & Whitney Canada PW308C engines feature new combustors that cut emissions by up to 40 percent. The engines, along with the winglets, help the 2000S burn 10 percent less fuel than aircraft that are 20 percent smaller, according to Dassault.



RANDY PADFIELD

Padfield, who was BJT's first editor, is a longtime helicopter pilot and the 2016 winner of Helicopter Association International's Lifetime Achievement Award.

Airbus H175: The H175 entered service last December, making it one of the newest helicopters operating today. I flew a test model (then called EC175) in France in 2012 for a pilot report in *Aviation International News* and a customer aircraft in Louisiana in 2013. These flights convinced me that the twin-engine H175, with its 150-knot recommended cruise speed and 17,196-pound maximum weight, is well designed, capable, and pilot- and passenger-friendly.

Airbus Helicopters offers a VIP/executive version of the model with interiors designed by Peder Eidsgaard of Pegasus Design, a specialist in private jets and yachts. Priced at about €17 million (\$18.8 million), the VIP H175 features a cabin that comes in three styles seating up to eight passengers and one seating up to 12. Eidsgaard found inspiration for these interiors from sports cars, penthouses, and the grand villas of Europe. Options include electrochromic windows, an in-flight entertainment system, and wireless connectivity via satellite. **EJT**



Airbus H175

2017 REGIONAL FORUMS

West Palm Beach, FL
January 26, 2017

Fort Worth, TX
March 23, 2017

Morristown, NJ
September 7, 2017



These industry events bring together local business aircraft owners, operators, manufacturers, and other aviation professionals for one-day at some of the most accessible business aviation airports in the nation. As an attendee you can visit with exhibitors, view business aircraft side-by-side on the static display and take part in education sessions throughout the day. Save the date and visit the website to learn more.

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Are your flights subsidized?

By at least one measure, your charters cost much more than you pay for them. But the price may nevertheless be right.

by James Wynbrandt

What's the true cost of your charter flight? Not the figure on the invoice, but the actual total of operating and prorated fixed costs for your time aboard the aircraft? Exact numbers are hard to come by, but if you're a heavy charter user, there's evidence you're getting a bigger subsidy than a corn farmer does. (Annual direct payments of agricultural subsidies are limited to \$40,000 per person.)

Let's look at some figures. A new G450 flown a little over 400 hours per year costs about \$6.8 million annually to own, assuming the book-depreciation rate, according to aviation data supplier Conklin & de Decker. With market depreciation (with a longer write-down period), the tab is \$4.2 million. That's more than \$15,500 and \$9,500 per flight hour, respectively. Meanwhile, you can find late-model G450s on the charter market for about \$5,600 per hour, with most of the copious inventory below \$7,000 per hour—and that's before brokers start beating up on prices.

A new Embraer Phenom 300 flown about 400 hours a year has ownership costs of more than \$2 million or \$1.5 million annually and about \$4,500 or \$3,500 hourly with book or market depreciation, respectively. Yet 300s can charter for under \$2,500 per hour, with late models available in the \$3,000 range.

But is it really costing owners more than you pay to have you burn up hours on their jets?

The answer depends largely on whether the airplane comes from a managed or an owned fleet. U.S. charter aircraft come from two basic sources. Companies like Executive Jet

Management, Clay Lacy Aviation, and Priester Aviation contract with aircraft owners to charter out their jets and turboprops. Then there are companies like XOJet, JetSuite, and VistaJet, which own and operate (O&O) their own airplanes and use them only for charter.

In the managed-aircraft world, charter revenue is understood to be no more than a way to defray some ownership and operating costs. (Management companies receive a commission for arranging charters.) Given historical rates, it's accepted that owners can't actually profit from chartering out their aircraft—the O&Os notwithstanding. Softening the implicit financial hit is the fact that owners don't actually write a check for the difference between all their costs and your charter rate. The extra usage, though, does add to total flight time—and while most owners limit the number of hours they allow their airplanes to be chartered, this usage nonetheless impacts value and costs them when they eventually sell the airplane.

O&Os, which are far outnumbered by managed fleets, face unique challenges. No one subsidizes their fleets, pays them a management fee, or relieves them of responsibility for maintenance costs. Whatever efficiencies unfettered use of a fleet

affords them seem inadequate to compensate for the resulting expenses. That's why some charter management executives have long surmised that the owned charter-fleet model can't survive.

Yet O&Os have become more dominant in the charter world. Today they drive the low rates that management companies are forced to match, as the O&Os strive to "make sure every asset is moving every single day," as Scott Wise, president of TMC Jets, says of his O&O fleet of Hawker 400XPs and 800XPs. "We're better off at times with a lower yield to generate more hours."

Yet surely the old dictum remains true: if you're losing money, you can't make it up on volume.

"Most people in our industry don't truly understand the economics of how to make money in the owner-operated business," says Brad Stewart, president and CEO of XOJet, the data-driven O&O. XOJet shook up the charter world as an upstart a decade ago when it introduced low, transparent, point-to-point transcontinental rates for Challenger 300s and Citation Xs. Stewart cites "principles you need to understand intimately, and put into practice" as the keys to owner profitability. Among them: "The plane cannot be

Owning and operating a Gulfstream G450 can cost \$9,500 to \$15,500 an hour or even more, depending on the depreciation method and the number of hours flown. Yet you can charter a fairly new one for about \$5,600 an hour.





Ownership costs for an Embraer Phenom 300 that's flown about 400 hours a year typically total \$3,500 to \$4,500 per hour, depending on how the aircraft is depreciated. But Phenom 300s are on the charter market for \$2,500 per hour, and even late models are in the \$3,000 range.

[purchased] new; it's got to be more than 50 percent depreciated."

The lower annual ownership costs of that asset can make charter profitable for an O&O at the rates cited above—and can eliminate your charter subsidy. But keep in mind that many aircraft in managed fleets weren't purchased new, lowering their ownership costs, as well.

Another principle: "You've got to believe in dynamic pricing," says Stewart, referring to the ability to adjust charter rates based on fluctuating demand. That's a tactic that the

airlines employ, but that the charter industry until recently largely ignored.

So do owners of managed aircraft really subsidize their charter customers?

"It's certainly true in low-demand periods, competing with a lot of excess capacity," Stewart believes, though he adds that, "in many cases, in high-demand periods, the owner is making money."

Whatever the true cost of charter, its fair market value, like that of preowned aircraft or anything else, is whatever someone will pay for it. For owners, dividing costs over the hours of

use may make sense from an accounting point of view but not from an ownership perspective. The owner isn't paying just for hours of use but for hours of availability, and those total 8,760 per year (365 days times 24 hours). Divide expenses accordingly, and ownership costs only about \$775 or \$480 per hour for the G450 and \$230 or \$170 an hour for the Phenom 300, with book or market depreciation, respectively.

Using those numbers, the charter revenue appears more attractive. And it can be argued that time onboard *should* cost less if you're a charter customer than it would if you were an owner. After all, you have no guaranteed access to those flight hours while owners can use them whenever they want.

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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QUEBEC'S CELEBRATION OF SNOW

A January event will combine nighttime cruising on the St. Lawrence River with daytime skiing or snowshoeing on adjacent trails.



by Thomas R. Pero

When Americans think of premier outdoor winter vacations, our eyes often turn to the West, especially the Rockies. The slopes of Alta, Utah and Vail, Colorado are famous. But there's a much closer—and often overlooked—option for those on the East Coast: the Canadian province of Quebec, which offers splendid and sparkling snows and is just an hour's flight north by private jet from New Jersey's Teterboro Airport.

I began exploring the verdant Gaspé Peninsula, or Gaspésie, in the 1970s, fishing the magnificent gin-clear Atlantic salmon rivers cascading through the rugged Chic-Choc Mountains, the northern extent of the Appalachians. Later I learned of a wintry landscape transformed by snow, an enchanting northern forest of fragrant balsam and birch to be explored on cross-country skis and snowshoes. A crackling fire and superb

meal conjured by the region's French-inspired heritage await you at one of the many inns in the small towns along the coast.

The coming year marks both the 375th anniversary of the founding of Montréal and the 15th annual presentation of a snow festival called Crossing the Gaspé. Helen Francoeur, who runs the sponsoring nonprofit organization, Traversées de la Gaspésie (TDLG), says the weeklong event “combines merrymaking,





skiing, snowshoeing, friendship, and personal challenge in seaside and mountain settings and brings together people of all ages, from all walks of life and from around the world.” She adds that since fall 2014, the TDLG has also organized an annual week of hiking on Gaspé Peninsula trails.

The 2017 edition of Crossing the Gaspé will have a special twist: the Great St. Lawrence Passage. Outdoor enthusiasts are invited to join a cruise along the north coast of the peninsula on *Vacancier*, a German-built 411-foot car/passenger ferry. The voyage will embark on January 21 from the city of Gaspé, where the estuary of the St. Lawrence meets the Atlantic. *Vacancier* will head west, stopping at Matane, Baie-Comeau, Pointe-au-Pic, and Quebec City before ending on January 29 in Montreal, where everyone will have an opportunity to ski and snowshoe through the classic old city in the company of new friends.

“This will be a rare opportunity to cruise the St. Lawrence in winter, ski or snowshoe in a different setting from one day to the next, return to the ship at the end of each day, and set sail for a new destination,” says Julie Payette, honorary chair of this year’s TDLG.

There will be 400 cruise participants, including 100 volunteers, journalists, and guests. Each day, skiers will be able to explore 12 to 24 miles (20 to 40 km) of groomed and marked cross-country trails. Those who opt for more rustic but guided snowshoeing trails will average six to nine miles (10 to 15 km) daily. In the evening, the ship will sail the St. Lawrence while passengers enjoy music, dance, storytelling, lectures, and regional gourmet fare. **EJT**

Thomas R. Pero (tpero@bjtonline.com) is publisher of Wild River Press and the author of two books on fly fishing.



Traveler Info

Single-occupancy cabins on the Great St. Lawrence Passage are \$3,175 while doubles are \$2,650 per person. To book, call Helen Francoeur at (418) 368-9745 or email her at info@tdlg.qu.ca.

When flying to Quebec, you can choose from several destination airports. Montréal-Pierre Elliott Trudeau International is 12 miles (20 km) from downtown Montréal. Info: (514) 394-7377, admtl.com. Quebec City Jean Lesage International is seven miles (11 km) west southwest of Quebec City. Info: (418) 640-3300, aeroportdequebec.com. Michel-Pouliot Gaspé is four miles (six km) west of Gaspé, at the tip of the Gaspé Peninsula. The airport is non-towered, but has a dedicated radio frequency linked to the flight-service station in Mont-Joli.

The Great St. Lawrence Passage is far from your only opportunity to enjoy Quebec this winter. For recommendations about things to do and places to stay and eat as well as travel directions and maps and info about parks open to snow sports, contact Tourisme Gaspésie: (418) 775-2223, (800) 463-0323, tourisme-gaspesie.com. —T.R.P.

A Bit of History

In his fascinating book, *Voyages 1611–1618*, Samuel de Champlain recalled the Huron and Algonquin natives making a *raquette* or snowshoe, “two to three times larger than those in France, that they tie to their feet, and thus go on the snow, without sinking into it, otherwise they would not be able to hunt or go from one location to the other.”

In June 1608, the French mariner and explorer had sailed up the St. Lawrence River in command of *Don-de-Dieu*, “Gift of God,” the lead vessel of three. Facing strong reversing rapids, they anchored and continued upstream in light sailboats laden with weapons and tools. On July 3 Champlain planted the gold and blue *fleur-de-lis* in the name of the king and began building a fur-trading fort that would become Quebec City.

Centuries later, among the traditions of the *voyageurs* who ran the fur routes by canoe that are still celebrated on the St. Lawrence is *le canot à glace*: ice canoeing. Highly competitive teams alternately row and paddle through huge broken chunks of dangerously drifting ice—and where blocked get out and drag their canoes over floating sheets. This is the only place in the world to watch this spectacle. —T.R.P.



TRAVELER CALENDAR

November 18–January 2, 2017

WINTER WONDERLAND IN HYDE PARK

London. England's biggest winter festival offers ice-skating, a Ferris wheel and fairground rides, stalls brimming with toys and sweets, and festive shows. **Info:** visitlondon.com

December 3–January 4

PRAGUE CHRISTMAS MARKETS

Prague, Czech Republic. Visit Prague's gothic Old Town Square and enjoy carol singers, short plays, and shopping for traditional crafts around a colossal Christmas tree. **Info:** pragueexperience.com



December 1–4

ART BASEL MIAMI BEACH

Miami Beach. This international art fair's Florida edition attracts private collectors and directors, curators, trustees, and patrons of nearly 200 museums and institutions. In 2015, the five-day show drew 77,000 visitors and hosted 267 leading galleries from 32 countries. **Info:** artbasel.com

December 1–30

ALVIN AILEY

New York City. The Alvin Ailey American Dance Theatre continues its heritage of modern dance and African-American culture with selections from the company's vast repertoire of more than 235 works by over 90 choreographers. **Info:** alvinailey.org

December 11

LONGINES HONG KONG INTERNATIONAL RACES

Hong Kong. Horses from around the world flock to the "turf world championships" to run for the Hong Kong Jockey Club's \$8.26 million pot. **Info:** racing.hkjc.com



Art Basel Miami Beach

December 14–18

NEWPORT BEACH CHRISTMAS BOAT PARADE

Newport Beach, California. Hailed as one of the world's best Christmas parades, the nation's longest-running lighted holiday boat tradition transforms Newport Harbor into an illuminated wonderland with decorations, moving displays, dancers, and music. **Info:** visitnewportbeach.com

January 12–15

ART STAGE SINGAPORE

Singapore. Mingle with the world's most influential private art collectors, corporate buyers, and VIPs as the international art season kicks off with a show featuring the best Asian contemporary works. **Info:** artstage.com

January 15–20

QUANTUM KEY WEST RACE WEEK

Key West, Florida. One of the world's premier racing events celebrates its 30th year. **Info:** keywestraceweek.com



January 17–20

DAVOS WORLD ECONOMIC FORUM

Davos-Klosters, Switzerland. Powerful corporate and political leaders will meet at this 56th annual event to discuss the global economy's impact on business and the world. And there'll be a plethora of private parties where you can rub elbows with international movers and shakers. **Info:** weforum.org

January 27–29

SNOW POLO WORLD CUP ST. MORITZ

St. Moritz, Switzerland. Initiated in 1985 as the world's first polo tournament on snow, this annual competition attracts players and fans from around the globe. **Info:** snowpolo-stmoritz.com

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

Waltzing on New Year's Eve in Vienna's world-famous Hofburg Imperial Palace.



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Hofburg Silvesterball, Vienna, Austria. Waltz to the *Blue Danube* in one of the elegant ceremonial halls of the world-famous Hofburg Imperial Palace. The evening includes a spellbinding opening ceremony, spectacular midnight show and firework display, and four-course dinner. **Info:** hofburgsilvesterball.com

New Year's in St. Barths, Saint Barthélemy, West Indies. French elegance meets Caribbean flair at lavish parties in villas and yachts that offer the privacy jetsetters crave. **Info:** st-barths.com

Sydney New Year's Eve, Sydney, Australia. More than a million people typically gather for the spectacular pyrotechnic display over Sydney Harbour, while another billion worldwide watch online and on TV. **Info:** sydneynewyearseve.com

—Lysbeth McAleer



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Cabin fever

Think you have fear of flying?
Your anxiety might be rooted elsewhere.

by Mark Phelps

Some people who believe they have flight phobia (sometimes called aviophobia) might actually be suffering more from claustrophobia. Their fear is not so much of flying but rather of being confined in a small space for several hours with no possibility of escape. For someone with tendencies toward this anxiety, the relatively small cabins of most business jets could be problematic.

One of the seven official criteria for phobias according to the *Diagnostic Statistical Manual for Mental Disorders* is that “the fear or anxiety is out of proportion to the actual danger posed by the specific object or situation.” So, someone telling you repeatedly that you have nothing to fear doesn’t help. In fact, trying to suppress or hide the phobia only makes it worse. Franklin Roosevelt’s famous “fear of fear itself” amplifies the anxiety.

And it’s anxiety that’s at the root of phobias, though the fact that someone has a phobia doesn’t necessarily mean that the person is anxious in other ways. Normally confident, relaxed, and unflappable people can find themselves reduced to a bullet-sweating blob when confronted with a specific clinical fear such as claustrophobia.

Not to confuse the issue, but claustrophobia and aviophobia can go together, overlapping their effects. In fact, three quarters of phobia sufferers have multiple phobias. And though claustrophobia and fear of flying are different, it makes sense that one of these conditions could magnify the other.

The fear of being in a closed-in space is hard to understand for those not afflicted. What do they worry will happen? Fear of flying, by contrast, is really a fear of crashing; and the consequences of that are clear to everyone. For that reason, I don’t understand how anyone can call aviophobia “irrational,” no matter what the statistics show. It seems rational to me—and I’m a pilot.



So, if you’re prone to panic attacks when a business jet door closes behind you, what can you do about it? A Google search turns up lots of advice: visit a psychologist the day before a flight; get on the airplane last; think relaxing thoughts; distract yourself with music; wear loose clothing and remove your shoes; and practice deep breathing. All are good strategies, especially the last one.

But perhaps the best advice to attack the root of the problem comes from *The Anxiety and Phobia Workbook*, by Edmund Bourne, Ph.D. The most effective way to overcome a phobia, he writes, is to face it head on. That doesn’t mean just sucking it up, but rather, trying incremental strategies in confronting the fear. Part of overcoming the phobia can involve desensitizing yourself to the stimulus.

Maybe you once had an unrelated panic attack in an enclosed space, and that stimulus is now triggering your anxiety.

Unlearning that association starts with baby steps. One good thing about claustrophobia is that you can confront it in small increments. Start closing doors in progressively smaller spaces and/or for longer and longer periods. And for issues directly related to flying, you could visit your company’s flight department for help—or look around for a charter operator whose staff would be willing to assist you. Many of these people are trained to deal with fear of flying and/or claustrophobia related to flying.

They can help you slowly face down your phobia by getting on board the airplane, literally step by step. Start by standing on the bottom of the airstair with the door open, then standing in the doorway, then sitting in a seat near the door, progressively working your way to being comfortable with the door closed behind you.

It’s like a physical workout for your psyche. And like physical conditioning, it isn’t supposed to happen all in one session. Take your time and work up to your goal.

Bourne also proposes using your imagination to desensitize yourself to the anxiety. “Much of the anxiety you have...about flying... is connected with your thoughts and fantasies,” he writes. “Becoming desensitized first to thoughts and scenes experienced in fantasy can pave the way toward handling the phobic situation in real life. Even if the real-life situation continues to evoke some anxiety, this anxiety may be considerably reduced after having practiced imagery desensitization.” **BJT**

Mark Phelps (mphelps@bjtonline.com) is a managing editor at BJT sister publication *Aviation International News*.



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