



**BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, DC 20590**

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|   |   |                          |
|---|---|--------------------------|
| <b>Application of Delux Public Charter, LLC</b> | ) |                          |
| <b>For Authority to Conduct Passenger</b>       | ) |                          |
| <b>Operations as a Commuter Air Carrier</b>     | ) | <b>DOT-OST-2015-0208</b> |
| <b>Pursuant to 49 USC §41738</b>                | ) |                          |

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**THIRD SUPPLEMENT TO THE APPLICATION OF DELUX PUBLIC CHARTER, LLC  
FOR COMMUTER AIR CARRIER AUTHORIZATION**

Delux Public Charter, LLC (“Delux”) hereby submits this third supplement to its application for a commuter air carrier authorization dated October 16, 2015 (the “Application”). This third supplement and accompanying attachments provide certain information that was previously publicly filed in redacted form subject to Motions for Confidential Treatment under Rule 12. After reviewing the ruling of the Department of Transportation in this docket issued on January 13, 2016 (“January 13 Ruling”) granting confidential treatment in part and denying confidential treatment in part, Delux is submitting all the information for which confidential treatment was denied in unredacted form in the public docket. The information submitted herewith includes:

1. Attachment N to the Application;
2. Attachment T to the Application; and
3. Attachment 5 to the Supplement to the Application submitted December 3, 2015.

Because all of the information requested in the January 13 Ruling now has been submitted in unredacted form in the public docket, Delux respectfully requests that the processing of its application resume as soon as possible.

Respectfully submitted,



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January 21, 2016

Counsel for Delux Public Charter, LLC

## CERTIFICATE OF SERVICE

I hereby certify that I have on this 21<sup>st</sup> of January 2016, served the foregoing Third Supplement to the Application of Delux Public Charter LLC for Commuter Air Carrier Authorization via email upon the persons shown in the following service list.

Rapid City FSDO  
Attn: Barry I. Dunmire  
Aviation Safety Inspector  
RAP FSDO  
3501 5th St.  
Rapid City, SD 57701  
Email: [Barry.I.Dunmire@faa.gov](mailto:Barry.I.Dunmire@faa.gov)

Santa Barbara Airport  
Attn: Hazel Johns  
Airport Director  
601 Firestone Road  
Santa Barbara, CA 93117  
805- 967-7111  
Email: [hjohns@santabarbaraca.gov](mailto:hjohns@santabarbaraca.gov)

Clark County Dept. of Aviation  
Attn: Chris Jones  
Public Affairs & Marketing Manager  
P.O. Box 11005  
Las Vegas, Nevada 89111-1005  
Email: [chrisjo@mccarran.com](mailto:chrisjo@mccarran.com)

Norman Y. Mineta San José International  
Airport  
Attn: John Aitken  
Assistant Director Of Aviation  
1701 Airport Boulevard, Suite B-1130  
San Jose, CA 95110-1206  
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John Wayne Airport  
Attn: Mr. Barry A. Rondinella  
Director  
3160 Airway Avenue  
Costa Mesa, CA 92626  
Email: [brondinella@ocair.com](mailto:brondinella@ocair.com)



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Erin Combs

## **Attachment N**

### **Response to § 204.3(n)**

Description of the Applicant's fleet of aircraft

**Attachment N:**

*Response to §204.3(n):*

**A description of the Applicant's fleet of aircraft:**

**(1) The number of each type of aircraft owned, leased and to be purchased or leased;**

| <b>Make &amp; Serial No.</b> | <b>Aircraft Type</b> | <b>Capacity</b> | <b>Financing</b>          | <b>In Service Date</b> | <b>Delux Charter Usage</b>     |
|------------------------------|----------------------|-----------------|---------------------------|------------------------|--------------------------------|
| EMB-135LR-145264             | Embraer EMB-135LR    | 30 Passengers   | Short-term Aircraft Lease | October 2015           | Certification                  |
| EMB-135LR-145173             | Embraer EMB-135LR    | 30 Passengers   | Aircraft Mortgage         | February 2016          | Public Charter                 |
| EMB-135LR-145184             | Embraer EMB-135LR    | 30 Passengers   | Aircraft Mortgage         | March 2016             | "Hot Spare",<br>Public Charter |
| EMB-135LR-145194             | Embraer EMB-135LR    | 30 Passengers   | Aircraft Mortgage         | June 2016              | Public Charter                 |
| EMB-135LR-145211             | Embraer EMB-135LR    | 30 Passengers   | Aircraft Mortgage         | September 2016         | Private Charter                |
| EMB-135LR-145235             | Embraer EMB-135LR    | 30 Passengers   | Aircraft Mortgage         | November 2016          | Private Charter                |
| EMB-135LR-145275             | Embraer EMB-135LR    | 30 Passengers   | Aircraft Mortgage         | December 2016          | Public Charter                 |
| EMB-135LR-145276             | Embraer EMB-135LR    | 30 Passengers   | Aircraft Mortgage         | By end of 2017         | Public Charter                 |
| EMB-135LR-145314             | Embraer EMB-135LR    | 30 Passengers   | Aircraft Mortgage         | By end of 2017         | Public Charter                 |
| EMB-135LR-145328             | Embraer EMB-135LR    | 30 Passengers   | Aircraft Mortgage         | By end of 2017         | Public Charter                 |
| EMB-135LR-145343             | Embraer EMB-135LR    | 30 Passengers   | Aircraft Mortgage         | By end of 2017         | Public Charter                 |

**(2) Applicant's plans, including financing plans, for the purchase or lease of additional aircraft:**

JetSuiteX has signed a purchase agreement with Embraer to acquire ten 30-seat Embraer EMB-135s. The EMB-135 aircraft are facing an early retirement from regional airline fleets due to changes in airline pilot scope clauses enabling regional carriers to fly larger airplanes. The aircraft JetSuiteX will purchase entered into service in the early 2000s and have approximately 40,000 cycles (or 20 years of flying) of useful life remaining. JetSuiteX has negotiated a purchase price that includes refurbishing the aircraft to a "private jet like" interior including adding Wi-Fi and in-seat power, removing overhead bins, replacing sidewalls, upgrading

lavatories, stripping and painting the exterior, upgrading interior surfaces and seats among other improvements.

There are no additional pre-delivery deposits or down payments due on the first three EMB-135 aircraft that will be delivered to JetSuiteX and leased to the Applicant for use in public charter operations. The fourth aircraft that will be leased in December 2016 to the Applicant for public charter operations requires an additional deposit of \$290,000 during the first year of the Applicant's operations. The aircraft are being financed using traditional aircraft mortgages.

Delux Public Charter will lease six, 30-seat EMB-135s during the first year of operations from JetSuiteX. Four of the aircraft will be used for public charter in compliance with 14 CFR Part 380 and two will be for private, pure on-demand charter. Of the four aircraft, Delux will utilize one as a "hot spare" to minimize service interruptions to Delux's passengers during the critical first year of operations. The lessor, JetSuiteX, has a two month grace period prior to the start of loan payments. Therefore, the Applicant will also benefit from the grace period and not make lease payments during the first two months of the lease term for each EMB-135 aircraft.

In October 2015 Delux will lease one EMB-135 from Embraer for proving runs and validation flights in order to obtain its Part 135 Air Carrier Certificate.

**(3) A sworn affidavit stating that each aircraft owned or leased has been certified by the FAA and currently complies with all FAA safety standards:**

Delux Public Charter, LLC has not yet been certified as a Part 135 Air Carrier, nor have any leased or owned aircraft been delivered, but it has provided an affidavit stating that each aircraft to be leased or owned by the Applicant will be certified by the FAA and comply with all FAA safety standards.

## **Attachment T**

### **Response to § 204.3(t)**

Summary of the service to be operated if the application is granted



**Attachment T**

*Response to §204.3(t):*

**A summary of the service to be operated if the application is granted:**

| <b>Market #</b> | <b>Start Date</b> | <b>Market</b> | <b>Distance(sm)</b> | <b>ASM per Flight</b> | <b>Flight Time</b> | <b>Flights per Day</b> | <b>Days per Week</b> |
|-----------------|-------------------|---------------|---------------------|-----------------------|--------------------|------------------------|----------------------|
| 1               | February 2016     | SNA-VGT       | 226                 | 6,794                 | 0:38               | 4                      | M,W,Th,F,Su          |
| 2               | July 2016         | SBA-SJC       | 234                 | 7,024                 | 0:39               | 4                      | M,Tu,W,Th,Fr         |
| 3               | December 2016     | SJC-SNA       | 342                 | 10,262                | 0:54               | 4                      | M,Tu,W,Th,Fr         |

**Normalization Period:**

Delux projects that each market will take 6 months to normalize. For routes less than 300 statute miles the load factor will grow from 50% to 76% (15-22.8 passengers) and RASM will increase from 0.51 to 0.83.

**Launch Assumptions for Markets < 300sm**

|                | <b>Month 1</b> | <b>Month 2</b> | <b>Month 3</b> | <b>Month 4</b> | <b>Month 5</b> | <b>Month 6</b> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Load Factor    | 50.0%          | 54.4%          | 59.1%          | 64.3%          | 69.9%          | 76.0%          |
| Ticket Price   | 229            | 233            | 237            | 241            | 245            | 249            |
| Revenue/Flight | 3,435          | 3,797          | 4,197          | 4,638          | 5,127          | 5,667          |
| RASM           | 0.51           | 0.56           | 0.62           | 0.68           | 0.75           | 0.83           |

For markets greater than 300 statute miles the load factor will grow from 55% to 76% (16.5-22.8 passengers) and RASM will increase from 0.38 to 0.61.

**Launch Assumptions for Markets > 300sm**

|                | <b>Month 1</b> | <b>Month 2</b> | <b>Month 3</b> | <b>Month 4</b> | <b>Month 5</b> | <b>Month 6</b> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Load Factor    | 55.0%          | 58.7%          | 62.6%          | 66.8%          | 71.2%          | 76.0%          |
| Ticket Price   | 239            | 246            | 253            | 260            | 267            | 275            |
| Revenue/Flight | 3,944          | 4,327          | 4,747          | 5,209          | 5,715          | 6,270          |
| RASM           | 0.38           | 0.42           | 0.46           | 0.51           | 0.56           | 0.61           |

The proposed service will fly 36,000 passengers within the first year and will generate approximately \$8.9MM in revenue.

## Passengers, Ticket Pricing and RASM:

Key Public Charter Operating Metrics:

|                   | Feb-16 to Apr-16 | May-16 to Jul-16 | Aug-16 to Oct-16 | Nov-16 to Jan-17 |
|-------------------|------------------|------------------|------------------|------------------|
| ASM               | 1,739,387        | 2,383,750        | 3,648,051        | 5,426,993        |
| RASM              | 0.56             | 0.69             | 0.72             | 0.68             |
| Passenger Carried | 4,185            | 6,809            | 10,700           | 14,541           |
| Load Factor       | 54%              | 65%              | 68%              | 69%              |
| Number of Flights | 256              | 348              | 528              | 700              |
| Total Block Hours | 214              | 292              | 446              | 639              |

## Ticket Fares and Pricing:

The cost to operate a one-hour flight is estimated at \$4,563.<sup>1</sup> At 30 seats sold, Delux's operating break-even fare would be \$152. At a more realistic average of 22.8 seats sold (76% load factor), the break-even fare would be \$200. At Delux's target average fare of \$260 and load factor of 76% the operating margin is 24%.

## Pre-operating Expenses:

Prior to launching the proposed service Delux plans to spend approximately \$917,781 on pre-operating expenses through January 2016.

| <b>Pre-operating Expenses</b>                       |                |
|---|----------------|
| Aircraft Lease Expense                              | 87,500         |
| Fuel & other flight operations expenses             | 278,733        |
| Marketing and Sales                                 | 224,000        |
| Overhead  | 144,048        |
| Professional and other fees/expenses                | 64,250         |
| Professional and other fees/expenses (already paid) | 78,250         |
| Miscellaneous prepaid expenses                      | 41,000         |
| <b>Total Pre-Operating Expenses</b>                 | <b>917,781</b> |

**Aircraft lease expense of \$87,500 will cover the cost of a short term lease on EMB-135LR-145264 that will be used for training and certification.**

**Fuel & Other Flight Operations Expenses = (fuel) + (maintenance) + (Flight crew salary, training, overnights) + (landing, ramp and other fees)**

<sup>1</sup> Hourly operating cost = (total operating costs in first year) / (total flight hours in first year)  
Total operating costs = fuel + maintenance + flight crew salaries, training, and overnights + landing, ramp and other fees. Please see cost estimates description on the following pages.

Delux will need to fly approximately 50 flight hours in the leased EMB-135 in support of obtaining its Part-135 operating certificate. During this time Delux will have two full-time captains, one of whom is the Chief Pilot.

**Marketing and Sales = (marketing) + (sales, marketing & commissions)**

**Overhead = (executives and senior managers) + (MC, pilot chiefs & maintenance) + (finance, HR, IT)**

**Professional and other fees/expenses = (other)**

Delux believes that it will spend nearly \$142,500 in legal and consulting fees to obtain necessary government approvals.

**Delux Public Charter, LLC**  
**Income Statement**

|  | <b>Feb-16 to Apr-16</b> | <b>May-16 to July-16</b> | <b>Aug-16 to Oct-16</b> | <b>Nov-16 to Jan-17</b> |
|--|-------------------------|--------------------------|-------------------------|-------------------------|
| <b>Public Charter Revenue</b>              | <b>975,160</b>          | <b>1,656,308</b>         | <b>2,641,669</b>        | <b>3,698,568</b>        |
| Aircraft Lease                             | 48,000                  | 288,000                  | 384,000                 | 432,000                 |
| Fuel                                       | 225,513                 | 308,706                  | 471,873                 | 691,421                 |
| Maintenance                                | 159,454                 | 218,277                  | 333,648                 | 488,884                 |
| Flight crew salary, training, overnights   | 160,755                 | 266,510                  | 326,633                 | 529,492                 |
| Landing, ramp and other fees               | 152,152                 | 218,479                  | 321,568                 | 424,292                 |
| <b>Income(loss) from flight operations</b> | <b>229,286</b>          | <b>356,337</b>           | <b>803,947</b>          | <b>1,132,478</b>        |
| Non line-pilot salaries & commissions      |                         |                          |                         |                         |
| General & administrative employees         | 201,038                 | 211,734                  | 221,014                 | 228,486                 |
| MC, pilot chiefs & maintenance             | 204,462                 | 244,424                  | 293,081                 | 326,580                 |
| Sales, marketing & commissions             | 56,651                  | 63,729                   | 65,256                  | 59,141                  |
| Marketing                                  | 200,000                 | 70,894                   | 92,458                  | 129,450                 |
| Other                                      | 186,172                 | 261,930                  | 328,722                 | 383,024                 |
| Total non-flight ops expenses              | 848,323                 | 852,710                  | 1,000,531               | 1,126,681               |
| <b>EBITDA</b>                              | <b>(619,036)</b>        | <b>(496,373)</b>         | <b>(196,584)</b>        | <b>5,797</b>            |
| Income taxes                               | -                       | -                        | -                       | -                       |
| <b>Net income</b>                          | <b>(619,036)</b>        | <b>(496,373)</b>         | <b>(196,584)</b>        | <b>5,797</b>            |

*Delux Public Charter, LLC Forecast Balance Sheet*

**Delux Public Charter, LLC  
Balance Sheet**

|  | <b>Apr-16</b>      | <b>Jul-16</b>      | <b>Oct-16</b>      | <b>Jan-17</b>      |
|--|--------------------|--------------------|--------------------|--------------------|
| Cash   | 3,175,706          | 2,859,967          | 2,696,439          | 2,845,979          |
| <b>Total Assets</b>                          | <b>3,175,706</b>   | <b>2,859,967</b>   | <b>2,696,439</b>   | <b>2,845,979</b>   |
| Air Traffic Liability                        | 163,273            | 343,907            | 376,964            | 520,706            |
| Related Party Payable                        | 4,508,150          | 4,508,150          | 4,508,150          | 4,508,150          |
| <b>Total Liabilities</b>                     | <b>4,671,423</b>   | <b>4,852,057</b>   | <b>4,885,114</b>   | <b>5,028,856</b>   |
| Member Units                                 | 100                | 100                | 100                | 100                |
| Retained Earnings                            | (1,495,817)        | (1,992,190)        | (2,188,774)        | (2,182,977)        |
| <b>Members' Equity</b>                       | <b>(1,495,717)</b> | <b>(1,992,090)</b> | <b>(2,188,674)</b> | <b>(2,182,877)</b> |
| <b>Total Liabilities and Members' Equity</b> | <b>3,175,706</b>   | <b>2,859,967</b>   | <b>2,696,439</b>   | <b>2,845,979</b>   |

**Note:** The related party payable is the transfer of funds from JetSuiteX, Inc. which raised the capital for Delux to fund start-up operations. There are no financing costs related to this inter-company payable.

*Cost Assumptions*

**Aircraft Lease:**

- As described in Attachment N, Delux Public Charter will lease six 30-seat EMB-135s from JetSuiteX during the first year of operations. Four of these aircraft will be used for the proposed public charter operations. The forecasted lease payments will be sufficient to cover JetSuiteX's cost of financing the aircraft.

**Fuel: (estimated EMB-135 fuel burn) x (estimated Jet A price per gallon) x (total flight hours)**

- Estimated EMB-135 fuel burn: 396 gallons per hour. This estimate is based on Delux's forecasted average mission flight time. The burn includes block time and the auxiliary power unit ground time.
- Estimated Jet A price per gallon: \$3.50. This estimate is based on current oil trends and volume discounts that Delux will receive at the proposed markets it will serve.

**Maintenance: (hourly maintenance cost) x (total flight hours)**

- Hourly maintenance cost: Hourly maintenance accrual that includes the negotiated power by the hour agreements for the airframe (Embraer), engines (Pratt and Whitney), cleaning, heavy maintenance checks and accrual for future refurbishment. This total will be approximately **\$980 per flight hour**.

**Flight crew salary, training, overnights: Sum of flight crew salaries & benefits, flight crew travel and flight crew training**

Flight crew salaries & benefits: captain compensation + first officer compensation + flight attendant compensation

- Number of pilots per plane = 4 (2 Captain, 2 First Officer)<sup>2</sup>
- Number of flight attendants per plane = 2

Flight crew travel: (Fleet size next month) x (average days worked per pilot per month) x (pilots per plane) x (estimated travel cost per crew member per day)

- Average days worked per pilot per month = 17
- Travel cost per crew member per day = \$30. Average cost for hotel, transportation and meal for each crew member per day. Due to Delux's proposed schedule, crews will return to their home base on almost all days worked.

Pilot training: Delux receives a small number of free familiarization events (training) per EMB-135 delivery. Subsequent training costs:

- Initial = \$24,000
- Upgrade = \$11,000
- Recurrent = \$12,000 Delux will not have to begin recurrent training until October 2016
- 297 Recurrent = \$3,600

Flight Attendant Training:

- Initial = \$11,000
- Recurrent = \$2,500. Delux will not have recurrent training until January 2017.

**Landing, ramp and other fees: (landing and ramp fees) + (catering) + (wireless connectivity) + (maintenance, training & other aircraft expenses)**

Landing and ramp fees: (average landing fees) x (flights per month)

- Average landing fees = \$250/flight. Based off of facility, landing, ramp, and security fees charged by the airport and FBO.

Catering: (load factor) x (available seats) x (flights per month) x (catering cost per passenger)

- Load factor = Target load factor for each flight (76%)
- Available seats = 30 seats
- Flights per month = dependent on the flight schedule
- Catering cost per passenger = \$3.05

Maintenance, training, wifi services & other aircraft expenses: \$18,000 per plane per month. Non-revenue generating flights and aviation related subscriptions.

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<sup>2</sup> Delux will not be hiring pilots, maintenance techs, or other office staff for the "hot spare" aircraft.

## Headcount Overview:

|                                    | Headcount |
|------------------------------------|-----------|
| General & administrative employees | 10        |
| MC, pilot chiefs & maintenance     | 12        |
| Sales, marketing & commissions     | 3         |

**General & administrative employees = senior leadership, HR, and finance staff**

**MC, pilot chiefs & maintenance = flight schedulers/coordinators, chief pilot, maintenance technicians and controllers**

**Sales, marketing & commissions = sales representatives, marketing coordinators, and sales commissions**

**Marketing = All advertising and PR events. Four months after launch spend will slow to be 3% of gross revenue**

**Other = (IT) + (taxes and fees) + (office expenses and travel) + (professional fees and contractors)**

- IT = Reservation system, website expenses, plus \$300/employee per month
- Office expenses and travel = \$700 per employee per month (includes office space rental)
- Professional Fees and Contractors = \$17,500/month for the first year of operations

## DOT Fitness Test

|   |                  |
|---|------------------|
| <b>Delux pre-operating expenses (minus what's already paid)</b> | <b>839,531</b>   |
| <b>Aircraft Deposits</b>  | <b>72,500</b>    |
| <b>1/4 of first year total operating expenses</b>               | <b>2,569,475</b> |
| <b>Total capital required</b>                                   | <b>3,481,506</b> |

The 72,500 entry for "Aircraft Deposits" is one quarter of the \$290,000 deposit due by JetSuiteX on the fourth EMB-135 to be delivered for public charter services. Delux currently has \$4.43MM in available cash per the bank statement provided in Exhibit 8, which is \$948,494 more than the total sum of Delux's pre-operating expenses, aircraft deposits and one-quarter of the first year operating expenses as calculated in the table above.

**Supplemental Attachment 5**

**Forecasted Profit & Loss Statement and Balance Sheet  
of Delux Public Charter, LLC**



Supplemental Attachment 5:  
Forecasted Profit & Loss Statement and Balance Sheet of Delux Public Charter, LLC

**Delux Public Charter, LLC**  
**Income Statement**

|  | Feb-16 to Apr-16    | May-16 to Jul-16    | Aug-16 to Oct-16    | Nov-16 to Jan-17    |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>Public Charter Revenue</b>              | <b>\$ 975,160</b>   | <b>\$ 1,656,308</b> | <b>\$ 2,641,669</b> | <b>\$ 3,698,568</b> |
| Aircraft Lease                             | 48,000              | 288,000             | 384,000             | 432,000             |
| Fuel                                       | 225,513             | 308,706             | 471,873             | 691,421             |
| Maintenance                                | 159,454             | 218,277             | 333,648             | 488,884             |
| Flight crew salary, training, overnights   | 160,755             | 266,510             | 326,633             | 529,492             |
| Flight crew salaries & benefits            | 145,519             | 223,909             | 294,304             | 436,264             |
| Flight crew travel                         | 12,240              | 16,320              | 18,360              | 24,480              |
| Flight crew training                       | 2,996               | 26,281              | 13,969              | 68,749              |
| Landing, ramp and other fees               | 152,152             | 218,479             | 321,568             | 424,292             |
| Landing and ramp fees                      | 64,000              | 87,000              | 132,000             | 175,000             |
| Catering                                   | 16,397              | 22,289              | 33,818              | 44,835              |
| Recovery (8000/month per plane)            | 29,255              | 49,689              | 79,250              | 110,957             |
| Wireless connectivity                      | 17,500              | 24,500              | 31,500              | 38,500              |
| Maintenance, training & other ac expenses  | 25,000              | 35,000              | 45,000              | 55,000              |
| <b>Income(loss) from flight operations</b> | <b>229,286</b>      | <b>356,337</b>      | <b>803,947</b>      | <b>1,132,478</b>    |
| Non line-pilot salaries & commissions      |                     |                     |                     |                     |
| Executives and Senior Managers             | 120,000             | 120,000             | 120,000             | 120,000             |
| MC, pilot chiefs & maintenance             | 204,462             | 244,424             | 293,081             | 326,580             |
| Chief pilot                                | 38,756              | 38,756              | 27,129              | 25,838              |
| Director of flight technical               | 38,969              | 39,567              | 28,037              | 26,912              |
| Director flight training                   | 3,978               | 5,115               | 5,346               | 6,630               |
| Mission control and Safety                 | 26,965              | 34,968              | 45,491              | 53,724              |
| Maintenance technicians                    | 95,794              | 126,019             | 187,078             | 213,476             |
| Sales, marketing & commissions             | 56,651              | 63,729              | 65,256              | 59,141              |
| Sales                                      | 13,163              | 17,550              | 18,428              | 17,550              |
| Guest Services                             | 7,488               | 10,179              | 10,828              | 13,650              |
| Marketing & PR Consulting                  | 36,000              | 36,000              | 36,000              | 27,941              |
| Finance, HR, IT                            | 81,038              | 91,734              | 101,014             | 108,486             |
| Marketing                                  | 200,000             | 70,894              | 92,458              | 129,450             |
| Office Space                               | 5,000               | 7,000               | 9,000               | 11,000              |
| Other                                      | 181,172             | 254,930             | 319,722             | 372,024             |
| IT   | 54,466              | 75,984              | 101,148             | 125,539             |
| Taxes and fees                             | 35,091              | 57,736              | 89,379              | 123,137             |
| Office Expenses and Travel                 | 16,616              | 23,710              | 31,695              | 39,748              |
| Professional Fees and Contractors          | 52,500              | 52,500              | 52,500              | 50,000              |
| Other                                      | 22,500              | 45,000              | 45,000              | 33,600              |
| <b>Total non-flight ops expenses</b>       | <b>848,323</b>      | <b>852,710</b>      | <b>1,000,531</b>    | <b>1,126,681</b>    |
| <b>EBITDA</b>                              | <b>(619,036)</b>    | <b>(496,373)</b>    | <b>(196,584)</b>    | <b>5,797</b>        |
| Income taxes                               | -                   | -                   | -                   | -                   |
| <b>Net income</b>                          | <b>\$ (619,036)</b> | <b>\$ (496,373)</b> | <b>\$ (196,584)</b> | <b>\$ 5,797</b>     |

Supplemental Attachment 5:  
Forecasted Profit & Loss Statement and Balance Sheet of Delux Public Charter, LLC

***Delux Public Charter, LLC Forecast Balance Sheet***

**Delux Public Charter, LLC  
Balance Sheet**

|  | <b>Apr-16</b>       | <b>Jul-16</b>       | <b>Oct-16</b>       | <b>Jan-17</b>       |
|--|---------------------|---------------------|---------------------|---------------------|
| Cash   | \$ 3,175,706        | \$ 2,859,967        | \$ 2,696,439        | \$ 2,845,979        |
| <b>Total Assets</b>                          | <b>3,175,706</b>    | <b>2,859,967</b>    | <b>2,696,439</b>    | <b>2,845,979</b>    |
| Air Traffic Liability                        | 163,273             | 343,907             | 376,964             | 520,706             |
| Related Party Payable                        | 4,508,150           | 4,508,150           | 4,508,150           | 4,508,150           |
| <b>Total Liabilities</b>                     | <b>4,671,423</b>    | <b>4,852,057</b>    | <b>4,885,114</b>    | <b>5,028,856</b>    |
| Member Units                                 | 100                 | 100                 | 100                 | 100                 |
| Retained Earnings                            | (1,495,817)         | (1,992,190)         | (2,188,774)         | (2,182,977)         |
| <b>Members' Equity</b>                       | <b>(1,495,717)</b>  | <b>(1,992,090)</b>  | <b>(2,188,674)</b>  | <b>(2,182,877)</b>  |
| <b>Total Liabilities and Members' Equity</b> | <b>\$ 3,175,706</b> | <b>\$ 2,859,967</b> | <b>\$ 2,696,439</b> | <b>\$ 2,845,979</b> |

***Cost Assumptions***

**Aircraft Lease:**

- As described in Attachment N of Delux's Application, Delux Public Charter will lease six 30-seat EMB-135s from JetSuiteX during the first year of operations. The forecasted lease payments will be sufficient to cover JetSuiteX's cost of financing the aircraft.

**Fuel: (estimated EMB-135 fuel burn) x (estimated Jet A price per gallon) x (total flight hours)**

- Estimate EMB-135 fuel burn: 396 gallons per hour. This estimate is based on Delux's forecasted average mission flight time. The burn includes block time and the auxiliary power unit ground time.
- Estimate Jet A price per gallon: \$3.50. This estimate is based on current oil trends and volume discounts that Delux will receive at the proposed markets it will serve.

**Maintenance: (hourly maintenance cost) x (total flight hours)**

- Hourly maintenance cost: Hourly maintenance accrual that includes the negotiated power by the hour agreements for the airframe (Embraer), engines (Pratt and Whitney), cleaning, heavy maintenance checks and accrual for future refurbishment. This total will be approximately **\$980 per hour**

**Flight crew salary, training, overnights: Sum of flight crew salaries & benefits, flight crew travel and flight crew training**

Flight crew salaries & benefits: captain compensation + first officer compensation + flight attendant compensation

Supplemental Attachment 5:  
Forecasted Profit & Loss Statement and Balance Sheet of Delux Public Charter, LLC

- Captain compensation + benefits= \$111,000 (\$90,465 salary + \$11,100 payroll tax + \$9,435 benefits)
- First Officer compensation + benefits = \$76,000 (\$61,940 salary + \$7,600 payroll tax + \$6,450 benefits)
- Flight Attendant compensation + benefits = \$46,800 (\$38,142 salary + \$4,680 payroll tax + \$3,978 benefits)

Flight crew travel: (Fleet size next month) x (average days worked per crew member per month) x (crew per plane) x (estimated travel cost per crew member per day)

- Average days worked per pilot per month = 17
- Number of pilots per plane = 4 (2 Captain, 2 First Officer)<sup>1</sup>
- Number of flight attendants per plane = 2
- Travel cost per crew member per day = \$30. Average cost for hotel, transportation and meal for each crew member per day. Due to Delux's proposed schedule, crews will return to their home base on almost all days worked

Pilot training: Delux receives a small number free at familiarization event (training) per EMB-135 delivery. Subsequent training costs:

- Initial = \$24,000
- Upgrade = \$11,000
- Recurrent = \$12,000. Delux will not have to begin recurrent training until October 2016
- 297 Recurrent = \$3,600

Flight Attendant Training:

- Indoc. = \$11,000
- Recurrent = \$2,500. Delux will not have recurrent training until January 2017.

**Landing, ramp and other fees: (landing and ramp fees) + (catering) + (wireless connectivity) + (maintenance, training & other aircraft expenses)**

Landing and ramp fees: (average landing fees) x (flights per month)

- Average landing fees = \$250/flight. Based off of facility, landing, ramp, and security fees charged by the airport and FBO.

Catering: (load factor) x (available seats) x (flights per month) x (catering cost per passenger)

- Load factor = Target load factor for each flight (76%)
- Available seats = 30 seats
- Flights per month = dependent on the flight schedule
- Catering cost per passenger = \$3.05

Wireless connectivity: (wireless monthly charge) x (fleet size)

- Wifi service is provided from Gogo at approximately \$4,000 per month per plane.

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<sup>1</sup> Delux will not be hiring pilots, maintenance techs, or other office staff for the "hot spare" aircraft.

Supplemental Attachment 5:  
Forecasted Profit & Loss Statement and Balance Sheet of Delux Public Charter, LLC

Maintenance, training & other aircraft expenses: \$18,000 per plane per month. Non-revenue generating flights and aviation related subscriptions.

**Executives and Senior Managers**

- Allocated between JetSuite, Inc. and Delux

**MC, pilot chiefs & maintenance = (chief pilot)<sup>2</sup> + (operations) + (maintenance technicians)**

Chief Pilot = \$155,000/year (\$126,325 salary + \$15,500 payroll tax + \$13,175 benefits)

Operations: Director of operations, scheduling team, and flight technical

- Director of operations = \$155,000/year (\$126,325 salary + \$15,500 payroll tax + \$13,175 benefits)
- Flight technical = \$76,000/year (\$61,940 salary + \$7,600 payroll tax + \$6,450 benefits). 2 technical writers for the fleet
- Scheduler = \$75,000/year (\$61,125 salary + \$7,500 payroll tax + \$6,375 benefits). Approximately 3 planes per scheduler

Maintenance technicians: Director of maintenance, maintenance techs, maintenance controllers

- Director of maintenance: \$150,000/year (\$122,250 salary + \$15,000 payroll tax + \$12,750 benefits).
- Maintenance Technicians: \$90,000/year (\$73,350 salary + \$9,000 payroll tax + \$7,650 benefits). Approximately 2 technicians per aircraft
- Maintenance Controllers: \$90,000/year (\$73,350 salary + \$9,000 payroll tax + \$7,650 benefits). Approximately 1 controller per 5 aircraft

**Sales, marketing & commissions: (sales) + (marketing & PR consulting)**

- Sales = \$53,000/year (\$43,195 salary + \$5,300 payroll tax + \$4,505 benefits) 1 sales representative per 3 aircraft
- Guest Services = Allocated between JetSuite, Inc. and Delux based on the number of aircraft.
- Marketing & PR Consulting = Marketing staff and consultants

**Marketing: All advertising and PR events. Four months after launch, spend will slow to be 3% of gross revenue**

**Finance, HR, IT = finance + human resources + information technology**

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<sup>2</sup> Two of six total Delux EMB-135s that will be delivered to Delux during its first year of operations will be used only for on-demand charter service and not for the proposed commuter services. Accordingly, the cost of the chief pilot, flight technical, and other positions have been allocated to Delux's proposed commuter and on-demand charter services as affected by the delivery dates of the aircraft designated for the two different uses. For example, once all six aircraft have been delivered and four have been allocated to commuter operations, the forecasted income statement reflects two-thirds of the cost of the chief pilot and flight technical.

Supplemental Attachment 5:  
Forecasted Profit & Loss Statement and Balance Sheet of Delux Public Charter, LLC

- Finance = 1 accountant per 3 aircraft (\$48,900 salary + \$6,000 payroll tax + \$5,100 benefits) and 1 director of finance for 9 aircraft (\$105,950 salary + \$13,000 payroll tax + \$11,050 benefits)
- Human Resources = 1 human resource manager per 8 aircraft (\$55,000/year = \$44,825 salary + \$5,500 payroll + \$4,675 benefits)
- Information Technology = 1 developer per 10 aircraft (\$65,000/year = \$52,975 salary + \$6,500 payroll tax + \$5,525 benefits) and 1 systems analyst per 10 aircraft (\$65,000/year = \$52,975 salary + \$6,500 payroll tax + \$5,525 benefits)

**Other: (IT) + (taxes and fees) + (office expenses and travel) + (professional fees and contractors)**

IT = Reservation system, website expenses, plus \$300/employee per month

Taxes and fees = Credit card and other fees (3% of revenue plus \$1,250/month per plane)

Office expenses and travel = \$700 per employee per month (includes office and space rental)

Professional Fees and Contractors = \$17,500/month for the first year of operations

***Delux Balance Sheet Notes***

**Cash:** Delux Public Charter, LLC considers high liquid investments with original maturities of three months or less when purchased to be cash.

**Air Traffic Liability:** Funds received for future flights are recorded as deferred revenue and designated as air traffic liability on the balance sheet. When the flight transportation is provided, revenue is recognized and air traffic liability is correspondingly reduced.

**Related Party Payable:** Payable resulting from funds transferred from JetSuiteX, Inc. which raised the capital for Delux Public Charter, LLC to fund start-up operations. There are no financing costs related to this inter-company payable.

**Member Units:** Investment by JetSuiteX, Inc., sole member of Delux Public Charter, LLC.