

February 10, 2020

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Ms. Lauralyn J. Remo
Chief
Air Carrier Fitness Division
Department of Transportation
1200 New Jersey Ave., S.W.
Washington, DC 20590

Re: Application of Sky Palace Airways, Inc., Dockets OST-2019-0109 / -0110

Dear Ms. Remo:

This letter will respond to your information request of January 23, 2020, as a further supplement to the application filed August 1, 2019 by Sky Palace Airways, Inc. ("Sky Palace"). Our response will track the outline of the Information Response attached to your letter.

1. There are 15 additional stockholders who were not identified in the carrier's initial application, since they hold less than the 10 percent minimum specified in 14 CFR § 204.2(m). These stockholders, their holdings, and their capital contributions, are shown in Exhibit 1 attached hereto. (Personal information on these shareholders requested in the Information Response will be provided to Department staff for *in camera* review, and is not included in the docketed filing.) Please note that the stockholding proportions shown indicate percentages of the outstanding stock that has been sold. Other shareholders are expected to make investments that will significantly change the relative proportional holdings by the time the carrier becomes operational.

One difference will be noted between the attached Exhibit 1 and the holdings shown in Exhibit SP-2 to the initial application: one of the three major shareholders, Dr. Kiran Patel, has not yet paid in his capital contribution, and thus is not referenced in the attached table. He still remains committed to the project – he is a member of the board of directors – and plans to make his capital contribution of \$5 million once the carrier is ready to close on the aircraft acquisition. At that point he will become the second-largest shareholder (31.75%) of Sky Palace.

Since there is only one class of stock in Sky Palace – common voting – all stockholders hold this same class of stock. None of the stock includes dividend rights or liquidation preferences. Further, all the individuals listed as stockholders in Exhibit 1 are U.S. citizens.

2. Mr. Vijay Patel was identified in the Private Placement Memorandum as a director of the company. However, as we stated in our response of December 13, 2019, the PPM is now a year old, and where it differs from the information contained in the application, the

application controls. Thus, Mr. Vijay Patel is no longer a director, nor does he hold any other positions with the company.

3. The company's annual report to the Secretary of State of Wyoming identified only the company's officers, rather than "officers and directors" as the form required. An amended report will be filed to rectify this omission.
4. Exhibit SP-11 of the initial application specified seven categories of pre-operating expenses: office cost, salaries & overhead, legal/consulting, aircraft loan payments, insurance, crew training, and proving run, and broke down what amounts had been paid and were unpaid and projected as of May 31, 2019; this estimate was updated in our response of December 13, 2019. A current accounting as of December 31, 2019 is attached hereto as Exhibit 2.

You asked specifically about expenses associated with aircraft delivery, such as parking, fuel, handling, and loan payments. Two of the aircraft are currently housed at a facility at Victorville Airport in California, and one at Phoenix Goodyear Airport in Arizona, and delivery is expected to take place at those airports. Subsequent to Sky Palace taking possession, the aircraft will undergo C-checks. The cost of these checks has been included in the aircraft acquisition cost, which has already been reported to you. There are not expected to be any associated parking charges for the aircraft at Victorville or Goodyear. The first aircraft will be moved only once it is ready for the proving runs. The cost estimate for the proving runs includes all associated costs, including fuel, crew, landing fees, and handling costs. Moreover, the estimate for aircraft loan expenses shown in the accounting of pre-operating expenses includes payments on the aircraft loans up to the time that revenue operations commence.

5. The forecast submitted in December was predicated on an April 2020 startup. However, due to recent changes in the FAA certification procedure, extra steps will be required, and we have based the revised pro-forma submitted as Exhibit 3 on a June 2020 startup. (Explanatory notes are included in the Exhibit.) Dates for delivery of the aircraft, still under negotiation with Boeing, may affect this date as well.

The Department's question, as we understand it, is whether the change in startup date will affect the number of months out of the first 12 months of operation during which the carrier will operate three, rather than two, aircraft. The answer is no. The carrier's fleet plans call for introduction of the third aircraft in the eighth month of operation (whichever calendar month that happens to be), and its arrangements with Boeing will be tailored to this plan. Thus, the pro-forma is essentially the same as included with the December submission, except for the use of different months. The effect of this delay on the startup expenses will be modest, as the delivery of the aircraft (and hence the beginning of loan repayments, insurance, etc.) will be similarly delayed.

The pro-forma includes the full costs for which the carrier will be responsible. During the initial operations with the first two aircraft, it will be responsible only for aircraft, crew, maintenance and insurance (ACMI). The charterers will not reimburse the carrier for other costs, but rather will bear those costs directly. For the third aircraft operation, it expects to be responsible for the full cost of operations, and for these charters all associated costs, including fuel, handling, parking, crew costs, etc., are included. As

you will note, the delay in startup is expected to have very minimal impact on the carrier's projected expenses and operating results.

6. The fact that Sky Palace has not yet received its aircraft is irrelevant to the forecast. The timing of delivery will depend on the progress of the certification process, and the point at which the carrier will be ready for the proving runs, and allowing 60 days prior to that for the C-check. Dates, however, are still subject to change, as certain details are still being negotiated with Boeing; this does not affect the agreed-upon price of the aircraft.
7. The statement from Iberia Bank showing a balance of \$34,826 (as of December 31, 2019) is attached as Exhibit 4.
8. In response to your question about Mr. Pletzke's activities between December 2017 and March 2018, we can clarify that he was acting as an independent (self-employed) consultant, providing services to various airlines.
9. In response to your question about Mr. White's place of employment during the periods 2004-2006 and 2008-2010, we can clarify that he was acting as an independent consultant (self-employed) during those periods.
10. Ms. Kelly Carbone was hired as Director of the Operations Control Center as of October 1, 2019.

We are also providing a copy of Sky Palace's amended (current) Pre-Application Statement of Intent, on file with the FAA, as Exhibit 1 to the December 13 submission.

We trust that the information provided herein fully responds to the Department's questions, and we look forward to completion of the certification process for Sky Palace. Please let me know if you have further questions.

Sincerely,

COZEN O'CONNOR



By: Mark W. Atwood
Matthew J. Howell

SKY PALACE AIRWAYS, INC OWNERSHIP

As of 01/31/2020

	TAX ID	TOTAL CAPITAL CONTRIBUTION	TOTAL SHARES ISSUED	OWNERSHIP %
Adhia Investment Advisors, Inc		\$100,000.00	6,000,000	49.59%
Longboat Capital Holdings, LP		\$2,500,000.00	2,500,000	20.66%
Dr. Deepak R Patel & Priti D Patel		\$1,000,000.00	1,000,000	8.26%
PCAP, LLC		\$450,000.00	450,000	3.72%
Revocable Trust of Alka Hemant Shah		\$300,000.00	300,000	2.48%
Dr. Anil J Patel & Nila A Patel		\$250,000.00	250,000	2.07%
Keyur & Neha Adhia		\$250,000.00	250,000	2.07%
Chetan N Thakker & Babita Thakker		\$250,000.00	250,000	2.07%
Vandan N Tanna		\$250,000.00	250,000	2.07%
Ace Health Consultant		\$250,000.00	250,000	2.07%
Dhansukh G Amlani & Neela D Amlani		\$100,000.00	100,000	0.83%
Dr. Dinesh Patel		\$100,000.00	100,000	0.83%
Laxmi 5 LLC		\$100,000.00	100,000	0.83%
Astro Equity Group LLC		\$100,000.00	100,000	0.83%
Nalini S Karia		\$100,000.00	100,000	0.83%
Sheila Chandrahas		\$60,000.00	60,000	0.50%
Anita Chandrahas		\$40,000.00	40,000	0.33%

Total**\$6,200,000.00****12,100,000**

NOTES TO SHAREHOLDERS' CHART:

All individual shareholders shown are citizens of the United States. The seven non-individual entity shareholders are formed and owned as follows:

Adhia Investment Advisors, Inc. **Longboat Capital Holdings, L.P.**

The ownership information on these two entities is provided at Exhibit SP-2 to the initial application.

PCAP, LLC

State of formation: Florida
Type of ownership interests: all one class
Owners: Dr. Kiran Patel (75%); U.S. citizen
Vinanta Mundra (25%); U.S. citizen

Ace Health Consultants, LLC

State of formation: Florida
Type of ownership interests: all one class
Owners: Prasanna Singh (50%); citizen of India; permanent resident of United States
Vibha Singh (50%); citizen of India; permanent resident of United States

Astro Equity Group, LLC

State of formation: Texas
Type of ownership interests: all one class
Owners: Deepa Amlani Kurup (50%); U.S. citizen
Sajit Kurup (50%); U.S. citizen

Laxmi 5, LLC

State of formation: Delaware
Type of ownership interests: all one class
Owner: Sona Karia (100%); U.S. citizen

Revocable Trust of Alka Hemant Shah

State of formation: Florida
Trustee: Alka H. Shah; U.S. citizen
Beneficiaries: Paras Shah; U.S. citizen
Madhvi Shah; U.S. citizen
Hemant Shah; U.S. citizen

All non-individual shareholders of Sky Palace are U.S. citizens, with the exception of Longboat Capital (which holds 20.66%) and Ace Health Consultants (which holds 2.07%). This brings the total of foreign-held shares to 22.73%. The proportional holdings of non-citizens will be significantly diluted once the remaining investors (U.S. citizens) consummate their stock purchases.

SKY PALACE AIRWAYS, INC.
STARTUP EXPENSES

Expenses paid as of 12/31/19

Office cost	\$ 91,899
Salaries & Overhead	981,340
Legal/consulting	136,120
Aircraft inspection	37,933
Aircraft loan payments	0
Insurance	0
Crew training	0
Proving run	0
TOTAL	\$1,247,292

Expenses unpaid and projected as of 12/31/19

Office cost	\$ 63,850
Salaries & Overhead	528,050
Legal/consulting	12,500
Aircraft inspection	0
Aircraft loan payments	436,396
Insurance	99,483
Crew training	28,125
Proving run	300,000
TOTAL	\$ 1,468,404

PRO FORMA INCOME STATEMENT

Sky Palace Airways, Inc.

FIRST YEAR OF OPERATION (June 2020 to May 2021)

	Projected Jun-20	Projected Jul-20	Projected Aug-20	Projected Sep-20	Projected Oct-20	Projected Nov-20	Projected Dec-20	Projected Jan-21	Projected Feb-21	Projected Mar-21	Projected Apr-21	Projected May-21	Total
Block Hours													
Aircraft #1	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Aircraft #2	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Aircraft #3	-	-	-	-	-	-	-	75	75	75	75	75	375
Total Block Hours	300	300	300	300	300	300	300	375	375	375	375	375	3,975
	60	60	60	60	60	50	50	63	63	63	63	63	
REVENUE													
Revenue per Aircraft													
Aircraft #1 - ACMI Lease	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	13,500,000
Aircraft #2 - ACMI Lease	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	13,500,000
Aircraft #3 - Full Charter Service	-	-	-	-	-	-	-	937,500	937,500	937,500	937,500	937,500	4,687,500
Total Revenue	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	3,187,500	3,187,500	3,187,500	3,187,500	3,187,500	31,687,500
EXPENSES													
Charter Overhead													
Insurance Hull	49,742	49,742	49,742	49,742	49,742	49,742	49,742	49,742	49,742	49,742	49,742	49,742	596,900
Insurance Passenger Liability	125,400	125,400	125,400	125,400	125,400	125,400	125,400	188,100	188,100	188,100	188,100	188,100	1,818,300
Aircraft #1 - Loan Payment	79,295	79,295	79,295	79,295	79,295	79,295	79,295	79,295	79,295	79,295	79,295	79,295	951,535
Aircraft #2 - Loan Payment	89,307	89,307	89,307	89,307	89,307	89,307	89,307	89,307	89,307	89,307	89,307	89,307	1,071,686
Aircraft #3 - Loan Payment	49,596	49,596	49,596	49,596	49,596	49,596	49,596	49,596	49,596	49,596	49,596	49,596	595,155
Aircraft #3 - Engine Lease	-	-	-	-	-	-	-	100,000	100,000	100,000	200,000	200,000	700,000
Total Charter Overhead	393,340	393,340	393,340	393,340	393,340	393,340	393,340	556,040	556,040	556,040	656,040	656,040	5,733,576
Charter - Variable Costs													
Reserve Maintenance per Hr													
C Check	60,000	60,000	60,000	60,000	60,000	60,000	60,000	75,000	75,000	75,000	75,000	75,000	795,000
Engines	90,000	90,000	90,000	90,000	90,000	90,000	90,000	112,500	112,500	112,500	112,500	112,500	1,192,500
Line Maintenance	165,000	165,000	165,000	165,000	165,000	165,000	165,000	206,250	206,250	206,250	206,250	206,250	2,186,250
LRU	75,000	75,000	75,000	75,000	75,000	75,000	75,000	93,750	93,750	93,750	93,750	93,750	993,750
Crew													
Captain	75,000	75,000	75,000	75,000	75,000	75,000	75,000	90,000	90,000	90,000	90,000	90,000	975,000
First Officer	32,500	32,500	32,500	32,500	32,500	32,500	32,500	39,000	39,000	39,000	39,000	39,000	422,500
F/A	150,000	150,000	150,000	150,000	150,000	150,000	150,000	180,000	180,000	180,000	180,000	180,000	1,950,000
Payroll Overhead	46,350	46,350	46,350	46,350	46,350	46,350	46,350	55,620	55,620	55,620	55,620	55,620	602,550
Training	9,375	9,375	9,375	9,375	9,375	9,375	9,375	11,250	11,250	11,250	11,250	11,250	121,875
Fuel	-	-	-	-	-	-	-	304,665	304,665	304,665	304,665	304,665	1,523,325
Handling	-	-	-	-	-	-	-	60,000	60,000	60,000	60,000	60,000	300,000
Crew Extra (Full Charter Service)													
Per Diem	-	-	-	-	-	-	-	21,427	19,354	21,427	20,736	21,427	104,371
Hotel	-	-	-	-	-	-	-	44,640	40,320	44,640	43,200	44,640	217,440
Travel	-	-	-	-	-	-	-	8,400	8,400	8,400	8,400	8,400	42,000
Total Charter - Variable Costs	703,225	703,225	703,225	703,225	703,225	703,225	703,225	1,302,502	1,296,109	1,302,502	1,300,371	1,302,502	11,426,561

Adminstrative and General Overhead

	Projected Jun-20	Projected Jul-20	Projected Aug-20	Projected Sep-20	Projected Oct-20	Projected Nov-20	Projected Dec-20	Projected Jan-21	Projected Feb-21	Projected Mar-21	Projected Apr-21	Projected May-21	Total
SALARY & PAYROLL OVERHEAD													
Executive & Operation Team													
President	12,500	12,500	12,500	12,500	12,500	12,500	12,500	14,000	14,000	14,000	14,000	14,000	157,500
CFO	10,000	10,000	10,000	10,000	10,000	10,000	10,000	12,000	12,000	12,000	12,000	12,000	130,000
Director of Operation	10,000	10,000	10,000	10,000	10,000	10,000	10,000	12,000	12,000	12,000	12,000	12,000	130,000
Director of Safety & Security	10,000	10,000	10,000	10,000	10,000	10,000	10,000	12,000	12,000	12,000	12,000	12,000	130,000
Director of Maintenance	10,000	10,000	10,000	10,000	10,000	10,000	10,000	12,000	12,000	12,000	12,000	12,000	130,000
Chief Inspector	10,000	10,000	10,000	10,000	10,000	10,000	10,000	12,000	12,000	12,000	12,000	12,000	130,000
Director of OCC	6,250	6,250	6,250	6,250	6,250	6,250	6,250	7,500	7,500	7,500	7,500	7,500	81,250
Chief Pilot	10,000	10,000	10,000	10,000	10,000	10,000	10,000	12,000	12,000	12,000	12,000	12,000	130,000
Director of Flight Standards & Training	6,250	6,250	6,250	6,250	6,250	6,250	6,250	7,500	7,500	7,500	7,500	7,500	81,250
Director of Inflight	6,250	6,250	6,250	6,250	6,250	6,250	6,250	7,500	7,500	7,500	7,500	7,500	81,250
Director of IT System	6,250	6,250	6,250	6,250	6,250	6,250	6,250	7,500	7,500	7,500	7,500	7,500	81,250
Support Team													
Tech Reps	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	384,000
Accountant	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	84,000
Internet Tech	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Document Specialist	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Other													
Payroll Overhead	25,560	25,560	25,560	25,560	25,560	25,560	25,560	28,890	28,890	28,890	28,890	28,890	323,370
OFFICE EXPENSES													
Office Lease	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Legal	2,500	2,500	2,500	2,500	2,500	2,500	2,500	5,000	5,000	5,000	5,000	5,000	42,500
Operations Software System	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Travel	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Office Supplies	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Manuals Supplies	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Computers, etc.	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Office Equipment	350	350	350	350	350	350	350	350	350	350	350	350	4,200
Freight	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Cell Phones	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Airplane Parking	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	108,000
MARKETING EXPENSES													
Advertising /Marketing	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Total Administrative and General Overhead	202,310	202,310	202,310	202,310	202,310	202,310	202,310	226,640	226,640	226,640	226,640	226,640	2,549,370
Total Cost	1,298,875	1,298,875	1,298,875	1,298,875	1,298,875	1,298,875	1,298,875	2,085,182	2,078,788	2,085,182	2,183,051	2,185,182	19,709,507
Net Income (Loss) Before Taxes	951,125	951,125	951,125	951,125	951,125	951,125	951,125	1,102,318	1,108,712	1,102,318	1,004,449	1,002,318	11,977,993
Taxes on Income	237,781	237,781	237,781	237,781	237,781	237,781	237,781	275,580	277,178	275,580	251,112	250,580	2,994,498
Net Income (Loss) After Taxes	713,344	713,344	713,344	713,344	713,344	713,344	713,344	826,739	831,534	826,739	753,337	751,739	8,983,495

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations

Sky Palace Airways, Inc. (the "Company", the "Carrier") is a Wyoming corporation formed in November 2018 and with expected commencement of operations in June 2020. In its first year of operation, the company will provide charter service and plans on flying three Boeing 777-200ER.

2. Forecasted Financials

The forecast financial results are stated on a cash basis, and are based on certain assumptions. These underlying assumptions are based on the management team's extensive experience in aircraft operation, management and maintenance.

Start-up Cost & Source of Funding

The startup cost of the FAA certification is expected to reach a little under \$2.72 million by the end of May 2020 when the company is expected to receive its certificate of operation. (Approximately \$1.4 million of this was already paid as of December 31.) All expenses until the certificate of operation is issued are being paid as they come. The highest expense of the total start-up cost is allocated to salaries and payroll overhead expenses of the certification team. Much of the work is currently being performed by operations and maintenance experts already on staff at the company. In April 2020, Sky Palace is expected to enter Phase 4 of the certification process and \$300,000 have been allocated to the proving test expenses which will include fuel and crew expenses as well as other expenses associated with the proving run.

On October 19, 2019, Sky Palace Airways, Inc came to an agreement with Boeing Aircraft Holdings Company for the purchase of three Boeing Model 777-200ER passenger aircraft for a total aggregate purchase price for the aircraft of \$19,000,000. On October 18, the company provided a commitment fee in the amount of \$1,900,000 that is being held in escrow and the commitment fee shall be applied to the purchase price. Sky Palace is expecting to finalize the purchase by the end of February 2020. The total net cost of the three planes are expected to cost \$25,715,000 which will include C check expenses and interior renovation of all three aircrafts. The company plans to provide twenty percent down payment of the total net cost of the planes (\$5,143,000) and will finance the remaining eighty percent (\$20,572,000) with a 10 Year loan at 5 percent interest rate. Based on this assumption, loan payment for the three aircraft is expected to be around \$218,198 monthly. The loan payments expenses from April 2020 to May 2020 are included in the pre-operating expenses. Two aircraft will start operation in June 2020 and the third aircraft will start operation in January 2021. The third aircraft will require lease of two Rolls-Royce engines and the cost is assumed to be \$100,000 monthly.

The company is raising \$16,200,000 from private investors. As of December 31st, the company has already received \$5,100,000 in cash and \$11,100,000 in commitment by investors to invest in Sky Palace airways that amount before the end of the year.

First Year of Operation – ACMI Lease

The two Boeing 777-200ER that will start operation in June 2020 are assumed to operate 150 hours a month during the first year of service. All operations for those aircraft are assumed to be on an ACMI lease basis with an ACMI hourly rate of \$7,500. Maximum capacity of each plane is set at 380 seats. Any and all ACMI contracts will provide that Sky Palace will only be responsible for the costs of the aircraft, crew, maintenance and insurance; the Charterer will be responsible for all expenses over and above the air carrier's ACMI expenses, and will make all arrangements for, and pay any and all other expenses directly to, the vendors.

The third aircraft will be introduced in the eighth month (January 2021) and will be used for full charter service, *i.e.* the Charterer pays a fixed rate per block hour, and the carrier is responsible for arranging and paying for all services. The company is expecting to secure 75 block hours per month starting on January 2021 for this plane.

SKY PALACE AIRWAYS, INC

The fixed administrative overhead associated with the operation include insurance (both hull and passenger liability), the aircraft loan expenses and the engines lease for the third airplane. Assumptions underlying the insurance are based on a quote received by Alliant on October 2019 for three aircrafts. Coverage include Hull coverage and passenger liability.

Variable cost associated with the ACMI operation and the full charter service includes salaries and training of the crew as well as monthly reserves for maintenance of the airplanes.

The three Boeing 777-200ER are assumed to operate a total of 3,975 block hours in its first year of operation. The carrier is projecting to have a total of six captains, six first officers and sixty flight attendants on payroll to have sufficient personnel for its first year of operation. Salaries for the crew are based on the management team's extensive experience in aircraft management and are calculated at a base salary of \$180,000 annually plus benefits for captains, \$78,000 annual salary plus benefits for first officers, and \$36,000 annual salary plus benefits for flight attendants. Initial training for some of the flight crew is already included in the pre-operating cost from January to March 2020, and continuing training is accrued monthly in the first year of operation at a rate of \$6,250 annually for captains and first officers and \$1,000 annually for flight attendants.

The company will allocate \$1,300 per FH for maintenance costs and reserve. This assumption is based on current industry data.

DIRECT MAINTENANCE COSTS FOR 777-200ER: LONG-HAUL OPERATION				
Maintenance Item	Cycle cost \$	Cycle Interval	Cost per FC-\$	Cost per FH-\$
Line & ramp checks	390,000	Annual		82
A check	60,000	350-450FH		135-170
Base checks	3.4-3.6 million	35,000FH		97-103
Heavy components:			872-953	116-127
LRU component support				220-250
Total airframe & component maintenance				650-732
Engine maintenance:				
2 X PW4084/90: 2 X \$ 340 per EFH				680
2 X GE90-90/-94: 2 X \$ 370 per EFH				740
2 X Trent 892/895: 2 X \$ 280/330 per EFH				560/660
Total direct maintenance costs:				1,200-1,475

* Source: Aircraft Commerce

Additional variable cost associated with the full charter service includes fuel expenses, handling expenses, and per diem, hotel and travel expenses for our crew. Boeing 777-200ER consumes an average of 2,138 gallons per flying hours and fuel cost is currently calculated at \$1.90 per gallons. Based on the monthly 75 hours flight, fuel cost will account for \$304,665 expense monthly. For the calculation of the handling expenses we are making the assumption that the full charter service will fly a total of 10 segments of 7.5 block hour each. We are allocating \$6,000 per segment as handling expenses and this will include the takeoff and landing fees, inspection, and ground service expenses (including passenger and baggage handling) at both the departing and arriving airport. The crew per diem expenses is calculated at a rate of \$2.40 per hour, hotel is at a rate of \$120 per night and travel expenses at a rate of \$700 per crew members.

The revenues and expenses for the first year of operation are shown by month. As operation is expected to start in June 2020, the company estimates that for its first year of operation from June 2020 to May 2021, it will experience revenues of \$31.687 million and expenses of \$19,709 million and net profit before tax of a little under \$12 million.

3. Financial Fitness Analysis

All start-up certification cost up to December 31st, have been paid by the company. The company's remaining start-up certification costs are expected to be \$1,468,404 for the period of January 2020 to May 2020. Its projected operating costs for the first full year of charter operation from June 2020 to May 2021 will be \$19,709,507, thus a

SKY PALACE AIRWAYS, INC

three-month average would be \$4,927,377. In addition, the company will need to provide twenty percent down payment for the aircraft purchase in the amount of \$5,143,000 (which includes the \$1.9 million now in escrow).

As of December 31, 2019, Sky Palace held \$2,914,712 in cash at Fidelity Investments, \$34,248 in cash at Iberia Bank, \$1,900,000 in cash at McAfee & Taft Escrow account and \$15,000 in retainer at Cozen. Payroll liabilities account for \$11,252 which makes the total available cash on hand \$4,852,708.

Sky Palace also has received commitment by investors to invest \$10,100,000 into the company before the end of April 2020 which is included in the subscription receivable in the balance sheet.

The financial fitness test calculation is as follows:

(Based on Total Cost)	
Start-up Certification Costs (January – May, 2020)	\$1,468,404
3-month operating cost average	\$4,927,377
Down payment for first plane	\$5,143,000
TOTAL	\$11,538,781
Available Cash	\$4,852,708
Subscription receivable	\$10,100,000
SURPLUS	\$3,413,927

EXHIBIT 4

11667 116669 R PO TO



011667

SKY PALACE AIRWAYS, INC
1101 E CUMBERLAND AVE
TAMPA FL 33602



011667


24-hr Phone Banking

1-800-968-0801

Customer Service

1-800-682-3231


24-hr Online Banking

iberiabank.com

FREE BUSINESS CHECKING

Previous Balance	34,826.10
2 Deposits/Credits	45,000.00
19 Checks/Debits	45,578.02
Service Charge	.00
Interest Paid	.00
Current Balance	34,248.08

ACCOUNT NUMBER

Statement Dates	12/02/19 thru 12/31/19
Days this Statement Period	30
Average Ledger Balance	18,897.18
Average Collected Balance	18,897.18

DEPOSITS AND CREDITS

Date	Description	Amount
12/23	MONEYLINE FID BKG SVC LLC PPD	25,000.00
12/26	MONEYLINE FID BKG SVC LLC PPD	20,000.00

WITHDRAWALS AND DEBITS

Date	Description	Amount
12/02		500.00-
12/02		3,787.00-
12/02		10,500.00-
12/03		337.50-
12/03		699.61-
12/05		190.53-
12/05		1,562.50-
12/12		493.75-
12/12		1,562.50-



PREAPPLICATION STATEMENT OF INTENT

US Department of Transportation
Federal Aviation Administration

Paperwork Reduction Act Statement: A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB Control Number. The OMB Control Number for this information collection is 2120-0593. Public reporting for this collection of information is estimated to be approximately 96 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing and reviewing the collection of information. All responses to this collection of information are mandatory per 14 CFR Part 119. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden should be directed to the FAA at: 800 Independence Ave SW, Washington, DC 20591, Attn: Information Collection Clearance Officer, ASP-110.

Section 1A. To Be Completed By All Applicants

1. Name and mailing address of company SKY PALACE AIRWAYS, INC. 1101 E. Cumberland Avenue Tampa, FL 33602		2. Address of principal base where operations will be conducted (do not use post office box) 1101 E. Cumberland Avenue Tampa, FL 33602	
3. Proposed Start-up date December 31, 2019		4. Requested three-letter company identifier in order of preference 1. SPA 2. SKY 3. PAL	
Company Email Address robertf@skypalaceair.com		Doing Business As (DBA) No DBA	

5. Management Personnel

Name (Last, first, middle)	Title	Telephone (including area code) and Email Address
See Exhibit 1		

Section 1B. To Be Completed By Air Operators

6. Proposed type of operation (check as many as applicable)

- | | | | |
|---|--|---|---|
| ☒ Air Carrier Certificate | ☒ Part 121 | ☒ Passengers and Cargo | ☐ Single Pilot Operator |
| ☐ Operating Certificate | ☐ Part 125 | ☐ Cargo Only | ☐ Single Pilot-in-Command Operator |
| | ☐ Part 133 | ☐ Scheduled Operations | ☐ Basic Part 135 Operator |
| | ☐ Part 135 | ☒ Nonscheduled Operations | |

Section 1C. To Be Completed By Air Agencies N/A

7. Proposed type of agency and rating(s)

- | | |
|--|---|
| ☐ Part 145 Repair Station | ☐ Part 147 Maintenance Technical School |
| ☐ Domestic | ☐ Airframe |
| ☐ Foreign ☐ New ☐ Renew | ☐ Powerplant |
| ☐ Satellite | ☐ Both |
| ☐ Airframe | ☐ Instrument |
| ☐ Powerplant | ☐ Accessory |
| ☐ Propeller | ☐ Specialized Service |
| ☐ Radio | ☐ Any other purpose for which the FAA finds the applicant's request if appropriate |

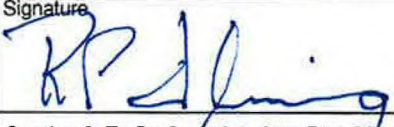
Section 1D. To Be Completed By Air Operators

8. Aircraft Data		9. Geographic area of Intended operations Africa excluding Ethiopia and Somalia Atlantic Ocean including NAT/MNPS airspace Canada including MNPS airspace Caribbean Sea and Islands/Nations, including Havana FIR Central America Europe and the Mediterranean Mexico and the Gulf of Mexico Middle East excluding Iraq South America USA including Alaska
Numbers and types of aircraft (Include Registration if available) (by make, model, and series) BOEING 777-200ER	Number of passenger seats or cargo payload capacity 380 PAX	

Section 1E. To Be Completed By All Applicants

10. Additional information that provides a better understanding of the proposed operation or business (*attach additional sheets, if necessary*)
Sky Palace Airways, Inc., will be conducting Supplemental Charter operations under mostly ACMI contracts, but also under full charter revenue operations.

11. The statements and information contained on this form denote an intent to apply for FAA certification.

Signature 	Date 12-20-2018	Name and Title Robert P. Fleming- President
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Section 2. To Be Completed By FAA District Office

Received by (district office): 	Precertification Number
Date:	Date Coordinated with AFS-620

Remarks

Exhibit 1 to PASI, Rev 1

Name (Last, First, Middle)	Title	Telephone and Email Address'
Gray, Michael Allyn	VP and Director of Operations	michaelg@skypalaceair.com 813.545.2106
Pletzke, William Stanley	Director of Safety and Security	williamp@skypalaceair.com 954.892.7022
White, Emory	Chief Inspector	emoryw@skypalaceair.com 818.859.9244
Verdon, Eric	Director of Maintenance	ericv@skypalaceair.com 813.580.0847
Shattuck, Steven R	Chief Pilot	stevens@skypalaceair.com 480.807.4424

Rev. 2

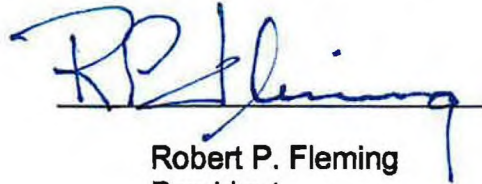
CERTIFICATION

The contents of this Response of Sky Palace Airways, Inc. and the attached exhibits are true and correct to the best of my knowledge and belief. Pursuant to Title 18 United States Code Section 1001, I, Robert P. Fleming, in my individual capacity and as the authorized representative of the applicant, have not in any manner knowingly and willfully falsified, concealed or failed to disclose an material fact or made any false, fictitious, or fraudulent statement or knowingly used any documents which contain such statements in connection with the preparation, filing or prosecution of the application. I understand that an individual who is found to have violated the provisions of 18 U.S.C. section 1001 shall be fined or imprisoned not more than five years, or both.

Robert P. Fleming
President
Sky Palace Airways, Inc.

CERTIFICATION

The contents of this Response of Sky Palace Airways, Inc. and the attached exhibits are true and correct to the best of my knowledge and belief. Pursuant to Title 18 United States Code Section 1001, I, Robert P. Fleming, in my individual capacity and as the authorized representative of the applicant, have not in any manner knowingly and willfully falsified, concealed or failed to disclose an material fact or made any false, fictitious, or fraudulent statement or knowingly used any documents which contain such statements in connection with the preparation, filing or prosecution of the application. I understand that an individual who is found to have violated the provisions of 18 U.S.C. section 1001 shall be fined or imprisoned not more than five years, or both.

A handwritten signature in blue ink, appearing to read "R.P. Fleming", is written over a horizontal line.

Robert P. Fleming
President
Sky Palace Airways, Inc.