

From: Richard Joslin <[REDACTED]>
To: jeffrey E. <jeevacation@gmail.com>
Subject: FW: Further Revision of Amendment No. 2 to Charter Lease
Date: Tue, 10 Feb 2015 14:09:34 +0000

From: Fenn, Patrick [mailto:[REDACTED]]
Sent: Monday, February 09, 2015 1:26 PM
To: Richard Joslin
Subject: RE: Further Revision of Amendment No. 2 to Charter Lease

Hi Richard. Let me review and catch up with Mandel and get back to you. Best regards

From: Richard Joslin [mailto:[REDACTED]]
Sent: Monday, February 09, 2015 8:20 AM
To: Fenn, Patrick
Cc: Mandel, Michael
Subject: FW: Further Revision of Amendment No. 2 to Charter Lease

Patrick:

I would like your tax input on the charter arrangement.

Before the 135 certification, Jet billed Rance/ Avioneta for fixed costs, variable costs and flight incidentals. Apollo would provide a payment for business related flights at a standard rate.

After the 135 certification, the plane owner (Rance/ Avioneta Holdings LLC) leases G-V to Jet Aviation (third party). The fee that Jet charges its charter clients is set forth in a dry lease agreement. The net charter fee paid to Rance is \$200 less than the amount Jet receives from its clients.

From a billing perspective, Jet continues to send invoices to Avioneta for fixed costs (crew salaries/ maintenance). Jet invoices its charter clients a) standard hourly rate b) incidental costs. Clients are billed separately by Jet for flight incidentals. Jet pays to Rance/Avioneta the standard hourly rate less \$200.

With the standard hourly rate paid by Apollo now being increased to include incidental costs, Jet will revert to billing all fixed, variable and flight incidentals to Rance/ Avioneta and pay to Rance/Avioneta the standard hourly rate less \$200.

Given the billing has reverted to pre-charter reporting, and given that the lessee (Jet) is not incurring any costs to operate its charter business, I'd like to get your input on the rental relationship between Jet and Rance. While Jet is unlikely to change its billing procedures, I'd like to discuss ways to improve reporting/ structuring (if possible)

Michael –if I have any facts incorrect, kindly correct.

Thanks
RJ

From: Mandel, Michael [mailto: [REDACTED]]
Sent: Friday, February 06, 2015 5:29 PM
To: Richard Joslin
Subject: RE: Further Revision of Amendment No. 2 to Charter Lease

Actually the Air Carrier is Jet and the Lessor is Rance. And is there any substantive difference between remitting the rent net of expenses to Rance and remitting the gross rent and then billing them separately for the trip-related expenses?

Michael S. Mandel

Direct: + [REDACTED]

From: Richard Joslin [mailto: [REDACTED]]
Sent: Friday, February 06, 2015 5:23 PM
To: Mandel, Michael
Subject: RE: Further Revision of Amendment No. 2 to Charter Lease

The dry lease agreement says Air Carrier (Rance) will charge Lessor (Jet Aviation) \$XX - \$200 (when there is a 135 charter between Jet and LDB/Apollo).

The billing of fixed, direct, indirect costs by Jet is always to Rance/Avioneta based on 91 past history and based on how their billing system is set up.

For 135 flights, the fact that billing is unchanged negates the argument that Rance is leasing plane to Jet. (How can plane costs be billed to landlord – they are tenant's responsibility) It would make sense that Jet would remit any monies from that it receives net of flight expenses. Any shortfall could be billed to Rance/Avioneta.

Please run by Patrick if billing Rance for 100% of the plane costs is fatal to the tax argument.

From: Mandel, Michael [mailto: [REDACTED]]
Sent: Friday, February 06, 2015 5:14 PM
To: [REDACTED]; [REDACTED]; [REDACTED]
Cc: [REDACTED]; Richard Joslin; [REDACTED]; Fenn, Patrick
Subject: RE: Further Revision of Amendment No. 2 to Charter Lease

OK, the amendment as originally drafted provided that you could simply deduct those charges from the amount remitted to Rance, but assuming this is acceptable to Lisa and Rich I will revise the draft accordingly.

Michael S. Mandel

Direct: [REDACTED]

From: [REDACTED] [mailto: [REDACTED]]
Sent: Friday, February 06, 2015 5:10 PM

To: Mandel, Michael; [REDACTED]; [REDACTED]
Cc: [REDACTED]; [REDACTED]; [REDACTED]; Fenn, Patrick
Subject: RE: Further Revision of Amendment No. 2 to Charter Lease

Michael,
Since the charter rate is all inclusive to Leon Black or Apollo, all trip related charges for the crew and aircraft relating to charter trip will be billed to Rance on their monthly billing from JAFS will all the other aircraft charges and we will reimburse Rance the all-inclusive rent, less the applicable taxes and administrative fee of \$200.

Jet Aviation Flight Services, Inc.
Mary Demarest
Account VP
112 Charles A. Lindbergh Dr.
Teterboro, New Jersey 07608 / United States
Tel. [REDACTED]
[mailto:\[REDACTED\]](mailto:[REDACTED])

From: Mandel, Michael [[mailto:\[REDACTED\]](mailto:[REDACTED])]
Sent: Friday, February 06, 2015 4:59 PM
To: Demarest, Mary; Beversluis, William; Konicki, Gary
Cc: [REDACTED]; [REDACTED]; [REDACTED]; Fenn, Patrick
Subject: RE: Further Revision of Amendment No. 2 to Charter Lease

So that I'm clear, the rent Jet sends does not deduct out of pockets when sending a net rent to Rance? That is inconsistent with what Bill said on our last call.

If your language is correct, then how and when are "Charges" billed and collected?

Michael S. Mandel

Direct: [REDACTED]

From: [REDACTED] [[mailto:\[REDACTED\]](mailto:[REDACTED])]
Sent: Friday, February 06, 2015 4:47 PM
To: Mandel, Michael; [REDACTED]; [REDACTED]
Cc: [REDACTED]; [REDACTED]; [REDACTED]; Fenn, Patrick
Subject: RE: Further Revision of Amendment No. 2 to Charter Lease

Good afternoon,
Please find one minor change to the Revised Amendment on page 2 of Schedule A – we deleted in second paragraph "Less the charges" and inserted "less any applicable taxes" and I hope this meet with your approval.
Thank you
Mary

Jet Aviation Flight Services, Inc.
Mary Demarest
Account VP
112 Charles A. Lindbergh Dr.
Teterboro, New Jersey 07608 / United States
Tel. [REDACTED]
[mailto:\[REDACTED\]](mailto:[REDACTED])

From: Mandel, Michael [mailto: [REDACTED]]
Sent: Monday, February 02, 2015 4:17 PM
To: Demarest, Mary; Beversluis, William; Konicki, Gary
Cc: Lisa Graziano ([REDACTED]); 'Richard Joslin ([REDACTED]); Thomas Turrin ([REDACTED]); Fenn, Patrick
Subject: Further Revision of Amendment No. 2 to Charter Lease

This reflects our call last week but if there are still issues please let us know.

Michael S. Mandel

AKIN GUMP STRAUSS HAUER & FELD LLP

1333 New Hampshire Avenue, N.W. | Washington, DC 20036-1564 | USA | Direct: [REDACTED]

[REDACTED] | [REDACTED] | [Bio](#)

The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. If you have received this communication in error, please notify us immediately by e-mail, and delete the original message.

The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. If you have received this communication in error, please notify us immediately by e-mail, and delete the original message.

The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. If you have received this communication in error, please notify us immediately by e-mail, and delete the original message.

The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. If you have received this communication in error, please notify us immediately by e-mail, and delete the original message.

The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. If you have received this communication in error, please notify us immediately by e-mail, and delete the original message.