

A Defining Moment, Ten Years After




LATITUDE 33°

A glance back at the decade-long history of Latitude 33 Aviation

In the fall of 2008, a chance encounter occurred on the tarmac in front of Cutter Aviation in Phoenix, AZ. It was brief. But it would forever change the lives of two men.

Corporate pilots Casey Miller and Solomon Short had just flown in from Carlsbad, CA on their respective Cessna Citation jets. While waiting for their passengers to return from a Phoenix Suns' basketball game, they began to talk.

About their love of flying. About their families. Soon, the conversation turned to what might be next in their lives. Casey had been running Latitude 33, a jet management business on his own since 2006, managing three aircraft. He confessed he had more demand than he could handle alone, and knew he had to fix it. Their passengers arrived, and the two said goodbye.

Solomon walked away hoping they'd meet again.

Solomon was already an accomplished pilot-in-command throughout Europe and North America, having launched his own jet charter company at 23-years old. Casey soloed at 16; he was a Learjet captain at 23; flew Gulfstreams for legendary Clay Lacy Aviation at 25, and began an airline career at 26. Even then, both men held multiple type-ratings, certificates, and well-worn logbooks.

Several more chance meetings took place between the two in 2009.

That year became another defining moment. Casey asked Solomon to help pilot a trip for one of his jet owners and both saw an opportunity to do some business together. Casey felt that he was about to turn the corner for Latitude 33 Aviation when, in 2010, the unthinkable happened.

Casey's beloved, otherwise healthy, dad and mom passed unexpectedly (only 59 and 61 years old) to sudden medical events, barely a year apart. The loss was transformative.

He put his head down, focused on business, and found strength he didn't know he had. Because he enjoyed collaborating with other pilots, he kept coming

back to conversations with Solomon. Casey kept thinking, "Fifty percent of a watermelon is better than 100 percent of a grape."

Then in 2011, Casey invited Solomon to his home. Minutes into the conversation the two men shook hands and declared, "Let's do this!" They formed a 50:50 partnership and resolved to expand Latitude 33's footprint and raise the bar on performance standards in private jet management.

Within one month, the two pilots landed their first client together. "After that, it was one client after the other. With no employees, we were doing everything. Now, nearly six years later, we've hired 35 employees and manage 30 light, mid-size and super mid-size jets in 11 cities across five states," beams Solomon.



The Year of Flying Tailwinds

Latitude 33 Aviation's 10th anniversary celebration began in mid-2016 and continues through to mid-2017. And it is a year to remember.

Consider these high points:

- Added seven aircraft to the fleet; moved five of the seven into charter operations
- Expanded to mid- and super mid-size categories with Citation Sovereign and Challenger 350
- Diversified fleet with additions of the first Embraer and Bombardier aircraft
- Closed \$60 million in transactions with 14 aircraft sales/acquisitions
- Flew more than 2,000 charter hours
- Voted San Diego's Best Air Charter by Ranch & Coast Magazine's Readers' Poll
- Hired ten new employees
- Hosted a 10th Anniversary client thank-you gala filled with social goodwill
- Undertook the rigorous safety audit process for the coveted ARGUS Platinum Rating



Until last year, Latitude 33 was a Citation-only company with the CJ1, 2, 3, and 4 variants. In 2016, the company added an Embraer Phenom 300, a Phenom 100, a Bombardier Challenger 350 and a Citation Sovereign. More new aircraft types are expected in 2017 to operate under both Part 91 and 135.

“Solomon, I must congratulate you and Casey for operating such a fine company. Your successful growth is a result of a good business vision, hiring of capable employees and follow through. I could not be happier with how you operate my aircraft.”

--a long-time client and jet owner

Best of all, Latitude 33's growth is off the charts, 25 percent year-over-year. Among its many differentiators, Latitude 33 manages the largest and newest fleet of light jets in the entire United States. With little marketing. Eighty percent of business comes from friend-of-a-friend referrals.

Despite these enviable milestones, it is not about growth for growth's sake for this fast-paced, hands-on operation.

When Culture Counts

In asking Micah Allmon, operations manager, one of the earliest employees, what business Latitude 33 is in, he immediately knew his answer. “We’re in the YOU business.” Owner Casey says, “We’re in the TRUST business.” Chief Pilot Beau Jurgens says, “We’re in the MAKING LIVES EASIER business.” Michael Giesbrecht, director of business development, answers, “We’re in the EXCEEDING EXPECTATIONS business.”





White-Glove Service, Red-Carpet Support

Client stories are hard to come by at Latitude 33 because of strict corporate adherence to client privacy. Makes perfect sense. However, a few generic stories were peeled away, giving evidence to Latitude 33's "Client First" service credo.

On protecting the client's investment: Caryn Armstrong fiercely scrutinizes client invoices as though the aircraft were her own. As head of accounting, Caryn also reviews trips and aircraft locations to do reconciliations. If she finds a \$10 or \$20 discrepancy in a facility fee, she goes after it and gets it reversed. One client was mistakenly charged for an extra night and higher than usual facility fees, plus retail gas rates. By the time she got off the phone, the facility cut charges and gave her the contract fuel rate. Clients welcome the tenacity; it saves tens of thousands of dollars a year.

On 'just do it': A new pilot-owner headed out to McClellan-Palomar Airport, Latitude 33's main base, for a 4:30 a.m. take-off. He had mechanical difficulty and felt stranded. He called Micah, who was deep in REM sleep. Micah jumped out of bed, made a beeline for the airport, and helped the owner on his way. Micah quietly headed back to bed. As he says, "If you need to fly your airplane, and it's safe to fly, we make sure you fly."

On above and beyond the call: A charter flight experienced a mechanical issue in Portland, Oregon on a Sunday. The passengers were intent on carrying out their plans, but were completely stuck. Solomon dropped everything, left his family event, and flew a CJ2+ up to recover the passengers. Although delayed, the client and passengers were grateful to be on their way in their replacement aircraft.

On a funny-thing-happened-on-the-way-to-the-airport: On a charter to Moab, UT, the crew was airlining home out of Grand Junction and running late. The only available car rental sat at the small FBO. Upon landing, the crew was told to walk outside and "look for a white Corolla with keys

in the cupholder." So, the crew walked outside and jumped in the white Corolla with keys in the cupholder.

Next morning, Jesse Cunningham, Latitude 33's director of charter, got an angry call from the chief pilot in Moab: his pilot's car was missing or stolen. Jesse checked with pilot Grant. Turns out, two identical white Corollas sat in the parking lot; he drove off with the wrong one. Grant wondered why dog hair covered the seats and a toothbrush lay on the floormat. From then on, Grant was known as Grant Theft Auto.

Sweet Birds of Youth

Youth touches Latitude 33 in an appealing way. First, it is a young company. Second, it manages the youngest fleet in the charter business at an average aircraft age of 3.7 years. Next, the average age of the company's 35 employees is only 37, with the owners both under 40.

However, don't mistake youth for inexperience.

Latitude 33 timeline to date

January 2006

Casey Miller launches Latitude 33 Aviation with one aircraft under management.



May 2008

Miller meets future partner Solomon Short by chance for first time in Phoenix, AZ.



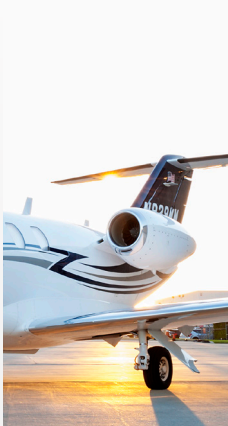
December 2008

Latitude 33 adds fifth managed aircraft to fleet.



August 2009

Expands outside of California; added first non-CA managed aircraft (Aspen, CO).



July 2011

Miller and Short form 50:50 partnership. Rapid growth occurs: three new clients, three new aircraft, and two locations added within months.



January 2013

Latitude 33 receives FAA approval and begins charter operations.



July 2016

Company moves to new headquarters at Palomar Airport, expanding hangar and office space.



December 2016

First year of significant aircraft sales (14 transactions worth \$60 million).



2017 YTD

Five new aircraft transactions; 40 percent more charter hours YTD.

100,000 Flight Hours?

Proud of its deep bench in aviation, the Latitude 33 team has collectively logged 87,469 flight hours as of Q4 2016. It won't take more than a west coast minute for that figure to soar to 100,000 hours.

Casey and Solomon still fly regularly: Solomon, a Part 135 charter captain, maintains currency on the Citation CJ3, and typically flies in and out on the west coast four or five days a month. Casey, too, averages five days a month in the cockpit devoted to handling the test/acceptance flights associated with the company's aircraft sales & acquisition department. Latitude's charter pilots fly an average of four to five hours a day, when on duty. On one extended trip, Chief Pilot Beau Jurgens flew 13.5 hours in a 36-hour span.

Flying private jet charter trips generates a lot of stress. On any given day, the charter office itself buzzes like command central as the team moves everyone and every plane to its destination. Think about it for a moment. Corporate pilots fill many roles in addition to manning the flight deck.

Like a shifting kaleidoscope, pilots can change into a social director, psychologist, flight attendant, bartender, caterer, weatherman, first responder, even a policeman. Recently, a domestic dispute onboard required some delicate finessing. Pilot Brian Bland explains, "yes, it's high stress and a unique experience. Every day can be an extreme, so many moving parts. You manage it with proper training and experience."

Attitude of Gratitude

Both Casey and Solomon express gratitude every day for their hard-working, intensely motivated team. All their careful and personal vetting of new hires has paid off. Turnover is nearly non-existent. Everyone meshes well. The company is dog-friendly; Casey brings his lab, Tycho, to work. Employees describe the owners as “great bosses.”

The team goes go-kart racing, enjoys pizza meetings, and volunteers in the community. And by pilot Scott Winn’s account, “there’s no office drama.” Everyone stays 100 percent focused on the job at hand-to keep those sweet birds flying.

Indeed, Latitude 33 points to a 99.96 percent flight completion rate for 29,200 flights over ten years. The company canceled only 15 flights in a decade due to maintenance issues. Maintenance chief, Mike Reyes, says “our owners are a cut-above and insist on excellent care of their airplanes.”

Safety Always

To underscore stringent emphasis on safety standards, Latitude 33 recently opened itself up to a painstaking, on-site ARGUS audit with the goal to qualify for its coveted Platinum Rating, the highest level within the ARGUS rating system.

The audit demands a “well-developed Safety Management System, clear and workable Emergency Response Plan, effective policies and procedures and documented records for all major aspects of operations and maintenance within a flight department or charter company.” According to 2012 industry statistics compiled by ARGUS, of 1,000 U.S.-based charter operators only 52, or 5 percent, have reached a Platinum rating.

In March 2017, Latitude 33 earned the coveted ARGUS Platinum Rating for safety excellence.

Prevailing in a Fragmented Market

Latitude 33 Aviation’s double-digit growth is more impressive given the fragmentation of the private jet management/charter market. According to AMSTAT, 513 jet charter companies operate in the United States today, along with 771 jet aircraft management companies.

In fleet size alone, Latitude 33 ranks number 9 out of all jet aircraft management companies in the U.S., or the upper 1.2 percent of the market. With 15 aircraft under charter, Latitude 33 ranks number 33 (coincidentally) out of more than 500 jet charter operators.

“Thanks again for your superior service. All the way around, Latitude 33 is the best I have seen in charter. I’ve been around charter now for 25 years. Kudos to the whole team.” -- a charter client

The global fleet of light, medium, and heavy business jets totals more than 22,000. The 2016 Global Business Aviation Outlook from Honeywell forecasts worldwide deliveries of 8,600 new business jets worth \$255 billion from 2016 to 2026, a slight reduction from the year before. A whopping 39 percent of those purchases are expected to transpire by late 2019.

The bulk of demand stems from North America at 65 percent, with operators focusing on “larger-cabin aircraft classes, ranging from super mid-size through ultralong-range and business liner, which are expected to account for more than 85 percent of all expenditures on new business jets in the next five years,” says Honeywell.

These statistics indicate clear skies ahead for Latitude 33 as it continues its upward trajectory, moves into larger jets, and creates more upmarket space for new jet owners.



Wings to the Future

The first “bizjet” flew on September 4, 1957, the Lockheed JetStar, long before anyone at Latitude 33 was even born. It handily carried ten passengers and two crew at a top cruise speed of Mach 0.8. Today, the Citation X, for example, boasts a maximum speed of Mach 0.935 or 717 mph.

For a young company, Latitude 33 Aviation has inherited the long and colorful history of aviation. Early in life, most everyone in the company was influenced by someone who passed on their love of flying. Perhaps, this is why the company nurtures a give-back attitude. Latitude 33 donates flights, and volunteers as a community partner, to local non-profits dedicated to helping improve children's experience of learning. Soon, the company will embark on an equally important initiative.

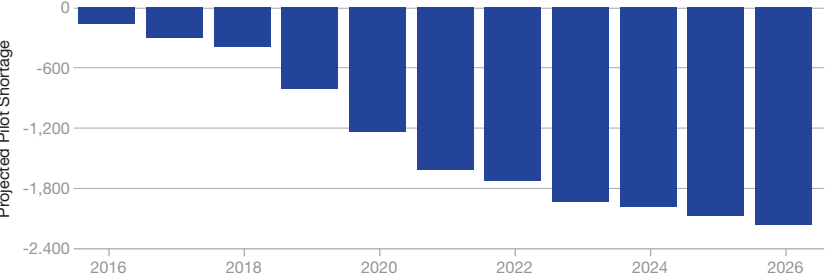


Looming Pilot Shortage

The industry faces a severe pilot shortage. “That looming pilot deficit will soar to 15,000 by 2026, according to a study by the University of North Dakota's Aviation Department, as more captains reach the mandatory retirement age of 65 and fewer young people choose commercial aviation as a profession,” cites Bloomberg News. Of course, this deficit negatively impacts the business jet market as the airlines tend to recruit its pilots from business aviation sector.

Help Wanted in the Cockpit

Annual shortages are expected to add up to 15,000 pilots in 10 years



Source: University of North Dakota

Latitude 33 Aviation plans to launch a special scholarship program this year to help a deserving student, anxious to enter the profession, earn his or her type ratings. With higher costs and more stringent requirements today, it's tough for anyone to shoulder the burden of flight school.

Expense of Learning to Fly

Based on one pilot's observation, before 9/11, costs were as low as \$20,000. By 2007, that number rose to \$30,000. In 2011, he completed his private pilot's license, instrument and multi-engine ratings, instructor and ATP license at the cost of \$50,000. Add in his college debt, and he's in for more than \$100,000 to launch his career.

Pilots helping future pilots, a match made above the clouds.



Managed Growth

Everyone at Latitude 33 wants to continue doing what he or she loves, especially the owner- and employee-pilots. Casey, by his own admission, is ultra-conservative and wants to “stay in my lane” and “grow vertically, not horizontally.” The goal is carefully managed growth.

That means to continue to deepen the company’s expertise, continue to grow the fleet with the latest technology jets, continue to expand infrastructure where planes are placed, and continue to refine Latitude 33’s trademark white-glove, red-carpet service.

If he can make money at it, great. However, when he wakes up every morning, the first thing he thinks about is “did we do right by the client?”

In fact, Casey admits to talking himself out of deals. For example, an excited aircraft buyer came to him and said, “I can buy this jet for only \$2 million.” Casey recommended against the purchase. While the relatively low purchase price was enticing for the prospective buyer, he didn’t realize that the year-over-year operating costs of the plane were going to overwhelm him. Casey and Solomon insist on transparency in all the company’s business dealings, and people find their approach “refreshing.”

“We are so well situated. Southern California is the mecca for private aviation. While I don’t care about being the biggest, I do intend to be the best,” says Casey. “As soon as an idea is on paper, I want to meet the goal. We’re growing so fast, our five-year goals don’t last five months. We just need to stay hungry.”

Solomon and Casey both care about what makes people tick. They listen well, ask good questions, and strive for inspired leadership. And because they cared about what made each other tick, a vibrant, aspiring market leader in business aviation thrives today.

No doubt, Latitude 33 Aviation will encounter many more defining moments in its future. Perhaps, not quite like that night full of promise on the Phoenix tarmac nine years ago.



Latitude 33 Aviation, a business jet management, air charter and aircraft sales company, based at McClellan-Palomar Airport in Carlsbad, CA, manages the largest and newest fleet of light jets in the United States.

Founded in 2006, Latitude 33, named after its geographical coordinates in San Diego County, currently manages a fleet of 30 client-owned business jets, located at eleven airports. Average aircraft age is only 3.7 years; average age of 31 employees is 37, with both owners under 40.

The company's safety record reflects in a 99.96 percent flight completion rate for 29,200 flights over ten years. In 2017, Latitude 33 earned the distinguished ARGUS Platinum Rating Award for safety excellence, the only operator in San Diego County to do so, placing it in the top five percent of all charter operators in the entire United States.



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