March 26, 1996

Clyde W. Summerville, Esq.
Preston, Gates & Ellis
5000 Columbia Center
701 Fifth Avenue
Seattle, WA 98104

Re: Proposed operation of Boeing 727 Aircraft

Dear Mr. Summerville:

This is in response to your letter of December 18, 1995, in which you set forth certain proposed aircraft operations and requested our opinion as to whether those operations can be conducted under Part 91, Subpart F, of Title 14 of the Code of Federal Regulations (14 CFR 91.501 et seq.) (Hereinafter referred to as Subpart F.) Your letter includes a diagram which sets out the ownership structure of the Vancouver Hockey Club Ltd., and the Orca Bay Basketball Limited Partnership. While the diagram identifies several persons (individual and corporate) of interest, the following are deemed to be most pertinent to the resolution of your questions:

The registered owner of the B-727 aircraft. The registered owner is a limited liability company organized under the laws of the State of Washington. The majority owner of the registered owner is Sportco Investments, Inc.; a minority shareholder is Sportco Investments II, Inc. The sole purpose of the registered owner is to own the aircraft.

Sportco Investments, Inc.,(hereinafter referred to as Sportco). Sportco is a corporation organized under the laws of the State of Washington. The stock of Sportco is owned primarily by one United States citizen. Sportco was formed to invest in professional sports teams. Sportco currently holds, as described below, a controlling interest in two professional sports teams located in Vancouver, Canada. The teams, and Sportco's interest therein, are set forth below.

Sportco Investments II, Inc., (hereinafter referred to as Sportco II). Sportco II is a corporation organized under the laws of the State of Washington. The stock of Sportco II is owned primarily by one United States citizen, the same individual who is the primary shareholder of Sportco. Sportco II was formed to invest in professional sports teams. Sportco II currently holds, as described below, a minority interest in two professional sports teams located in Vancouver, Canada. It

is intended that Sportco II will lease the aircraft from the registered owner and be the operator of the aircraft on all flights, which are the subject of this interpretation.

Vancouver Hockey Club Ltd.,(hereinafter referred to as the Hockey Team) is a company organized under the laws of British Columbia, Canada. It operates the Vancouver Canucks Hockey Team, a member of the National Hockey League. The Hockey Team is, in turn, owned by three separate interests. The majority interest in the Hockey Team is held by Orca Bay Hockey Holdings Ltd., which controls 69 percent of the stock of the Hockey Team. Sportco, in turn, holds 79.9 percent of the stock of Orca Bay Hockey Holdings Ltd. Sportco II owns 5.8 percent of the stock of Orca Bay Holdings Ltd.

Orca Bay Basketball Limited Partnership (hereinafter referred to as the Basketball Team) is a limited partnership organized under the laws of British Columbia, Canada. It operates the Vancouver Grizzlies, a member of the National Basketball Association. Sportco owns approximately 79.9 percent of the partnership interest. Sportco II owns 5.8 percent of the partnership interest.

Your letter indicates that the parties desire to use the Boeing 727 aircraft to transport players, coaches, employees, and guests of the Hockey Team and the Basketball Team to out-of-town games, both in the United States and Canada. The aircraft will not be used for other purposes. There will be no charge to passengers carried on the aircraft. You originally proposed three alternative operating scenarios for our consideration. Subsequently, during a recent telephone conversation, you requested that we confine our opinion to one scenario.

That scenario involves the lease of the aircraft by the Registered Owner to Sportco II, who, in turn, would furnish the flight and cabin crew as well as other costs of operating the aircraft. Sportco II would be considered to be the "operator" of the aircraft by all parties. Sportco II, in turn, will transport the Hockey Team and Basketball Team aboard the aircraft to out-of-town games. Sportco II will transport the Hockey Team and the Basketball Team under a time-sharing agreement [91.501(b)(6)] and would receive reimbursement for that transportation in accordance with 91.501(d).

Based upon the information which you have provided to us, we believe that each of the situations which you have described can be conducted as proposed under Subpart F, assuming that an appropriate deviation from Part 125 has been granted by the

agency. This opinion, however, is not intended to determine whether the operations would be in compliance with the requirements of the National Transportation Agency of Canada. Moreover, this opinion is not intended to indicate that the proposed arrangement does or does not comply with the laws of the State of Washington. Finally, it should be understood that in preparing this opinion, we have considered only the rules and regulations set forth in Title 14 of the Code of Federal Regulations and the Federal statutes, which are administered by the Federal Aviation Administration. This opinion is not intended to consider the effect of other Federal laws or regulations on the proposed operations.

In pertinent part,
Subpart F states: "91.501
Applicability

(a) This subpart prescribes operating rules, ...governing the operation of large and of turbojet-powered multiengine civil airplanes of U.S. Registry .....

(b) Operations that may be conducted under the rules in this subpart instead of those in Parts 121, 129, 135, and 137 of this chapter when common carriage is not involved, include-
(1) ...
(2) ...
(3) ...
(4) ...
(4) ...
(5) The carriage of company officials, employees, and guests of the company on an airplane operated under a time-sharing, interchange, or joint ownership agreement as defined in paragraph (c) of this section;
(6) ...
(7) ...
(8)
(9)(c) As used in this section -
(1) A time-sharing agreement means an arrangement whereby a person leases his airplane with flight crew to another person and no charge is made for the flights conducted under that arrangement other than those specified in paragraph (d) of this section;"

Our opinion is based on the understanding that the flights are conducted pursuant to a time sharing agreement as specified in section 91.501(b)(6) and further defined in section 91.501(c)(1). The maximum allowable charges, which may be

recovered pursuant to such agreements are set forth in section 91.501(d).

We hope that this opinion has responded to your request. Please contact us if we can provide further information or advice.

Sincerely,
John J. Callahan
Assistant Chief Counsel