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COMMONWEALTH OF VIRGINIA

DEPARTMENT OF AVIATION

5702 Gulfstream Road
Richmond, Virginia 23250-2400

Virginia Aviation Board Meeting
Wednesday, February 21, 2007

Wyndham Hotel Richmond
4700 S. Laburnum Avenue
Richmond, Virginia

- 1 VAB Attendees on **February 21, 2007**
- 2
- 3 Roger L. Oberndorf, Chairman
- 4 Richard C. Franklin, Jr.
- 5 Bittle W. Porterfield, III
- 6 Robert S. Dix
- 7 William J. Kehoe
- 8 Marianne M. Radcliff
- 9
- 10 Other Attendees:
- 11 John J. Beall, Jr., Counsel
- 12 Randall Burdette, Director, Department of Aviation
- 13 Terry Page, FAA
- 14
- 15 DOAV Staff, Federal Government Representatives, Airport Managers and
- 16 Sponsors, Consultants, Engineers, State Government Representatives,
- 17 Business Owners and City and County Representatives
- 18
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1 NOTE: The Virginia Aviation Board reconvenes
2 on February 21, 2007 at 9:05 a.m.

3
4 MR. OBERNDORF: I'd like to call this meeting
5 of the VAB to order, and we have a quorum. We're missing two members.
6 The first item on the Agenda will be approval of the Minutes. Do I have a
7 motion?

8 MR. KEHOE: So moved, Mr. Chairman.

9 MR. OBERNDORF: So moved and seconded. All
10 those in favor? (Ayes.) Opposed? (No response.) The ayes have it.

11 Next is the Department of Aviation Report, Randy Burdette.

12 MR. BURDETTE: Thank you, Mr. Chairman,
13 members of the Board, guests. I want to give you an update on what we're
14 doing in VA throughout the Commonwealth. Of course, our vision is to
15 really be the best, looking for economic development opportunities
16 throughout the Commonwealth and economic opportunities for airports to
17 bring to the communities they serve. Our mission is still a three-fold
18 mission. Cultivate an advanced aviation system that is safe, secure and
19 provides for economic development are parameters for that. Promote
20 aviation awareness and education; and provide executive flight services for
21 the Commonwealth Leadership.

22 I'd like to give you some aviation statistics since we last met.
23 We've had one accident in 2007, January. Classification of the aircraft is
24 single engine land. Comparing to 2005 we've had 13 accidents, of course,
25 25 accidents in 2006, so far this year, just one, a Beech Debonair (B-33),

1 accident at Manassas. The date of the accident was January 27, 2007. That
2 was at Manassas Regional Airport. The pilot had single engine land, third
3 class medical. The weather was clear skies, wind out of the south at 10
4 knots, gusting to 15. Visibility 10 miles, temperature 35 degrees. A really
5 nice VFR day. Description of the accident, it was a gear-up landing.
6 Damage to the aircraft, left and right flaps, propeller, belly skin, engine. No
7 injuries and no fatalities. The accident was mostly a hurt ego. Location of
8 the accident, it was up in the Manassas area, and it's still the only that has
9 happened this year. There was still no clear trend, there is no clustering that
10 would indicate a problem in the area, if you will. I mentioned that this
11 accident had no injuries and the weather was a VFR weather day and the
12 pilot was a resident of Virginia. The accident cause has not been found by
13 the NTSB or State Police, this is a gear-up landing, comes out of a landing
14 category.

15 Looking at additional information since we last met, 2007, the
16 accident shown here. Virginia and the United States, the latest statistics we
17 could get from the FAA was 2005 active aircraft and hours flown. Active
18 aircraft, 158,000 for 2005, Virginia had 4,590, so we had three percent of the
19 aircraft throughout the nation, but we had less than one percent of the
20 accidents, which is a nice feature for Virginia, and below that rate. Hours
21 flown, we're looking at over 18 million hours flown, and Virginia 596,000,
22 or we flew 3.2 percent of the nation's flying hours, and going back to, that
23 would be less than one percent of the accident rate. That's a favorable look
24 at Virginia, but we're going to continue to try to get lower than that.

25 The 2006 numbers we discussed at the last meeting. We were

1 up from 2005 at .81 percent, less than one percent, .81. We were at 1.7. It's
2 one of our worst years in safety, yet the nation as a whole had one of their
3 best years down to 1444 accidents. So it was good for the nation but
4 unfortunate year for Virginia.

5 Our aviation safety education, we have a Safety Week coming
6 up in 2007, which will be April 30th through May 3rd. We're going to the
7 Udvar-Hazy Center in Dulles and the Virginia Aviation Museum in the
8 Richmond area, the Air & Space Center in Hampton, and the Virginia
9 Transportation Museum in Roanoke. Our speaker will be John Nance. He is
10 a well known international advocate of crew resource management, aviation
11 analyst and advocate for television/newspapers, and author. He is well-
12 known in the field, and we're looking for a good response. Following that,
13 we're going to have a Wing's Weekend on May 5th and 6th in Chesapeake at
14 the Regional Airport.

15 Resources, we look at the Air Safety Foundation, the NALL
16 Report, the FAA accident website, *landings.com*, NTSB and, of course, the
17 Virginia State Police accident report.

18 In the area providing for economic development we have a
19 great pleasure in working with the Virginia Resources Authority and
20 working with Dr. Sheryl Bailey, the Executive Director. We have her with
21 us today, and I'd like her to give you an overview of what we've
22 accomplished with the first \$25 million and established the Virginia
23 Aviation Revolving Fund and some of the things we have before us and an
24 opportunity.

25 Sheryl, would you come forward, please?

1 DR. BAILEY: Good morning, Chairman
2 Oberndorf, and members of the Board. We are very pleased to be in
3 partnership with the Department of Aviation. Jointly together we've been
4 able to accomplish much in Virginia. This is a very short briefing on some
5 of the things that we have accomplished in that partnership since 2000. This
6 is one of our youngest partnerships, but I think it's been very, very
7 productive. Very quickly on VRA and an overview, it was created by the
8 General Assembly in 1984, and we've had 20 years of underwriting
9 experience in terms of loan funds for governmental activities, low interest
10 rates to municipalities, that's one of our primary focuses. We have
11 participated in a number of airports; airports, of course, and transportation,
12 transportation of local roads, wastewater and water and solid waste is one of
13 our areas when we got into helping localities. Flood prevention, brownfield
14 remediation, federal facility development and public safety. That's growing
15 as we speak, land conservation. Land conservation and preservation was
16 added by the General Assembly, and also Broadband, particularly in areas of
17 rural Broadband deployment across Virginia.

18 We are making a difference in Virginia. Last year we pushed
19 out a quarter of a million dollars in loans to local governments impacting 55
20 communities. Since inception we have supported 2.6 billion of investment
21 in Virginia's communities, funded over 700 projects across the
22 Commonwealth. Oftentimes, as is the case here, the cost-effective loans that
23 we do in VRA make local projects possible because it helps fund the local
24 share.

25 Our mission is to provide cost-effective financial solutions for

1 communities in support of their local initiatives to improve the quality of life
2 for Virginians. Our values, customer service, you are our customers, your
3 airports are customers, collaboration, such as this very fruitful partnership,
4 consistency, and we want to treat all of our communities the same. We are
5 committed to finding solutions. We do not do one size fits all. I've never
6 gotten a one size fits all and it fits. That's not our commitment. We custom
7 tailor to each locality, and also we find solutions, if they aren't currently on
8 the drawing board we go and create them to help our community.

9 Our goals are to have local initiatives through value-added
10 programs to maximize the impact on communities, to strengthen and expand
11 fruitful partnerships such as we have with Virginia Aviation. To refine our
12 financial programs to custom tailor to meet the needs of our customers, and
13 to strengthen and sustain our own ability to provide affordable financing
14 options. You have to run hard to break even and keep up with all the needs
15 of our customers, and we're willing to do that.

16 Again, we have an experienced team. I've been in the
17 government a long time with a local government background, as well as
18 state and the Governor's cabinet, as well as here. We have the Director of
19 Financial Services here with us, Mary, and many of you know Mary and
20 you've talked to her through the years, and Peter. We also have a good
21 complement of professional advisors to make sure that the programs we
22 develop are sustainable.

23 In terms of our partnership with Aviation, we pulled the logos
24 from all the airports that we've helped across the Commonwealth, and I think
25 we have most of them listed there. This particular fund was created, or this

1 partnership was created in 2000 with an initial \$25 million dual fund
2 appropriation from the General Assembly. We have provided below market
3 loans to the airports with a half of a percentage point, and we call it a .50%
4 basis point subsidy. Not only do we have an excellent credit rating with
5 VRA because we do have Commonwealth support so we trade high AA
6 since we're, we're one step removed from the Commonwealth's triple A bond
7 rating, but we are on our own are a high double A and below that. So then
8 provides another half of percentage point subsidy great buy down, if you
9 will, for the loans that we provide to the individual airports. This fund is
10 dictated toward the publicly owned airports, focused on enhancing economic
11 opportunity and vitality across the Commonwealth and quality of life in
12 terms of safety and security.

13 On a drum roll the good news is that with this 25 million on our
14 last round this year, and we have produced nearly 84 million in total loans
15 through our revolving loan and are leveraging activities and go to the bond
16 market and get the money for more loans. We have 27 projects at 18
17 airports. So we stretched the initial investment of 25 million to a total of
18 nearly 84 million, 27 projects, 18 airports across the Commonwealth, and
19 that's a tremendous result. All types of eligible projects and anything you
20 need to make an airport run well, we have funded or are eligible to fund.

21 We've also looked at the economic and fiscal impact of those
22 nearly \$84 million in loans across the Commonwealth in terms of the
23 construction phase, the sustained benefits with ongoing operations on both
24 of those direct, indirect and induced. Christine Chmura, many of you know
25 Chmura Economics & Analytics, did a study for us, and we looked at those

1 loans, as well as the ones pending in this last round. Some of you are very
2 familiar with that last round. In terms of a statewide economic impact in the
3 \$84 million in total dollar loans current and/or this last round. In terms of
4 the spending construction phase the total direct, indirect and induced with
5 the ripple effect is \$151 million in terms of economic impact to the
6 Commonwealth, a total of over 1600 jobs during the construction phase. Of
7 course, original spending, but then the contractors have to spend, and so that
8 indirectly induces those ripple effects in our economy, because that
9 contractor has to buy supplies from suppliers in terms of the steel, the
10 concrete, that's the ripple effect, and they spend, and it goes on. All told,
11 that is 151 million in the construction phase.

12 Now, the ongoing operations, Chmura Economics & Analytics
13 did this. Our first loan was in fiscal year 2000-2001. You all in Aviation
14 know what happened to that. You went through a major change, along with
15 the rest of America, major changes. So 60 percent of our loans were in that
16 first time period. We started right on 9-11, and so for a conservative
17 estimation Chmura basically lopped that off and said you really couldn't do a
18 before-and-after analysis of the contribution of those new projects because
19 the world changed, and they lopped that off. Sixty percent of the whole fund
20 activity in the first years in terms of volume, but in dollar volume that was
21 lopped off. The last round of loans we're doing now, so there is no ongoing
22 operations yet, because we're still in construction. Therefore you had about
23 the middle part of the loan and just in the middle and in terms of dollar
24 volume, but still even just looking at a few of the loans, you'll see the
25 ongoing annual sustained economics impact is over 21 million, 208 jobs.

1 Now, the story even gets better. Randy had a lot to do in terms
2 of bringing this to the light of Chmura and VRA in terms of the Airport
3 Revolving Loan Fund, and they're very much oftentimes the local funding
4 share. So we went back to the application, and the application identified that
5 52 million in additional funding was leveraged by the Revolving Loan Fund
6 loans, and that's federal, state and local funding. Randy looked at the
7 preliminary, indicated that Chmura had to also look at those impacts. So that
8 is 52 million, so you see that 52 million led to a total spending phase during
9 construction of over 93 million and another 13 million on sustained impact.
10 The impacts just keep building and building the Revolving Loan Fund.

11 This is just a short example of the items and sources of fiscal
12 impact of government in terms of taxes. In terms of local taxes, in terms of
13 BPOL, sales, meals, lodging, state income tax, and then ongoing operations.
14 When you look at the fiscal impact, this is fiscal to the governmental entity.
15 Local taxes during the construction phase were about 300 thousand or .3
16 million, and state taxes were 3.3 million with state income taxes and then
17 ongoing operations. In terms of local and state, about a half million dollars
18 in terms of the operation phase. Remember, most of the loans are not in the
19 ongoing operations in terms of volume because of special circumstances of
20 9-11. Also, with the last round they had finished construction. So the story
21 is going to get better in that regard over time.

22 Additional economic benefits beyond these numbers, attracting
23 low-cost carriers, lowering airline prices. Richmond International
24 appreciates that a lot, Jet Blue and Air Tran, thank you. Reducing traffic
25 congestion in and around the airport in terms of the metropolitan areas.

1 Improving efficiency and productivity, also attracting relocating and
2 expanding firms. It's a business attraction item. Many of you in your
3 airports, the Board has a list of all the 27 projects and 18 airports. Many of
4 you have told us that across the Commonwealth that airport access is very
5 important in getting on the short list for firms even to consider locating in
6 that community.

7 This is a summary, 25 million initial capital investment from
8 the Commonwealth from the General Fund, the Commonwealth and General
9 Fund and investments a total of nearly 84 million in loans, and that's over a
10 three-to-one return. Those loans, with regard to the Revolving Fund and the
11 associated federal, state and local funding have led to nearly \$245 million of
12 economic impact in Virginia during construction phase, nearly 35 million
13 annually with ongoing operations with just half of those loans. That's a total
14 of over 1600 jobs during the construction phase, over 200 jobs annually with
15 ongoing operations. The one thing I need to let you know is that after this
16 year, the sixth round of loans, that our annual capacity is going to be greatly
17 reduced without an initial capital investment. We stretched that original 25
18 million with this sixth round, and after this our capacity will only be in about
19 the \$700,000 range, the loan repayments that come in that we can recycle.
20 In order to capitalize the funds you need some initial investment for some
21 years, two to three rounds to get it up so that you can be self sustaining. So I
22 think the return on investment has been substantial in terms of the
23 Commonwealth and the localities, and certainly this kind of return on
24 investment is worthy of consideration in terms of additional General Fund
25 capital investment.

1 At this point I'm certainly available to answer questions the
2 Board may have.

3 MR. OBERNDORF: Do we have any questions?
4 Thank you very much.

5 DR. BAILEY: We look forward in continuing this
6 collaboration, thank you.

7 MS. RADCLIFF: I just want to say that this is
8 very dear and near to my heart. I worked on this legislation when it went
9 through the General Assembly, and we had no idea how successful it would
10 be. I'm not sure we were all that interested in it being successful at the time,
11 because we had a specific set of circumstances we were trying to meet the
12 needs of. I couldn't be more pleased with everything you all have done. I
13 think it's a great testament to the program and to the airport and to
14 everybody that's worked on it, and I certainly hope we will try to get some
15 General Fund revenue for it. If all of our investments were like this one,
16 transportation would be in good shape.

17 MR. BURDETTE: Thank you, Dr. Bailey. On
18 page 17 through 19 of your packet, the airports that they have loans for, over
19 the years we've had great reports back from the airports on those loans.
20 Those loans are particularly successful in areas that we can't get a grant
21 fund, income-producing, the T-hangars and the things that we have a huge
22 demand for out there but we don't have internal funds to grant those. This
23 has turned out to be a very vital program, and Sheryl's team and our team
24 have worked together to put in a request for \$25 million to renew the fund
25 this year. It's a very difficult transportation year, so something had to be

1 dropped out. It's our intent to renew that effort with the General Assembly
2 to work with the airports to get support for this so that in the coming year
3 we'll put another request for 25 million in to revitalize the fund for us.

4 I want to give you an overview of some of the legislative issues
5 that are going on. I'd like to thank all of you that made the legislative
6 reception on January 30th in the Library of Virginia. We had a very
7 successful event, and we estimate that we had somewhere between 40 and 50
8 legislators show up, and we had some really great responses from all of
9 those who attended. I think it was a success, by everybody's account.

10 Going on from there, talking about some of the Senate and
11 House bills. Senate Bill 1171 has been introduced to create a tax exempt
12 class of aircraft, based on age and utilization, for purposes of personal
13 property taxes. We took no position on this, I think it's a locality issue. The
14 status of it is it has passed the House and Senate with amendments. That
15 basically says aircraft older than 1954 that can be used for educational
16 purposes throughout the Commonwealth will be exempt from personal
17 property taxes. It's got a sister bill, if you will, 1172, which creates the same
18 tax exemption based on age and utilization, for purposes of state sales tax
19 and use tax, and that goes into the two percent tax that funds our operation.
20 We looked at the number of aircraft and looked at the utilization and felt it
21 was a good deal for the Commonwealth, because those more to the Korean
22 War, and war birds can then be used for educational purposes. In return
23 would give the owners a tax break so we'd have access to those aircraft for
24 educational purposes throughout the Commonwealth, the young kids coming
25 up, middle-schoolers and high-schoolers and so forth. It's been assigned to

1 conference committee. Negotiation has been going on currently. When
2 Keith and I worked our suggested amendment including a deferred tax that
3 said as long as that aircraft is used for that purpose for ten years that tax will
4 be deferred, and at the end of that ten years it will be exempt. The House is
5 looking at the possibility of a straight-up exemption. The reason we didn't
6 support a straight-up exemption, we didn't want a situation where somebody
7 went out and bought a very nice aircraft and said, yes, I'm going to use it to
8 do an air show for high-schoolers, use it once and get the exemption and
9 never see or hear from them. We want continued use of the aircraft, and
10 we're still working that issue.

11 1328, there's a change in the funding formula, and I'd like to
12 thank everybody that participated in raising the awareness of that. It was
13 never brought up in the Senate Finance Committee, thus the measure died
14 for lack of forwarding action. We talked to the patron, and very glad to have
15 it come off the table.

16 Joint Resolution 355 was commending resolution for Carl
17 Stoltzfus, maybe you met him at Bridgewater, and agreed to by both
18 chambers, and there was a discussion on that.

19 On the House bills there's a mirror on 1177 we discussed
20 earlier. It passed both chambers and looks good on that.

21 2616 deletes the requirement that licensed private-use airports
22 carry liability insurance. We had a bill on the books with unintended
23 consequences. I think we had nine airports located within five miles of a
24 public-use airport, and they had a requirement to do the legislative, carry a
25 certain amount of liability insurance, financial responsibility, if you will, but

1 the remaining 300-plus airports do not. We thought this was a disparity that
2 was going to be difficult to enforce, and this bill is doing the housekeeping
3 for us.

4 This bill, 2617, allows a letter of credit, as opposed to money or
5 security, to be supported. If you own an aircraft that you cannot get
6 insurance for, then you could have the option of giving a letter of credit to
7 the Commonwealth saying that if there is an incident that letter of credit can
8 be used to capitalize those injuries.

9 2800 is a Region 2000 airport for Lynchburg. It passed the
10 House with amendments, passed the Senate with amendments, and now
11 they're in discussion, and this falls on the question of eminent domain and
12 discussion.

13 Keith, would you like to add anything to that one?

14 MR. MCCREA: Just to say that the bill as
15 proposed includes that provision. The folks on the House side got nervous
16 about the actual status and took it back out, and it got over to the Senate
17 side, the Senate put it back in, and as of yesterday afternoon they were
18 nervous about a provision that allowed people to get on the property. This
19 bill is very dynamic; ultimately we will retain the provision for eminent
20 domain.

21 MR. BEALL: The problem is getting caught up in
22 all this business about kelo. Some people in the House do not want an entity
23 that does not have an elected body to exercise eminent domain. Every
24 airport, including Charlottesville, every airport has the power of eminent
25 domain. This would be the only one that wouldn't.

1 MR. MCCREA: The airport currently has the
2 power for all the airport sponsors under Title 5 to have this power and what
3 happens is go to start the authority and it has to be an act of the Assembly,
4 and the Assembly can grant or deny whatever powers they give you as an
5 authority. That's what they got stuck with in this case. They had this
6 authority, but now by creating, they had this provision, but now by creating
7 this authority they can lose it.

8 MR. BURDETTE: And that's a challenge. A lot
9 of the airport authorities out there have that within their capability, and it
10 appears to be something that's not standard throughout the Commonwealth,
11 and we would love to standardize that, but I've been told to stay away from
12 that.

13 The next one was to clear up the language that carrying stun
14 guns in air carrier airports terminals is illegal. The current language uses the
15 word Taser, which is a trademark, if you will. We're trying to say generally
16 stun guns.

17 The next one is 3114, and that bill comes from Aerospace
18 Advisory Council for purposes of promoting NASA, Langley and the Mid-
19 Atlantic Spaceport. This allows the House and Senate to appoint
20 representatives to that, and I think it's a 13-member panel. The Speaker of
21 the House, Howell, asked if I would serve on that panel. I'm looking
22 forward to serving with that group. We'll see what we can get in there.

23 Delegate May with the budget amendment to change the
24 language to replace "a" with "one or more" executive aircraft, "one or more"
25 as a description of the number of aircraft the Commonwealth would be

1 allowed to acquire. I think this points out just an opportunity to look at the
2 language and update the executive fleet.

3 Next year legislative targets and things we've already started to
4 look at, looking at some land use legislation. Protecting our airports has got
5 to be paramount for us, and we've seen time and time again where improper
6 land use or encroachment is a big threat to our airports.

7 Sales and use tax. We have what's called a floating year. If a
8 company does business in Virginia and they're not paying taxes on their
9 airplane somewhere else, or if they operate 90 days in any 365-day period
10 they could owe us a two percent sales tax on the aircraft. The problem with
11 that being a floating year, it's almost impossible for us to track and
12 impossible for a customer to track. So we're going to propose that be a
13 calendar year or a fiscal year, we're not, probably a calendar year, and make
14 it easier for a customer coming into Virginia to do business to track the
15 utilization and not feel like they've been taxed unfairly. This tax only
16 applies to aircraft that have not paid taxes in Virginia or have not paid taxes
17 somewhere else. Our tax rate is one of the lowest in the nation at two
18 percent, but there are seven states in the nation that don't charge any tax, so
19 they could fly to Delaware and be based here in Virginia, and we will say we
20 want to give you an opportunity to participate in our system.

21 The other thing we'd like to do is allocate 25 million for VRA,
22 Airport Revolving Fund.

23 On executive flight services we're working to incorporate those
24 findings we had before on best practices. We've got ARG/US working with
25 us to put operations in place that we will mirror the best practices in our

1 field. We're looking to be the first Part 91 operation to go to a gold or
2 platinum rating for ARG/US. That's a nice task for us.

3 We're supposed to take delivery on July 16h on our new King
4 Air 350, and we're looking forward to that.

5 Our aircraft usage is up in the fleet, and that went very well.
6 The House and Senate have reestablished a shuttle back to the west, or
7 western part of Virginia, for legislators. We're flying them on Fridays and
8 Sundays, bringing them back and forth, and that's good news.

9 The new maintenance technician will be here March 1st. What
10 we found in our experience was that sending our aircraft to a contractor
11 without someone having technical expertise is like writing a blank check. I
12 found several instances where we felt that had we had somebody on-site we
13 could have saved some money. We've got a maintenance tech now who will
14 be doing a lot of our maintenance in-house, but when our aircraft go out for
15 maintenance he will go with the aircraft to make sure that the proper
16 maintenance is done.

17 2007 opportunities, further automation and how we looked at
18 our processes and things to interface with the support community and with
19 automation get more information out there and better access. We're working
20 with VETA now to see what we can do. They have a program that we're
21 working with, NG, that now they can define what's in scope and out of
22 scope. According to their definition we're about 25 percent of our work is in
23 scope, and yet we're paying them 150 percent of what we're doing ourselves,
24 and that's a challenge for us. We're meeting with VETA to get some of that
25 money taken off the top. So I go out and hire that remaining 75 percent I

1 need for the agency. We're working on that issue now.

2 Economic development continues to be an opportunity for us,
3 as we work with Sheryl and others to tell them how they can help with the
4 airports.

5 Land use planning issues and legislation is going to be key for
6 us.

7 Emergency operations is going to take a big new step. For
8 those of you who remember Katrina and Rita, the Governor is very, very
9 concerned that the Commonwealth, to make sure that we're prepared. For
10 those of you who live in Hampton Roads it's a question of how do you
11 evacuate, and with the tunnels. We have to take a look at the aviation
12 community. During Hurricane Katrina aviation became the paramount
13 responder, if you will, helicopters and airplanes. The roads were washed
14 out, and the bridges were out, and the rails were out. Aviation has to play a
15 key role. We had the challenges with HUD and FAA, across the board, and
16 name the federal agency, and there were a lot of issues. We're working now
17 starting that coordination planning so that if the Commonwealth has an
18 aviation issue we'll have those points of contact in place. Hopefully, we'll do
19 some emergency operation drills, and we'll be able to assume that
20 responsibility and work that out in coordination. The biggest challenge is
21 flat-out knowing who to call. We've got to get the phone number list, and
22 there is a lot of work coming up in that area.

23 Virginia Aviation Workforce Planning. We're hoping, Sheryl
24 right now is working trying to figure out how we can go out and get some
25 assistance and planning where we need to be 20 years from now. We know

1 the nation is experiencing shortfalls as far as aviation pilots and instructor
2 pilots, maintenance techs, avionics techs and across the board, and we need
3 to start planning now to grow those people internally. We've been talking to
4 other businesses that had to go out of state to find people to fill positions
5 because we're not bringing enough to the table inside.

6 The Heroes Air Show, and I'll give you a short briefing on that.
7 It's a new opportunity for us.

8 The Virginia Air Races is still available, and we're working on
9 that. That's still something we're working on, and Jerry Yagen, and talked to
10 him last month, and he still wants to invest some personal money to help
11 bring that to Virginia and in Virginia Beach, which is still a viable option,
12 working with him.

13 Red Bull, it doesn't look like it's in our future. We don't have
14 the population they're looking for. They're looking to relocate to a spot in
15 New York, I understand.

16 Key to Success, this is our teamwork, and let me give you the
17 benefit of a few other programs. This is a briefing I gave to the newly-
18 formed Virginia Helicopter Association earlier in the month, bringing to
19 them an opportunity to bring to the Commonwealth. The purpose of the
20 Virginia Helicopter Association, to go over helicopter aviation safety and
21 professional standing throughout the Commonwealth coming up. We have,
22 through that organization, we've had two local land use issues recently, and
23 so far they're successful. At the meeting people would say, "We don't want
24 you landing in our community, stay on the airport," that kind of thing. So
25 we're working with different communities to say, no. The airports provided

1 a viable tool for a medivac for you with the medivac mission and several
2 other ways that they, they should not be restricted to on-airport operations.
3 We're looking at those kinds of issues.

4 The Virginia Helicopter Association would be a new
5 organization and does not have a signature event, and they're struggling to
6 get the word out there and how they can help. The American Heroes Air
7 Show is an air show conglomerate, if you will. They don't provide any
8 coordination, they provide the experience and information, if you will.
9 What their focus is on is showcasing first responders and the utilization of
10 helicopter assets in order to do that. They have various locations throughout
11 the nation. They incorporate the Air National Guard, Army National Guard,
12 Coast Guard, State Police, Department of Forestry, DEA, FBI, and the list
13 goes on and on. Informing the community is the thing that the helicopter
14 can do for those communities and how they can bring together first
15 responders. They are currently the only helicopter air show in the nation
16 that we're aware of. We've done some research on that, and they've got some
17 good history on that, and we're looking forward to working with them.
18 We're looking for an off-airport type of event. We have an area in Northern
19 Virginia just right up where 8 is where they hold the Gold Cup, and it's a
20 polo farm next to 17 and 66. They volunteered to donate their site for the
21 first one and working on a location.

22 If you look at the sponsoring associations, you have the
23 Virginia Helicopter Association, Helicopter Association International, and
24 we're looking for site selection. Look for a large amount of community
25 support and doing an on-going team event, if you will. These are some of

1 the positions, and we have some volunteers already signed up. Cooperation
2 with the Civil Air Patrol, fire departments and inspectors, everybody
3 involved in the first responders. We really want to highlight that first
4 responder capability. Working with the Virginia State Police and with their
5 assets.

6 The air show network for this coming year, Austin, Texas;
7 Atlanta, Georgia; Gainesville, Florida; Seattle, and Los Angeles. That's the
8 web site, we've received some information. I'll be attending at least two of
9 those things, and we'll start looking at lessons learned and how it impacts the
10 communities and how they're assisted.

11 Austin, Texas, this will be their fifth year. We contacted them,
12 and they're pleased with the operation. In our very first year we're expecting
13 somewhere between three and five thousand people to show up the first year.
14 We think, with a little bit of additional advertisement, we can push that to
15 six thousand people in the first go-around.

16 Atlanta, Georgia, this is their fourth year, and they've had
17 favorable results and favorable impact.

18 Gainesville, Florida, this will be their very first year, and we're
19 looking forward to going down there and seeing what they found out the
20 first year will do and what were the lessons learned.

21 Seattle, Washington, is on their fifth year, Los Angeles is on
22 their fourteenth year, and they're really thrilled with that, and the California
23 community has really shown up for that to be a force. We're looking to do
24 the same thing and bring in the various military aircraft. We think we'll get
25 some financial support from some of the service recruiters and have them on

1 site. We're looking for possibly a fall event up in the Northern Virginia area,
2 and we're excited about that and think that will work well for us.

3 Any questions on the Heroes Air Show? All right.

4 The next thing I want to tell you a little bit about, something I'm
5 going to need your direct input on, and that is the Build A Plane Program.
6 How many people here have heard of the Build A Plane Program?
7 Anybody? Terry, a couple back here. It's a program that works toward
8 trying to get aviation into our schools. Using this program, they will donate
9 or help you find, donate aircraft to schools, and the aircraft will be used for a
10 learning event. One of the things we've been working at is to see how we
11 could match up maybe some of the Standards of Learning and help get that
12 into the schools.

13 It's a non-profit organization, and their sole focus is working
14 with EAA and other organizations to get airplanes in various states of repair
15 donated to the schools, and they'll have that as a training school. Looking at
16 high school age kids and adults, and we've already coordinated with the
17 EAA, and they're willing to chapter, to support this as well, they'll have adult
18 supervision on site. It looks like it's a promising program.

19 Basically, we identify the schools, and they start to search for
20 aircraft and help get aircraft donated to the schools. They then match the
21 aircraft and the needs of the groups, depending on what age group we're
22 targeting and what type of Build A Plane programs and anything of that
23 nature, and help provide some oversight. So far, the Build A Plane has
24 placed more than a million dollars of projects and aircraft to enhance the
25 kids and their adult mentors. There is no charge for the program, and it's an

1 information-sharing network, if you will. Most of the programs are in high
2 schools or trade schools, or wherever we think we can get the best return for
3 the Commonwealth. It's a great way, and full of excitement. Many of you
4 that fly don't see kids hanging around on the airport fences anymore, partly
5 because of security and partly because of interest, so this is a way to help
6 generate that enthusiasm and get them interested at a younger age.

7 There is also software assistance. If a school is not capable of
8 doing a Build A Plane because they don't have a facility or other programs,
9 they can work, computer-aided designed software, no charge up to \$300
10 thousand. We can get that in the computer system, if you will. There are a
11 lot of ways we can get aviation into the schools. We've got to get to the
12 counselors and the counselors help recognize aviation as a viable alternative
13 for our young kids being successful. Build A Plane offers up to five hours
14 of college credit with the online aviation programs, various colleges like
15 Utah Valley State College. We'll have to look and see if there are any local
16 colleges in Virginia and match that program and see how we can help entice
17 kids to get involved with it.

18 They also have real time bulletin boards where you can pose
19 questions and learn from other builders and share experiences, and so forth.
20 Our thought is that if we got this into the schools we'd like to have seven
21 programs, one for each of the regions represented by the Virginia Aviation
22 Board members. To get your assistance in saying what school you'd like to
23 see it in and which ones might be receptive, and then at a state fly-in, which
24 we've been having at Petersburg, have these people come to share their
25 experiences and say what we've done and what we've learned. They're

1 working with the FAA, and they've got 16 projects ongoing with the FAA,
2 but there are more than 16 projects going on out there. So we hope to solicit
3 Terry and get every Saturday and Sunday away from Terry. What do you
4 think, Terry? Anyway, I think this is a new and unique way, especially if we
5 can match it with the Standards of Learning, it might be our insight to get
6 aviation more active in the school system, or a toe in the water kind of thing,
7 if you will. There are thousands of adults that have experienced a desire to
8 help in this program, and I think if we get a few aircraft out there we can get
9 this adult supervision to assist.

10 I'd like to see if we could maybe start seven of these programs,
11 one for each of the regions, so we don't have a region that doesn't have a
12 program available to the students there. We'd like to ask for your feedback
13 and get your assistance in locating the schools in your region you think
14 would be a good fit and a point of contact. The most important thing is
15 finding a single person at that school that has the willingness to spend a little
16 time to bring this program into the school. We'd be willing to work with you
17 on that. The Virginia Council of EAA Chapters has said they're willing to
18 provide technical expertise as needed to support the project. And they said
19 if you desire they will help to seek out the schools.

20 Here are the chapters that we have in Virginia that are willing to
21 help, Augusta County, Charlottesville, Chesapeake, Farmville, Franklin,
22 Hillsville, Manassas, Newport News, Richmond, Roanoke, Winchester and
23 Wise. Several of these people said if needed they will be glad to go to
24 another area to help. So I think we have some adult support there for the
25 program.

1 Any questions on the Build A Plane Program, or what are your
2 thoughts? Is it viable, or something you'd like to see us challenge?

3 Terry, how many hours do you want to sign up for?

4 MS. RADCLIFF: Mr. Chairman, can you e-mail
5 us that?

6 MR. BURDETTE: I'll be glad to.

7 Another thing that we're willing to do is at any point to discuss
8 this program, but the key to all of these programs going on is teamwork with
9 the schools and the Aviation Board and all these communities to get the
10 word out, what we're doing, and see how we get support.

11 That concludes my briefing, except for your questions, Mr.
12 Chairman.

13 MR. OBERNDORF: Does the Board have any
14 questions? Thank you, very much, Randy.

15 Next will be our FAA report from Terry Page, Washington
16 District Office.

17 MR. PAGE: Thank you, Mr. Chairman. Members
18 of the Board, the Department, and ladies and gentlemen. Just a short report,
19 and we're kind of in the winter lull here. I do have four things to report on.

20 Number one is for me first to apologize to the Department for
21 the mix-up at the New River Valley Airport, and it has thrown a curve on
22 your Board's program today. New River Valley, we have been holding off
23 funding renovation for their apron until their planning study was further
24 along so that we know that their apron is going to be there as an aircraft
25 apron, as opposed to being turned into something else, moved, whatever

1 their long-term plans were. We've been working with the sponsor down
2 there and figured they were probably far enough along through their
3 marketing study and their planning study to determine their airport is a GA
4 airport, corporate airport, and that's what it's going to be, not a demand for a
5 separate cargo facility or some other type of facility there in that part of the
6 state. Even though they haven't finished their full planning, they know the
7 apron will be there for a long time.

8 Secondly, they have non-primary entitlement funds that if they
9 don't use this year the federal grant will go away. The \$150,000 that the
10 sponsor gets is good for a year plus three more, so they're going to build up
11 to \$600,000. They've got the full \$600,000 in a federal bank account for
12 their airport if they don't use it the oldest \$150,000 will go away this year,
13 and they do need to have an apron rehabilitation project. We've put it in our
14 program and hadn't coordinated well enough with the Department's people,
15 and that's the curve ball you've got in front of you, I think. We'll apologize
16 for that. It's all good intentions, just lack of coordination. We'll try to
17 improve on that. That's item one.

18 Item two, most of you know that FAA has been re-appropriated
19 through the Omnibus Federal Bill, so we have funds for grants this year.
20 The program is just over \$3.5 billion, which is the level that we thought it
21 would be. All of our grant programs are based on that level. Everything in
22 the Federal Capital Plan should go this year. You've got a project in there,
23 and the sponsor should be working on getting there and making sure they get
24 their state share through the Aviation Board, getting their engineering
25 online, getting the projects bid, getting the grant applications ready for it.

1 The deadline for applications this year is July 15th. Everything should be
2 done, getting the bids in and getting the grants by that time. And, Jackie,
3 you should get us one, work real fast, yours should be first, it's a hold-over
4 from last year to make good on.

5 Our grant program is in place this year, this is the last year of
6 the current authorization. I probably am beating this in everybody's head
7 until they'll get sick of it but it takes two pieces of legislation for us to spend
8 money. The authorization outlines the whole program and guidelines
9 Congress gives us, the appropriation assigns the money to it, the
10 authorization runs out at the end of 2007. FAA has put forth proposals for
11 2008 and beyond, and that's on the FAA web page if anybody is interested in
12 looking at it, and there are quite a few changes there. You've probably read
13 about it in the trade magazines, and so forth. Part of the change that FAA is
14 proposing changing, or the administration is proposing changing, is how
15 FAA is funded overall, the user fees and additional GA user fees, as well as
16 ticket taxes and air carrier fees, and so forth. It's pretty large restructuring. I
17 would encourage everyone to have a look at it and see. It also includes a
18 change in the AIP program. This is proposed by the administration, and
19 what comes back from Congress is up to Congress. It will get changed in
20 work, and Congress will decide what the final program looks like. There is a
21 proposal there to change, for instance, the general aviation non-primary
22 entitlement. Currently all airports that are not primary get \$150,000 a year
23 federal guarantee, and then they're eligible for discretionary or other funds.
24 Regardless of the size of the GA airport, they all get \$150,000, currently,
25 what we have today. It's kind of a one-size- fits-all, and as we said earlier, it

1 usually does not fit. The proposal is to change to a graduated size. The
2 larger GA airports get more, a GA airport with over a hundred based planes
3 may get \$400,000, and a smaller number of based airplanes gets a smaller
4 guarantee, and so forth down the line, and they're going to graduate that
5 federal funding program. That's all online, *FAA.gov* website, so if you want
6 to see that, please have a look.

7 The last thing I'm going to report is a new member of our staff,
8 Wayne Switzer, an engineer, is on board now. He's managing the Tidewater
9 area of Virginia and the extreme southeast portion up to Eastern Shore. He'll
10 have Accomac and Tangier, and he'll have the reliever and GA airports
11 around Norfolk and Franklin, further east. He's been on board now since
12 early January. He's already traveled to Franklin to get familiar with the
13 people there and familiar with the projects. Down at the Department
14 yesterday and met Joe Love and worked on his project with the Department
15 members. He has ambitious plans to make sure he gets to all those airports
16 within the next month or so to make sure he visits them all and gets familiar
17 with the projects and gets up to speed. He comes to us from WMAA,
18 worked with the Washington Metropolitan Airport Authority for many
19 years, and he has airport experience at a different level from most GA
20 airports. He's got that one big airport experience. We're training him, and
21 he's in a learning process. He's a real good guy, looking forward to working
22 with you. He's going to be at the VOC and the Virginia Workshop in
23 Staunton in April. He can meet everybody there and bring him up for the
24 Board so you can put a face with the name at that time.

25 That's all I've got, Mr. Chairman, and I'll certainly be available

1 for any questions.

2 MR. OBERNDORF: Any questions from the
3 Board?

4 MR. BURDETTE: Mr. Chairman, if I may. Terry,
5 thanks for bringing up the reauthorization. I'd like to encourage everyone in
6 the audience and the Board to take a very close look at that. There are some
7 implications that I think would impact Virginia significantly. The taxes on
8 fuel we talked about a significant increase with a disproportionate increase
9 on the GA side. You also have a Class B air space fee when you touch or go
10 through a Class B airspace. The entitlements that Terry mentioned at the
11 lowest airports would be no entitlements. The graduation is there, I believe,
12 but the number of based aircraft when you get at the low end --

13 MR. PAGE: -- I think the program is below ten,
14 zero and still eligible for discretionary state enforcement funds, but you're
15 right, it doesn't fit a lot of airports. Hot Springs, Virginia, which has an
16 FAILS and a lot of corporate traffic and maybe not a lot of based airplanes,
17 they would fall in that category. It still doesn't fit perfectly.

18 MR. BURDETTE: There are a lot of other things
19 that are fine-tuned in there that somewhat mirror a model, which is
20 something, I think, that is incumbent upon you to look at. As we in the
21 Agency get more experienced on it, we'll be putting out information for you,
22 because I do have some concerns on the implementation of this model and
23 its impact, especially to smaller airports in Virginia.

24 MR. PAGE: It is a lot user fee driven, yes, a lot of
25 the GA costs are increased, use of the air traffic system, it pays for some of

1 the services there in this model as well as increased fuel taxes, GA to fund
2 that share. Yes, sir, it's different. If I were voting I'd want some changes.

3 MR. BURDETTE: We'll have the hanging in
4 effigy out in the hall after this meeting.

5 MR. PAGE: It wasn't developed in my office.

6 MR. BURDETTE: Yes, sir.

7 MR. OBERNDORF: Thank you, Terry.

8 Next will be the Virginia Aviation Operators' Report, Bill
9 Kelly.

10 MR. KELLY: Thank you, Mr. Chairman,
11 members of the Board. I just have a couple of issues I want to update you on
12 for the Virginia Airport Operators Council. The VAOC Spring Workshop is
13 going to be April 23rd and 24th at the Stonewall Jackson Hotel in Staunton,
14 or Staunton, depending on what area of the state you come from. This year a
15 couple of the session topics will include EAOV grant administration, the
16 safety and security of general aviation airports, insurance and liability issues
17 for airports, obstruction analysis and standards for Virginia airports, and
18 construction management for airport sponsors. The conference is going to
19 begin at noon on April 23rd, and it will end at noon on April 24th and be
20 followed by the VAOC luncheon and then the VAB Workshop after that.

21 Another item is that the Virginia Airport Operators Council has
22 a new website. It's up and running, with the help of Courtney Beamon from
23 Delta Airport Consultants. The website is *VAOC.org*, I believe.

24 Just as an update on the New Kent County Airport, which is the
25 airport where I'm from. With VAB funds this year and last year and the past

1 several years, we've been able to complete 100 percent security fencing
2 operation for our project. Complete runway rehabilitation for our one and
3 only runway, a new hangar development project is ongoing. We just
4 installed a new security camera system. Miscellaneous maintenance and
5 public relations projects that we've done throughout the past couple of years
6 out there. I would like to personally thank the staff at the Virginia
7 Department of Aviation, and also the FAA. And, since Dr. Bailey is here I'd
8 like to thank her staff, too. Frankly, all of the various departments that we
9 deal with, the FAA, the State Department of Aviation and the VRA are just a
10 joy to work with. The bureaucracy is cut down considerably from a lot of
11 the other agencies that we deal with, and I enjoy being able to operate within
12 the aviation system within the State of Virginia because of that.

13 That's all I have. If anybody has any questions, I'll be happy to
14 answer them.

15 MR. OBERNDORF: Any questions? Thank you
16 very much.

17 MR. BURDETTE: Thank you, Bill, we'll pay you
18 for those comments later.

19 MR. KELLY: You're right.

20 MR. OBERNDORF: Next is the report on the
21 John R. Lillard Scholarship Foundation, Brian Elliott.

22 MR. ELLIOTT: Mr. Chairman and members of
23 the Board, I'm Brian Elliott, and I'm currently President of the John R.
24 Lillard Scholarship Foundation, Incorporated. For over 20 years the
25 Virginia Airport Operators Council, in conjunction with the Virginia

1 Department of Aviation, has been awarding an annual scholarship to a
2 Virginia high school graduating senior going on to pursue a career and an
3 advanced degree in aviation at an accredited university or college. We've
4 been doing this, again, since about the mid-'80's. Currently, our scholarship
5 amount is \$3,000. The only down side to this is that lately we seem to be
6 doing it and more and more people attending that other college in
7 Blacksburg. So we have to work on that criterion. Actually, it's been very
8 rewarding and a very exciting project. About five years ago, upon the death
9 of our close friend, John Lillard, the VAOC created or began the process of a
10 501(c)(3) organization, and we've recently completed that. That is in the
11 form of the Scholarship Foundation. We have our own foundation, and we
12 have our own kind of fund that we're building and trying to continue this.
13 One constant over the past 20 years has been an individual that has spent an
14 inordinate amount of time, energy and dedication working with us in terms
15 of advertising the availability of the scholarship to our high schools across
16 Virginia and organizing the program, collecting the applications, assisting us
17 with the grading and evaluation of the applications. I'm here this morning to
18 recognize Betty Wilson. At the annual meeting of our Foundation this past
19 December we passed a resolution, and if you'll bear with me I'll read this.

20

21 The John R. Lillard Scholarship Foundation, Incorporated
22 recognizes Betty P. Wilson for her invaluable assistance and dedication
23 coordinating the administration of the Annual John R. Lillard
24 Scholarship Program. We are especially grateful for the time and
25 energy that Betty has freely given to our organization and the dedication

1 she has demonstrated to educate future aviation leaders. We're
2 strengthened and uplifted by those who step forward to support
3 through improving the education and quality of life of future leaders.
4 We offer our sincere appreciation to Betty for her professionalism
5 and recognize her for her expertise and unfaltering dedication to serving
6 our industry.

7 We sign this the 8th day of January, 2007.

8

9 Betty, thank you very, very much.

10 Thank you, Mr. Chairman.

11 MR. OBERNDORF: Thank you. Thank you,
12 Betty.

13 Do we have any old business? Hearing none, we'll go onto new
14 business and tentative allocations from the Commonwealth Airport Fund.
15 Mike Swain.

16 MR. SWAIN: Mr. Chairman and members of the
17 Board, Mr. Director, Mr. Beall, Mr. Page, good morning to you all. We will
18 not cover everything in the detail that we did yesterday; however, we do
19 need to review once again the VAR loan application for Stafford Regional
20 Airport, which is the bright blue sheets I handed out yesterday; that would
21 be toward the front of your packet.

22 Stafford Regional had applied for \$1.5 million loan from the
23 Virginia Resources Authority. Stafford asked to review this project for T-
24 hangars and Utilities (Design and Construction). The amount of state funds
25 involved in this project is approximately \$645,000. The loan application is

1 1.5 million, for a total of 2.145 million for this project. Staff requests the
2 Board endorse this loan application.

3 MR. OBERNDORF: Do I have a motion?

4 MR. FRANKLIN: Mr. Chairman, on behalf of my
5 good friend from Region 3, Mr. Omph, I move so.

6 MR. KEHOE: I'll second.

7 MR. OBERNDORF: All in favor? (Ayes.)
8 Opposed? (No response.) The ayes have it.

9 MR. SWAIN: If you would, turn to the program
10 tab in your notebook. Just to reiterate the amount of funds available today
11 for allocations. Under the Air Carrier Reliever Discretionary Funds you
12 have available \$1,436,199.26. Under the GA Discretionary Fund,
13 \$243,319.42.

14 If we could proceed to Region 1. Mr. Chairman, normally we
15 have been just briefly reviewing the regions, and I have a reminder for a
16 couple of these, and I'd like to remind the Board as we hit upon it the
17 changes that we recognized yesterday, and I did hand out another blue sheet
18 to you with those changes in writing. I will reiterate those.

19 Starting with Region 1, there's only one request for funding
20 from the New River Valley Airport for Apron Rehabilitation
21 Design/Construction). The staff's recommendation is not to fund this
22 project, due to the fact that at the time that the Board package was prepared
23 the airport layout plan was not approved and that the FAA indicated they
24 were not going to grant agreement until the AOP was approved. Since then
25 staff and FAA have coordinated and it has been determined, as Terry

1 mentioned earlier, the use or the planned use of the airport will not affect
2 this apron rehab project in any way, and the FAA is willing to offer a grant
3 agreement this spring or summer for that project. We have not changed our
4 recommendation, but we want to let you know that if this information had
5 been received in a timely manner from the sponsor we would have
6 recommended it. There are ample funds available to fund it without hurting
7 anyone else, without taking funds from anyone else.

8 MR. DIX: Due to Terry Page's generosity, we
9 would like to move that we accept the project and Virginia's portion of the
10 funds, \$18,947 will help that \$600,000 project to proceed. So, I move we
11 accept that.

12 MR. PORTERFIELD: Second.

13 MR. KEHOE: Second.

14 MR. OBERNDORF: All in favor. (Ayes.)

15 Opposed? (No response.) The ayes have it.

16 MR. SWAIN: Moving on to Region 2 --

17 MR. OBERNDORF: -- Does that motion cover
18 the rest of Region 1?

19 MR. SWAIN: That was the only request; so, yes,
20 sir.

21 MR. OBERNDORF: That's the only request for 1,
22 go on.

23 MR. SWAIN: Region 2, we have no requests for
24 funding.

25 Region 3. Staff has recommended funding for Manassas

1 Regional Airport T-hangar Site Preparation (Construction) Increase, for
2 \$86,640.

3 Also, recommended under the GA program, three projects in
4 Orange County, total amount of \$75,562.40.

5 Once again, I need to highlight a change that affects Culpeper
6 Regional Airport. They had a funding request for Terminal Area Site
7 Preparation (Design) in the amount of \$100,000. At the time of our
8 recommendation we recommended against funding this project, as the
9 airport had unmitigated FAR Part 77 obstructions. As of February 13th,
10 staff received certification that the obstructions had been mitigated. Once
11 again, if we had received this information when the Board package was
12 prepared, we would have recommended funding, and there are also ample
13 funds available to fund the project.

14 MR. OBERNDORF: Do we hear a motion?

15 MR. FRANKLIN: Mr. Chairman, on behalf again
16 of Mr. Omps, I would move that the projects for Orange, Culpeper and
17 Manassas be approved.

18 MR. KEHOE: Second.

19 MR. OBERNDORF: All in favor? (Ayes.)
20 Opposed? (No response.) The ayes have it.

21 MR. SWAIN: Moving on to Region 4.

22 MR. FRANKLIN: Stafford.

23 MR. SWAIN: Actually, we had no, we had a
24 recommendation of no funding for Stafford.

25 MR. FRANKLIN: Do you want to say anything

1 else, or bring up something?

2 MR. SWAIN: I did bring up the fact that Mr.
3 Campbell spoke to the Board for those who weren't here yesterday, to the
4 Board about Stafford Airport and the subject of their obstructions. However,
5 we've got no change of recommendation at this time.

6 MR. FRANKLIN: You're recommending against,
7 based on the fact that --

8 MR. SWAIN: -- Based on the fact they currently
9 have unmitigated obstructions, based on the federal standards.

10 MR. FRANKLIN: Part 77.

11 MR. SWAIN: Actually, it may be a mixture of
12 Part 77, but mostly it's the FAA's Runway and Siting Criteria, which is kind
13 of a fall-back if you have Part 77 obstructions.

14 MR. FRANKLIN: Mr. Chairman, I'm representing
15 Mr. Omphers today, and I'm going to send him a bill, but I did meet at the
16 request of Mr. Omphers, tie up and meet with the folks at Stafford and the
17 director. It's an interesting situation. They are asking for an exception to
18 policy, and it is the Board's policy that we do not issue funds when we have
19 obstructions. We all know that, and we just finished, and I think I was co-
20 chairman of the group that made that recommendation to the policy. Having
21 said all of that, they're asking for an exception of policy, basically, so that
22 they can proceed with what is sort of a Missed Opportunity. They have a
23 number of projects, and they're able to proceed on another set of hangars at
24 this time. I don't think the first two sets of hangars are affected by this.

25 MR. SWAIN: Correct, they've been funded, and a

1 grant has been offered.

2 MR. FRANKLIN: So, they're okay. I'd
3 recommend that we accept the staff's recommendation with regard to the
4 obstruction removal request, because it is being funded with Maintenance
5 Funds, is that not correct?

6 MR. SWAIN: Correct.

7 MR. FRANKLIN: But I think, as far as the third
8 set of hangars, whatever number they call it, the fourth set of hangars. As
9 we said yesterday, for those of you that weren't here, they have a waiting list
10 of 37 aircraft for that airport. That's a significant number. We're faced with
11 the dilemma of wanting to facilitate aviation growth and improvements, and
12 at the same time we have the obligation to look out for obstructions. Many
13 of us know many airports struggle with obstructions, and many in this room
14 are not conducting projects because they have some kind of obstruction. We
15 get down to the nitty-gritty, and that is do we accept or do we grant, Mr.
16 Chairman, an exception of policy.

17 In discussions with staff and Mr. Campbell and other Board
18 members, I would say there are a couple of ways that we can do it.
19 Obviously, we could deny it, but if we do it we could do it a couple of ways.
20 One would be we do what we did with Hampton Roads and set a certain date
21 out there, say the next Board meeting if that's feasible, or some other time,
22 and say that we'll hold the funding in place and you can't really spend it and
23 can't really proceed with the project. We'll hold it in place, and then at such
24 time as obstructions are removed we will release the funding. That's one
25 thing.

1 The other thing we can do is grant them authority to move
2 ahead with the project, provided that they do have an aggressive obstruction
3 removal plan, which they shared with us yesterday, these particular
4 obstructions are all on state property. There's no property to acquire, so that
5 makes it a little bit simpler. They actually need to clear these obstructions,
6 as I understand it. My questions to the staff down to a 34-to-1 ratio.

7 I'd like to hear, before we take any action on the request for an
8 exception to policy, how the Board members feel about this, whether we
9 should grant the exception, and if so, should we grant it just withholding the
10 money, or releasing the funds?

11 They indicate, Mr. Campbell is here, do you want to speak to
12 the situation as to whether we approve this request, whether we release the
13 funds and you carry on your project for this four sets of hangars, or whether
14 or not we withhold the funds until such time as your obstructions are
15 removed?

16 MR. CAMPBELL: Yes, I'd like to address the
17 Board.

18 Thank you, good morning, Mr. Chairman, members of the
19 Board. My name is T. Campbell, and as most of you know, I'm Chairman of
20 the Stafford Regional Airport Authority. I just wanted to reiterate what I
21 said yesterday.

22 We became aware of these obstacles as a result of the photo
23 survey conducted in September. We took aggressive action -- let me back
24 up just for a second. The photo survey showed six trees penetrating our
25 slope. We in a timely manner removed those six trees and 36 additional

1 trees that we thought may pose a future problem for us. So we made a good-
2 faith effort to do that, only to find from a subsequent photo survey
3 conducted February 15th, six days ago, that there are some additional
4 obstructions hidden by the first one. So we immediately put in an aggressive
5 plan in place to remove those trees. We've taken all the action we can in a
6 six-day time frame we've had to address this matter.

7 With that said, the impact of not having these grants approved
8 will delay the development of the airport, in my personal opinion,
9 significantly, and here's why. When we issued the contract to build the T-
10 hangars that we have under contract, when we gave the contract the option
11 of building the fourth subject to a VRA loan and subject to grant approval
12 from this Board. If we do not exercise that option, we're going to encounter
13 demobilization and remobilization charges. We're going to have to go out
14 with another RFP, and that will cost us a substantial amount of time and
15 money to do that, plus other projects that we have funding grants for. That's
16 the bottom line, and it will have a negative impact on the airport.

17 I appreciate anything this Board would consider. I want to
18 thank you for the opportunity to clarify our position, once again.

19 MR. OBERNDORF: Thank you. Any questions?

20 MR. DIX: As a comment, I agree that we should
21 as a Board help them proceed along with their project and make an
22 exception to these obstructions removal until such time as they get their
23 permit and get it done.

24 MR. OBERNDORF: Any other comments?

25 MR. FRANKLIN: Mr. Chairman, is my good

1 friend down there talking about doing it like holding the money until such
2 time --

3 MR. DIX: -- No, your third choice.

4 MR. FRANKLIN: Let them go as long as they're
5 aggressively pursuing the obstructions --

6 MR. DIX: -- Yes.

7 MR. FRANKLIN: I'd like to hear any other
8 members' thoughts.

9 MR. PORTERFIELD: I agree with that, the policy
10 we have in place serves to guide us, and I think it should guide us, and I
11 don't think it should immobilize us. I think there'll always be cases like this
12 that we have to deal with. I would agree with the motion that we approve
13 these and release these as an exception to policy.

14 MR. KEHOE: I'd also agree with that. I think one
15 thing that is very significant is the fact that these trees are going to be
16 removed and they're on state property, VDOT right-of-way, I believe;
17 therefore, the land doesn't have to be acquired. So there's not going to be
18 any delay like that. This is a very special case that we've got to factor in
19 here. So I would agree to let this go forward.

20 MR. OBERNDORF: Do I hear a motion?

21 MR. FRANKLIN: Yes, sir. Mr. Chairman, I
22 certainly would like to make a motion. Before I do that, I'd like to say to all
23 our sponsors and everything that this in no way, and I've talked to members
24 of the Board, is to be taken that we're soft on obstruction removal, because
25 there are plenty of us out there who have obstructions and we're not getting

1 funding because of it. I think it gives us the flexibility to show that it's not
2 always black and white, sometimes it's gray. Again, on behalf of Mr. Omps,
3 who owes me big time --

4 MR. OBERNDORF: -- Be careful you get a store
5 credit.

6 MR. FRANKLIN: I move to approve the
7 exception at this time, with the exception, of course, of the obstruction
8 removal, which I'll accept the staff's recommendation, since they're receiving
9 Maintenance Funds for that part of the plan.

10 MS. RADCLIFF: Second.

11 MR. OBERNDORF: All in favor? (Ayes.)
12 Opposed? (No response.) The ayes have that.

13 MR. CAMPBELL: Thank you, very much, Mr.
14 Chairman.

15 MR. OBERNDORF: You're welcome. Does that
16 cover all of Region 3? Okay, Region 4 is next.

17 MR. SWAIN: Region 4, staff's recommendation
18 was to fund a project at New Kent County Airport, Maintenance Equipment
19 Storage Building (Construction) Increase, \$6,022.40.

20 MS. RADCLIFF: Mr. Chairman, I move the staff's
21 recommendation for funding.

22 MR. KEHOE: Second.

23 MR. OBERNDORF: All in favor? (Ayes.)
24 Opposed? (No response.) The ayes have it.

25 MR. SWAIN: Region 5.

1 MR. BEALL: How about the recommendation on
2 Hummel?

3 MS. RADCLIFF: Mr. Chairman, I would assume
4 that's part of the motion, but I'm certainly happy to move the staff's
5 recommendation on Hummel Airport as well.

6 MR. KEHOE: Second.

7 MR. OBERNDORF: All in favor? (Ayes.)
8 Opposed? (No response.) The ayes have that.

9 MR. SWAIN: Region 5, Charlottesville-
10 Albemarle. The staff's recommendation is to fund the General Aviation
11 Facilities Planning Study, \$13,600.

12 MR. KEHOE: Mr. Chairman, I move the staff's
13 recommendation for Region 5, Charlottesville-Albemarle Airport.

14 MR. FRANKLIN: Second.

15 MR. OBERNDORF: All in favor? (Ayes.)
16 Opposed? (No response.) The ayes have it.

17 Go on to Region 7.

18 MR. SWAIN: The staff's recommendation was to
19 not fund the three requests from Hampton Roads Executive Airport;
20 however, there also has been a change highlighted on the blue sheet of
21 Hampton Roads. As of February 20th, the staff and the FAA AEO
22 completed a review of the scope of work on the Airport Layout Plan Update
23 Project. If this had come to light before the Board package was prepared, we
24 would have recommended the funding. Also, there are ample funds to cover
25 the project.

1 MS. RADCLIFF: Mr. Chairman, I move we fund
2 the Airport Layout Plan update and accept the recommendations on the
3 Replacement Runway and Wetlands Mitigation. These decisions are very
4 easy to make when there's plenty of money, it's fine, hope everybody gets on
5 their paperwork. That's my motion.

6 MR. KEHOE: I'll second that motion, Mr.
7 Chairman.

8 MR. OBERNDORF: All in favor? (Ayes.)
9 Opposed? (No response.) The ayes have that. Thank you, very much.

10 Now the floor is open to Public Comments. Hearing none, we
11 go on. Board member comments and reports. Do we have any?

12 MR. KEHOE: Mr. Chairman, I call on the Build A
13 Plane concept. I'm intrigued by that, and I think that is a good concept. One
14 bit of information I think I would like for additional information on that
15 concerns any liability issue. I could see talking to someone like a school
16 superintendent about this, and that may be a question. I ask that because a
17 number of years ago I was very involved with Junior Achievement, and I
18 was on the Junior Achievement Board. In Junior Achievement, classically,
19 used to build things. Students would use tools and they'd build things and
20 then sell these things. Now the Junior Achievement program is much
21 changed. It's an economic education program. They no longer build
22 physical things, and a big part of that decision was because of the liability
23 when kids build things. I think the Build A Plane Program has some
24 possibilities. I'd like, in addition to the slides, just some information, any
25 information the program has on how liability might be approached.

1 MR. PORTERFIELD: Roanoke City Schools
2 actually teach flying at the Roanoke Regional Airport. They've got what,
3 three aircraft, I think. They'd be a real source, and they know all about
4 liability.

5 MR. OBERNDORF: That's a great program. Our
6 younger daughter is a pilot with United Airlines, and we started her flying at
7 15 to help her with her academics, and it did. A lot of people looked at us
8 with kind of a strange eye, we'd allow a 15-year old to fly in an airplane.
9 Now she flies triple 7's with only one other pilot on board. I think it's great.
10 It had a wonderful effect on our daughter, it raised her interest in school and
11 gave her a career. I think it's something we could possibly look at for other
12 schools. I don't know of any school systems teaching aircraft and power
13 plant mechanics as part of their vocational education. I think Build A Plane
14 is probably aiming in that direction. I think that would be great. They teach
15 automotive mechanics, plumbing, electrical work, which is really more
16 dangerous than flying. So maybe this is something we should pursue, and I
17 think I'm going to go back home and talk about it.

18 MR. DIX: I understand that every student that
19 participates, how many hours do they have to work with?

20 MR. PAGE: Just a program that I read about, a
21 certain number of hours, and if they put in that many hours into the program
22 then they get in return in the program is funding either a ride in the finished
23 product and also possibly flight training, ground school, so some other
24 program like that if they put in the hours and stick with it.

25 MR. OBERNDORF: Right, as long as it's not a

1 single place airplane.

2 Again, I want to thank the staff, they did a great job, and the
3 VAOC participating with us like this is certainly welcome, and the VRA has
4 been a wonderful support for aviation programs in the state. It's apparent we
5 have the best aviation program in the United States.

6 MR. BURDETTE: That's our goal, sir.

7 MR. OBERNDORF: Are we going to break a
8 bottle of champagne over the nose of the new airplane?

9 MR. BURDETTE: We'll have to do something.

10 MR. OBERNDORF: I have a story about that.

11 The Navy has a squadron over at NAS, and I think it's VR1, and they
12 provide DC-9 transportation all over the Navy. They named one of their
13 airplanes the City of Virginia Beach. We walked in the hangar, and the
14 mayor was going to christen the airplane. In front of the airplane is a cinder
15 block and a bottle of champagne. My wife picked up the bottle of
16 champagne and headed for the nose of the airplane, didn't get there
17 fortunately. She realized the cinder block is what she was supposed to be
18 hitting. You've got to be very careful with the King aircraft. I think there's a
19 radar dome in front of the King Air, also. I imagine.

20 MS. RADCLIFF: Mr. Chairman, I have a bee in
21 my bonnet about one thing and, there is not really any point in saying it,
22 since there is no one from Newport News here. Senate Bill 1328 that Marty
23 Williams introduced, I found it unfortunate that in a community that I've
24 always considered pretty close, that one airport would come to a legislator
25 and ask for the funding formula to be changed that affects all of you. There

1 is nothing we can do about it now, but I hope in the future when somebody
2 considers taking that action they talk about it with some of us that are
3 affected, and you all are affected, before that happens. It was very
4 disheartening to realize what had happened, I am extremely disappointed. I
5 just wanted to say that for the record.

6 MR. OBERNDORF: Well, it would have
7 benefited the commercial airports, the commercial airports as a group was
8 not in favor of this legislation. Fortunately, it died in committee.

9 Hearing no other comments -- yes, Mr. Burdette.

10 MR. BURDETTE: Just like to remind everybody,
11 as has already been pointed out, the Spring Workshop and VAB Meeting in
12 Staunton, April 23rd to 25th at the Stonewall Jackson Inn, and I want to
13 reiterate that. Staunton, okay.

14 The Virginia Aviation Conference in Virginia Beach, there's a
15 change, so put on your calendars August 22nd to the 24th at the Ramada,
16 save those dates, we're going back to the beach, and that should be great.

17 I'd like to thank everyone that made last night's dinner and
18 encourage all of you to join us in the dinner event, always a good time had
19 by all. Thanking all of you who provide such great support.

20 MR. OBERNDORF: Thank you, and thank you,
21 again, everybody, and we'll see you at Staunton.

22 PROCEEDINGS CONCLUDED.

23 CERTIFICATE OF THE COURT REPORTER

24

25 I, Medford W. Howard, Registered Professional

1 Reporter and Notary Public for the State of Virginia at large, do hereby
2 certify that I was the court reporter who took down and transcribed the
3 proceedings of the **Virginia Aviation Board Meeting when held on**
4 **February 21, 2007 at Wyndham Hotel Richmond, 4700 S. Laburnum**
5 **Avenue, Richmond, Virginia.**

6 I further certify this is a true and accurate
7 transcript, to the best of my ability to hear and understand the proceedings.

8 Given under my hand this _____ day of March,
9 2007.

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Medford W. Howard

15

Registered Professional Reporter

16

Notary Public for the State of Virginia at Large

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22 My Commission Expires: October 31, 2010.