

December 11, 2008

GWBAA Celebrates the Holidays at Signature

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GWBAA's holiday event on December 5th, hosted by Signature Flight Support at its Dulles facility, was a big success. Over 30 business aviation professionals attended the reception, which also included the annual membership meeting. Thanks to the following door prize sponsors for their support: Dassault Falcon Jet, Bombardier, Signature Flight Support, and Chantilly Air. The celebration also served as GWBAA's annual membership meeting, and the membership ratified the following individuals to serve two-year terms as Board members of GWBAA:

- President: Paige Kroner (Chantilly Air)
- Secretary: Jol Silversmith (Zuckert, Scoutt & Rasenberger)
- Treasurer: Jim Garland (Sharp Details)
- Director: Bob Rockwood (Bristol Associates)
- Director: Jim Lumley (Landmark Aviation)
- Director: Oakley Brooks (Bombardier)

New president Paige Kroner thanked departing board members Bob Blouin and Mary Miller for their service as president and treasurer, respectively, and invited GWBAA members who have ideas for the organization or are interested in volunteering to contact her at in info@gwbba.com.



Inauguration Flight Restrictions

NBAA has posted information about restrictions that can be expected in the greater Washington area before, during, and after the presidential inauguration on January 20, 2009. There will be increased traffic and heightened security, and operators can expect Temporary Flight

Restrictions (TFRs), traffic management initiatives, and aircraft parking issues. For more information, visit <http://www.nbaa.org/ops/airspace/regional/northeast/2009-inauguration.php>.

Letter from the GWBAA Immediate Past President to the Membership



After four years it's time to hand over the reins of GWBAA to the next president, Paige Kroner. Paige, thanks so much for stepping up, I thank you for all your past volunteer efforts as a board member and will look forward to what I am sure will be your successful tenure as the second president of GWBAA. The board and the membership are fortunate to have you as their leader.

I would be remiss if I did not thank some of the people that made my four years as president a fun and rewarding experience and a benefit to the entire membership.

- **Mary Miller** has been your treasurer since the beginning. She has done a great job of “keeping the books” and will be stepping down from that position and leaving the finances in very good stead. Mary has also provided countless volunteer hours as an organizer, creative director and all-around “go-to” person when it comes to supporting the association.
- **Jol Silversmith** serves as our board Secretary. As such, Jol has set a good course when it comes to matters of incorporation, tax filings and governance. His advice and counsel are a huge benefit to the board and the membership. In addition, Jol works diligently to keep the website current and produces every monthly newsletter.
- **Jim Lumley** has headed up and organized the very successful GWBAA safety standowns. He will continue to represent the board in the areas of operations and safety and as such will continue to provide great benefit to the membership.
- **Oakley Brooks** from the very start has been a fantastic supporter and volunteer board member. He has edited most of the newsletters and has been a major organizer of every golf event. His advice and counsel continue to be of great benefit to the board and membership.
- **Bob Rockwood** has been a steadfast supported and contributor to the board and membership. Bob is our “go-to” guy when we ask for information to share through the newsletter and provides a keen industry perspective on current events in the aircraft sales and brokerage areas of our business. In addition to his frequent contributions to the newsletter, Bob is tenacious in his efforts to support with membership.
- **Jim Garland** is our most recent board member and a great addition to the team. He provides great perspective and has shown a willingness to volunteer whenever something needs to be done. He is poised to provide continued support and leadership to the board and our members.
- **Kyle Herbig** has played key roles “behind the scenes’ at numerous events. Planning, preparation and implementation are his strengths. His “can-do” attitude is refreshing and his follow-up impressive.

- **Harry Houckes** goes out of his way to support our board and the membership. We would not have had our first meeting had it not been for Harry saying “go for it, I will support you”. He is a credit to NBAA and a wonderful benefit to our members as their regional representative.
- **Martina Smith and Sandy Wirtz** have, on numerous occasions, been a big help to our members providing tireless support at events, bringing great experience and keeping us organized. They are a credit to NBAA and our members.

My heartfelt thanks go out to these individuals without their time and effort there would not have been a GWBAA.

Finally, thanks to the entire membership, you all have been a great support and I am counting on you all to support Paige and the board for the next four years and beyond.

Bob Blouin
Immediate Past President
GWBAA

Regional News Round-Up

The Loudoun County Board of Supervisors continues to ponder a significant increase in its tax on aircraft for FY2010. The current rate is \$0.01 per \$100; the new rate could be as high as \$4.20 per \$100. Specific proposals are expected to be published in February before budget hearings in March. Any increase likely would have a significant effect on operators based at both **Leesburg Executive Airport** and **Washington Dulles International Airport**.



The Town Council of Leesburg, where the former airport is located, on November 25 formally opposed the measure. Tim Deike, Director of Leesburg Executive Airport, noted that a similar tax had been levied at Stafford Regional Airport, and caused the airport to lose the majority of its aircraft to other regional airports. Deike stated that a similar fate could befall Leesburg Executive Airport should the tax be enacted by Loudoun County.

Opposition to the proposal also exists within the Loudon County Board. Supervisor Kelly Burk (D-Leesburg) has stated that: “Leesburg Airport is a significant economic driver for our area. We may take it for granted or not be aware of it, but it certainly drives a number of the businesses here. We don’t need to pull out the rug from under it. We need to support it. Especially at a time when jobs are leaving, we need to make sure we’re not doing the very same thing.”

Serena R. “Renny” Manuel, Executive Director of **Winchester Regional Airport**, told the Winchester Star that Thanksgiving-season traffic at the airport appeared to be stable. “As far as charter and jet traffic, we’ve actually seen about the same traffic movement as we’ve seen in years past so far,” Manuel reported. “The smaller recreational flying has dropped off, but that’s dropped off nationwide.”

The FAA broke ground on a new Air Traffic Control Center in **Warrenton, Virginia**. The facility is expected to be completed in 2011. The lead contractor for the \$22 million project is Corinthian Construction Company of Arlington, Virginia. In a press release, acting FAA Administrator Robert A. Sturgell said the 63,000-square-foot building will share its site with the FAA's Potomac TRACON. "This is what state-of-the-art looks like," Sturgell said. "As a nation, we're moving to satellite-based air traffic control, and this facility will help us reap the benefits. This is the headquarters for air traffic control efficiency."

TSA Extends Comment Deadline on Security Rules to February 29, 2009

We reported last month that the Transportation Security Administration has proposed new security rules that would apply to all aircraft with a MTOW above 12,500 pounds and all airports that serve these aircraft. It is known as the "Large Aircraft Security Program" (LASP), and the program also includes requirements for security training for flight crews and periodic security audits for operators. Comments are now due on February 29, 2009. More information is available NBAA at <http://www.nbaa.org/lasp>. The proposal also can be downloaded from <http://www.regulations.gov/fdmspublic/ContentViewer?objectId=090000648078071b&disposition=attachment&contentType=pdf>.

Special Awareness Training Rules Enter into Effect on February 9, 2009

As previously reported, "special awareness" training will be required for any pilot who files under VFR within a 60-nautical mile radius of Washington, DC, effective February 9, 2009. The training is available online via <http://www.faasafety.gov>, and pilots will be able to print out a certificate of training. The training will focus on procedures for flying in and around the Air Defense Identification Zone ("ADIZ") and Flight Restricted Zone ("FRZ") and is intended to reduce unauthorized flights into those airspaces.

GUEST VIEWPOINT:

Not All Flight Card Programs Are Created Equal

GWBAA is pleased to present the following discussion of tax issues by Keith G. Swirsky, a partner and tax specialist concentrating in the areas of corporate aircraft transactions and aviation taxation at the law firm of Galland, Kharasch, Greenberg, Fellman and Swirsky, P.C. (kswirsky@gkqlaw.com, (202) 342-5251):

Business aviation is not immune from the financial trauma affecting so many sectors of the U.S. economy. Over the last several months, the pages of aviation industry periodicals have been reporting about financial troubles at many companies in the business aviation industry, including perhaps the largest worldwide provider of aircraft charter and management services, and (historically) a flight card program. In light of such financial concerns, the question

presents itself whether all flight card programs are on solid financial footing. Despite lofty agendas of mergers, roll-up strategies, divestitures and other seemingly proactive corporate planning ostensibly intended to ensure the survival of aviation businesses, including flight card programs, can you be sure that your investment in your flight card is secure and that your flight card program provider will have the financial resources to provide flight services to you

when you are ready to fly? Perhaps yes and perhaps no.

It is particularly noteworthy that most flight card programs ask for substantial deposits up front. Money placed on deposit is then debited by travel taken on the flight card. Prior to handing over a deposit for any flight card program, it is worthwhile to question the program provider as to whether deposited funds are commingled with the general operating funds of the company that operates the card program, or are segregated from the company's general operating funds? Further, if the deposited funds are segregated, are such funds held by in the card program provider's account, in some kind of trust or escrow account?

The most undesirable scenario is when deposited funds are commingled with general operating funds of the company that operates the card program. In this situation, a card program provider with cash flow problems might use money deposited by Peter to pay the aircraft operating costs to provide flight services to Paul, so to speak, and may have insufficient reserves to operate the aircraft when the time comes to provide flight services to Peter.

A better situation would be for funds deposited by Peter to be segregated internally from general operating funds, and only drawn upon (and commingled with operating funds) when Peter's flight activity occurs. Rigid accounting procedures of this nature help to ensure that the program provider always has sufficient money in the segregated account to cover the cost of providing flights to the card program members. However, even under circumstances where deposited funds are segregated, all assets of the card program are available to pay the claims of the card program's creditors. In the event a card program advises you that deposited funds are indeed segregated from general operating funds, it is worth inquiring as to

whether operating procedures and protocols are in place at the card program to ensure that the deposited funds may not be discretionarily utilized for other purposes. Certainly, a well run fiscally conservative company can offer significant financial "comfort" to the cardholder and should be forthcoming with information.

with a card program provider who not only segregates deposited funds from general operating funds, but also places the segregated funds into a separate trust or escrow account in the name of the cardholder. Specifically, in this case, the card program coordinates with a [solvent] financial institution, to set up of a trust or escrow account, in the cardholder's name and with the cardholder's federal I.D. number on the account. Generally, in these situations no withdrawals from the account may be made without the consent of the cardholder. That consent may be in the form of either an explicit approval, or the lack of a disapproval within a designated period after the card program requests payment from the financial institution. In these circumstances, a properly set up trust or escrow account will not be exposed to the claims of creditors of the company that operates the flight card program (other than for amounts legitimately owed to the card program), nor may it be drawn upon by the card program except and unless air travel has occurred and the agreed upon charge has been levied.

What about bricks and mortar? There is also a great divide between flight card programs on the issue of whether or not the card program provider is an FAA certificated operator, or is simply a broker. Certainly, there is substantial confusion among the traveling public as to the "product" that they have purchased. A glance at any executive traveler magazine or advertisements placed in the Wall Street Journal and other similar newspapers, shows numerous ads for prepaid air travel services, or essentially

card programs. Many of these advertisers do not operate aircraft themselves, and instead broker air charter services. The broker acts as a consolidator of air charter operators who operate aircraft in “on-demand” charter operations.

In many circumstances price drives the ultimate equation, meaning, that the card program that is acting as a broker strives to locate the lowest cost aircraft available. While card programs that operate their own aircraft may not necessarily source the lowest cost aircraft, one should ask whether or not they, as certificated operators, ascribe to a set of safety and quality standards and are held accountable to the card program member for the provision of aircraft services at a higher level than a broker. For example, a handful of companies conduct independent safety

audits of business aircraft operators, and many air charter operators are certified to certain minimum quality standards (such as, ARG/US Platinum) established by such independent safety auditors. Regardless of whether your flight card program operates its own fleet of aircraft, or operates as a broker/consolidator of charter services, you may want to ask your program provider if he or she requires that all aircraft be operated by an operator with a minimum quality rating, and if so, which one?

The simple theme of this article is that a jet card customer should be asking questions about what protections are in place and available that are designed to protect the customer's deposited funds, and to provide the highest quality service possible. It should come as no surprise to discover that significant variations exist in the industry.

Upcoming Aviation Events

- **December 16:** The FAA Safety Team will sponsor a CFI/DPE workshop at Tipton Airport at 7pm for flight instructors, ground instructors, designated pilot examiners, and other interested individuals. For more information, please visit http://www.faasafety.gov/SPANS/event_details.aspx?eid=22396.
- **December 18:** Committee for Dulles' annual “Dulles Airport Update,” featuring Airport Manager Chris Browne, at the Washington Dulles Hilton. For more information, please visit <http://www.committeefordulles.org>.
- **December 20:** The FAA Safety Team will sponsor a seminar “The Sole-Surviving Crewmember Speaks!” featuring Captain Robert Bragg, the sole surviving crewmember of the Tenerife, Los Rodeos accident, at Dulles Aviation in Manassas at 11am. For more information, visit http://www.faasafety.gov/SPANS/event_details.aspx?eid=22142.
- **January 14:** Aero Club of Washington luncheon featuring Mary Peters, Secretary of Transportation. For more information, visit <http://www.aeroclub.org/luncheons.htm>.
- **January 28:** ABA Forum on Air and Space law 2009 update conference, “Uncertain Times for an Uneasy Industry,” at the Ritz-Carlton Hotel. For more information, please visit <http://www.abanet.org/forums/airspace/home.html>.
- **February 3-5:** NTSB hearing on Helicopter Emergency Medical Services operations. For more information, please visit <http://www.nts.gov/Pressrel/2008/081110.html>.

- **February 17:** ATW 2009 Airline Industry Achievement Awards. For more information, please visit http://www.atwonline.com/events/awards_washington09.html.
- **February 21-22:** Adventures in Travel Expo at the Washington Convention Center. For more information, please visit <http://www.adventureexpo.com>.
- **February 24-25:** Air Charter Safety Foundation Symposium, at the NTSB Training Center in Ashburn, Virginia. For more information, please visit <http://www.acsf.aero>.
- **March 25-27:** American Association of Airport Executives and Airports Council International-North America spring Washington conference at the Renaissance Hotel. For more information, please visit <http://events.aaae.org/sites/090304/>.
- **March 31-April 1:** 34th Annual FAA aviation forecast conference at the Walter E. Washington Convention Center, with a keynote address by Scott E. Carson, President and Chief Executive Officer, Boeing Commercial Airplanes. For more information, please visit http://www.faa.gov/news/conferences_events/aviation_forecast_2009/.
- **May 26-28:** ATW Eco-Aviation Conference at the Marriott Metro Center. For more information, visit <http://www.atwonline.com/events/ecoAviationConference09.html>.
- **October 20-22:** NBAA's 62nd annual meeting and convention in Orlando, Florida.

GWBAA Offers Online Benefits

We continue to add member information for GWBAA's electronic membership directory – <http://www.gwbaa.com/directory.html>. This service is available to GWBAA members at no cost. Please contact Jol Silversmith (jasilversmith@zsrlaw.com) if you want to post your company's information.

GWBAA Contacts

GWBAA President Paige Kroner of Chantilly Air (paigekroner@chantillyair.com) and GWBAA Secretary Jol Silversmith of Zuckert, Scutt & Rasenberger, LLP (jasilversmith@zsrlaw.com) write and edit GWBAA News. GWBAA's success and ability to make a difference depends on the breadth of its support and your participation – so please send any ideas or comments for future newsletters, or for GWBAA, in general, to Paige or Jol, or any of the following people:

Jim Garland, Treasurer: jgarland@sharpedetails.com
Bob Rockwood, Membership Chair: racerblue@earthlink.net
Jim Lumley, Operations, Safety and Security Chair: jpilot3@aol.com

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