

February 23, 2010

GWBAA Welcomes New Board Members

Four Industry Veterans Join GWBAA's Leadership

At its meeting on February 18, the GWBAA board welcomed four new members – **Julie Anderson**, a Regional Sales Director for MedAire; **Glenn Hediger** of Aviation Financial Consulting, LLC; **Doug Smith**, a Sales Director at Bombardier; and **Dan Walker**, a Regional Marketing Manager for FlightSafety International. The board also thanked two departing members for their service; Jim Lumley, who had been operations and safety chair, and Bob Rockwood, who had been membership chair. Because GWBAA is a volunteer-run organization, new blood is always welcome; assistance will be needed for upcoming projects, including the third annual safety standdown which is scheduled for late in the spring.

Regional News Round-Up

The roof of a Dulles Jet Center hangar at **Washington Dulles International Airport** collapsed on February 6 due to heavy snow accumulation during the first of two major snowstorms; at least four aircraft were damaged or destroyed. Work is expected to start later this month to “deconstruct” the building. A hangar owned by Dulles Aviation at **Manassas Regional Airport** also was damaged by snow earlier this month, but no aircraft were inside.



A new noise abatement brochure for **Montgomery County Airpark** is now available online at <http://www.sainiaviation.com/GAI-brochure.pdf>. The actual policies have not changed, and the brochure reflects the existing procedures published in the Airport/Facility Directory – but the brochure includes a new color map showing the noise sensitive areas surrounding the airport, as well as tips to pilots on how to fly safely and reduce their noise profile.

ProJet Aviation – a member of GWBAA – has established a new corporate aviation facility at **Leesburg Executive Airport**. The facility features over 25,000 square feet of hangar and office space, and fuel services for corporate aircraft. The Leesburg expansion will complement ProJet's existing flight operations in Winchester and Manassas. ProJet will base four aircraft, including a Gulfstream G-IV Jet and a Piaggio Avanti II turboprop, at Leesburg.

Flight International recently profiled Tommy Grimes, who is a partner of the management company for **Hanover County Airport**, and John Foster, a principal of the management company for **Carroll County Regional Airport**. Both agree that there is development potential

for previously low-activity municipal airports. Grimes took over operations at Hanover in 2004; Foster took over Carroll County in 2006. The article can be accessed online at <http://www.flightglobal.com/articles/2010/02/08/338060/big-vision-at-small-airfields.html>.

Essex Skypark has announced that it will be changing the locks on all of its gates, due to recent incidents of gates being left unsecured. The airport management has posted a reminder on its website that non-tenant vehicles should not enter the airport without advance notice, and that TSA is expected to make unannounced visits to test airport security.

Media reports indicated that the **Transportation Security Administration** was planning to back away from regulations proposed in 2008 that would have required new security and screening measures for GA aircraft, and that TSA had concluded that it would make better progress working with the industry than moving ahead with a "combative back and forth." While a positive development, TSA has yet to formally announce its new plans – and subsequent events (such as the recent deliberate crash of a GA aircraft into a federal building in Austin, Texas) could yet cause TSA to modify its position again.

If you're aware of any news of interest to business aviation occurring around the greater Washington area, please let us know at info@gwbaa.com.

GUEST VIEWPOINT:

Overseas Business Aviation Less Damaged, Slow Recovery in Progress

GWBA is pleased to present the following discussion by Paul Koscak, a 2,000-hour ATP pilot, business manager, and retired military officer.

Anyone seeking greener pastures in overseas aviation markets will find the forces that derailed the U.S. economy in 2007—subprime loan defaults and plummeting real estate values—sent financial shock waves throughout the world.

Both domestic and international utilization is suffering through one of the worst recessions since the Great Depression. However, the demand for certain kinds of aircraft, outsourcing of jobs and an emerging business aircraft economy in Asia make the overseas market more vibrant—but not by much. The better news, say many financial and aircraft analysts, is that the recovery's in sight.

Manufacturers, particularly those with plants in Eastern Europe—a region not well served by the airlines —kept business aviators flying more than their U.S. counterparts, according to Richard Aboulafia, an aircraft

analyst with the Teal Group, a company that follows the aerospace business.

"Globally there's been a decentralization of manufacturing, with many manufacturers outsourcing" to areas where labor is less costly. Managing those satellite plants requires owners to rely on business aircraft, he said.

Until 2007, China, India, Russia and Europe accounted for more than half the new aircraft orders in the world. While Europe sustained much of that business, demand for new aircraft remains high in China, India and Russia.

"In those emerging markets, old is equated with bad because maintenance experience is lacking," noted Jay Mesinger, owner of Jay Mesinger Corporate Jet Sales. Those countries also lack the infrastructure to support airports that sustain business

aviation and, in China, most of the airspace is restricted and controlled by the military.

The “instability of oil prices,” Mesinger continued, also softened the Russian and Middle Eastern aircraft markets. Still, the numbers show significant aircraft sales potential in the emerging regions of the world.

A December 2009 inventory by JetNet shows just 966 business aircraft in Asia, 156 in Australia and parts of the South Pacific, 411 in Africa and 842 in South America. Europe has significantly more at 2,733, while North America is overwhelmed with 12,147 business aircraft.

Overall, business flying use in Europe is off about 15 percent, but prices are beginning to stabilize, explains Brian Humphries, president and CEO of the European Business Aviation Association. “We’re not quite as bad [as the U.S.]. “We’re at about 2005 levels,” with fractional giant NetJets taking the biggest hit, he said.

As in the United States, a weak banking community is offering fewer loans, forcing operators of smaller business aircraft to cut back. “When cash is tight, the value of flying is less,” he said. Although charter business is down considerably, “the big corporations” with enough cash to weather the credit squeeze continue to fly, Humphries observed.

But price stability is good news and assures that realistically priced aircraft are selling, he said.

Humphries also gauges economic stability by the big turnout at the EBAA’s 2009 air show—11,000 attendees—the third highest since the event began in 2001 when just 3,700 people participated.

Craig Sincock, president and CEO of Avfuel Corp., experienced much of what Humphries reported.

“During the first part of 2008, we witnessed a fallout of flight hours and fuel sales throughout the U.S., Europe and internationally,” he said. “From our perspective, the international falloffs in aircraft operation and fuel consumption was by no means as deep as those in the U.S.,” which he estimates is down by 20 percent.

Sincock believes the market has bottomed out or at least business aviation’s spiral has slowed. “Internationally speaking, Avfuel forecasts a slightly faster recovery,” than in the United States.

Jobs are another way to measure market conditions and trends. John Peroyea, owner of FindAPilot, an Internet site that connects employers with pilots, noted that before the stock market decline, overseas flying jobs were growing faster than jobs at home.

While pilot positions have dwindled both domestically and overseas, the decrease in international jobs was “not as pronounced.”

Peroyea, who has managed FindA Pilot more than 10 years, said just over half of the employers posting jobs on his Website are U.S. based while overseas visitors accounted for less than 15 percent of the site’s traffic.

He also anticipates a recovery. “Whenever I see more flight instructor and charter jobs listed, that’s an indicator the market is coming back.”

While stable prices are bringing overseas business aircraft sales back to life, the weak dollar has lured European buyers to American markets, particularly for large, newer or new cabin-class jets.

“This makes for some good deals,” said Brian Foley, president of Brian Foley Associates, which conducts general aviation analysis, forecasting and market research.

Lending protocols have changed drastically,

Foley explained, favoring the larger aircraft market, both here and in Europe, because banks believe these aircraft maintain their worth. While lenders are now demanding 20, even 30 percent down, they're reluctant to finance older or smaller aircraft because of their drop in value.

"Before the downturn you could get zero-percent-down financing," said Foley. Now, lenders are making loans based on the financial strength of the buyer, not the value of the asset.

"Stock markets around the world have rebounded and the dollar value is still low," he added. "With their faster healing economies, non-U.S. buyers will deplete the most desirable pre-owned inventory."

Compared to the United States, Western Europe, particularly Germany, is

experiencing greater business aviation activity and that Russia, China and India will rebound significantly, according to a 2009 Credit Suisse report.

And how long will that take?

Foley predicts a six-year upswing.

"The recovery will be gradual and stealthy when compared to the abrupt drop that got us here," he said.

Paul Koscak is a 2,000-hour ATP pilot, business manager, and retired military officer, who's currently exploring first officer positions.

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Upcoming Aviation Events

- **February 24:** Aero Club of Washington luncheon, featuring Senator Byron Dorgan, Chair of the Senate Aviation Subcommittee, at the Capitol Hilton. For more information, please visit <http://www.aeroclub.org/luncheons.htm>.
- **February 24:** The Washington Airline Society will host a talk by Dr. Adam Pilarski, Senior Vice President of Avitas, Inc. on "State of the Industry - Explaining What Has Happened and Ways of Predicting the Future," at the National Air and Space Museum. For more information, please visit <http://washingtonairlinesociety.org>.
- **February 27:** The FAA Safety Team will offer a seminar on "Decision Making - Real Outcomes; Good and Bad!" including a case study of the 2008 crash of Maryland State Police helicopter 'Trooper 2' at 10am at the Queen Anne's County Library in Stevensville, Maryland. For more information, please visit http://www.faasafety.gov/SPANS/event_details.aspx?eid=29615.
- **March 2-4:** ACI-NA/AAAE spring Washington conference, at the Omni Shoreham. For more information visit, <http://www.aci-na.org/2010/springwashington10/welcome.html>.
- **March 2-4:** NBAA Safety Management System (SMS) workshops at the NTSB Training Center in Ashburn, Virginia (including a 2-day introductory workshop March 2-3 and a "toolkit" on March 4). For information, visit <http://www.nbaa.org/events/sms/201003>.

- **March 3:** National Aeronautic Association spring awards ceremony and luncheon, at the Crystal Gateway Marriott. For more information, please visit <http://www.naa.aero/html/events/index.cfm?cmsid=263>.
- **March 3-5:** Satcom Direct Communications, Inc. – a member of GWBAA – will hold its 6th annual “Connecting with Customers” conference in Las Vegas, Nevada. For more information, please visit <http://www.satcomdirect.com/connect>.
- **March 9:** The FAA Safety team will offer a 3-day workshop on “Human Factors Analysis and Classification System (HFACS) Workshop” in Alexandria, Virginia. For more information, visit http://www.faasafety.gov/SPANS/event_details.aspx?eid=30365.
- **March 9-10:** 35th Annual FAA Aviation Forecast Conference at the Walter E. Washington Convention Center. For more information, please visit http://www.faa.gov/news/conferences_events/aviation_forecast_2010/.
- **March 18:** The Royal Aeronautical Society, Washington Branch, will hold its annual meeting, including a presentation by James E. Bennett, President and CEO of the Metropolitan Washington Airports Authority, at the British Embassy. For more information, please visit <http://raeswashington.org/events.htm>.
- **March 24:** AOPA Air Safety Foundation seminar on “10 Things Other Pilots Do Wrong” at the Hilton in Gaithersburg, Maryland. For more information, please visit <http://www.aopa.org/asf/seminars/seminar.cfm?FA=SS>.
- **April 8:** National Aeronautic Association luncheon featuring Randy Babbitt, FAA Administrator, at the Crystal Gateway Marriott. For more information, please visit <http://www.naa.aero/html/events/index.cfm?cmsid=110>.
- **April 21:** AOPA Air Safety Foundation seminar on “10 Things Other Pilots Do Wrong” at the Crowne Plaza in Timonium, Maryland. For more information, please visit <http://www.aopa.org/asf/seminars/seminar.cfm?FA=SS>.
- **May 24:** 22nd annual Greater Washington Aviation Open, to benefit the Corporate Angel Network. For more information, please visit <http://www.gwao.org/2010-gwao-brochure.pdf>.
- **September 28:** Save the date for the sixth annual GWBAA golf tournament at the Hendon Centennial Golf Course.

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

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