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COMMONWEALTH OF VIRGINIA

DEPARTMENT OF AVIATION

5702 Gulfstream Road

Richmond, Virginia 23250-2400

Virginia Aviation Board Workshop Agenda

December 12, 2006

Wyndham Hotel Richmond

4700 S. Laburnum Avenue

Richmond, Virginia

1 VAB Attendees on **December 12, 2006**

2

3 Roger L. Oberndorf, Chairman

4 Richard C. Franklin, Jr.

5 Bittle W. Porterfield, III

6 Larry T. Omps

7 Robert S. Dix

8 William J. Kehoe

9 Alan L. Wagner

10

11 Other Attendees:

12 John J. Beall, Jr., Counsel

13 Randall Burdette, Director, Department of Aviation (DOAV)

14 Terry Page, FAA

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16 DOAV Staff, Federal Government Representatives, Airport Managers and
17 Sponsors, Consultants, Engineers, State Government Representatives,
18 Business Owners, and City and County Representatives

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1 MR. OBERNDORF: I'd like to call this meeting
2 of the Virginia Aviation Board to order. You'll have to excuse my eyesight
3 right now. Starting with the report of the Obstruction Committee.

4 MR. FRANKLIN: Oh, goodness. Well, --

5 MR. OMPS: -- Right into that one.

6 MR. FRANKLIN: Yeah, right into it. I didn't
7 know I was going to be first up.

8 Mr. Chairman, the Committee has met, and I also had an
9 occasion as an Airport Member to attend the Airport Operators Council
10 Meeting, I think, was it last week, December 6, that was last week. It seems
11 so long ago and far away.

12 The Committee of Mr. Omps and myself are recommending a
13 policy that I think you have and recommends a two-year certification, of
14 course, with continued certification as you apply for each and every project.
15 It was discussion at the VAOC that perhaps a three-year period of
16 certification could be considered. I think we're probably going to hear from
17 some speakers about that today.

18 As far as any other parts of this particular policy, we're
19 recommending not any kind of period of 60 days grace period or anything
20 like that; but, of course, we are recommending, as with anything else,
21 anybody that has an exception, and it's certainly an exception that's worthy
22 of consideration, of course, the Chairman of the Department and this Board
23 can consider on a case-by-case basis.

24 That's basically the recommendation.

25 Cliff, do we have that on screen or anything, the policy?

1 MR. BURNETTE: No, sir.

2 MR. FRANKLIN: But that's the essence of it. Did
3 I forget anything of significance in there?

4 Now, we did say one of the other concerns of the airport was
5 that we include the various kinds of inspections. The one the air carriers
6 have, is that a Part 139, what is it?

7 MR. BURNETTE: Part 139 would be included,
8 Part 139 --

9 MR. FRANKLIN: -- 5010.

10 MR. BURNETTE: 5010 and PhotoSlope.

11 MR. FRANKLIN: Survey.

12 MR. BURNETTE: Survey for the license, and if
13 you had obstruction analysis part of any planning study that those area
14 surveys would be good for a 24-month period.

15 MR. FRANKLIN: The policy would only allow
16 projects that deal to go on if you are in violation, if you do have
17 obstructions, you can only get projects that would address those
18 obstructions, either in a planning project or an obstruction removal
19 maintenance project and those kinds of things. Have I hit the high points of
20 it there, Cliff?

21 MR. BURNETTE: Yes, sir.

22 MR. FRANKLIN: I'll be glad to answer any
23 Board questions. Mr. Omps may want to have something to say as my
24 compatriot in crime here.

25 MR. OMPS: You're doing a wonderful job.

1 MR. PORTERFIELD: I'd like to hear from
2 sponsors who are concerned with a three-year certification. I think we ought
3 to have a three-year certification.

4 MR. COURTNEY: Good afternoon, Mr.
5 Chairman, members of the Board.

6 MR. OBERNDORF: Can we have your name?

7 MR. COURTNEY: I was about to get to that. I'm
8 speaking on behalf of the Virginia Airport Operators Council. My name is
9 Mark Courtney, and I'm President of the VAOC this year.

10 Mr. Franklin mentioned that VAOC membership did meet last
11 week. We had further discussion after lunch. I would like to present to the
12 Board today the consensus of the membership at that particular meeting.

13 First of all, we do remain concerned about the costs, and
14 particularly the costs from the standpoint of how it will be, least able to
15 afford meetings at smaller general aviation airports, and in fact general
16 aviation airports in general will be the ones that are most impacted from this
17 financially. Certainly concerned about availability of funding, perhaps, when
18 it comes to VAOC paying for this.

19 We also recognize and feel very strongly that there is already a
20 mechanism in place that this is a certification issue, as opposed to a
21 documentation issue, and something that the general aviation staff is well
22 able to enforce the sure compliance.

23 Having said that, the membership does feel that while two years
24 is better than one, we would prefer actually to have it go back to the way it
25 was, for the reasons I stated before, as far as the certification and the

1 enforcement of that certification. However, the membership concluded that
2 we could support a three-year documentation of the requirements.

3 That's basically it. We have other members that are here that
4 are available and may want to speak as well on behalf of their individual
5 airports.

6 MR. OBERNDORF: Thank you.

7 MR. FRANKLIN: Mr. Chairman.

8 MR. OBERNDORF: Yes.

9 MR. FRANKLIN: Two other issues, I think that
10 just as an aside about this issue, regardless of what we do, we may have to
11 look at additional funding from maintenance, because there is not a whole
12 lot of money when you start getting these surveys, not just for the survey,
13 but then if you find an obstruction, that's expensive, number one. So, I think
14 the Department is going to have to consider, review maybe what the budget
15 is and what it could be, et cetera.

16 The other thing is time. Cliff tells me that the Department is
17 working to try to do the best they can. The worst thing in the world, and it
18 happened to me several times, somewhere you come in August and you've
19 done your ACI piece and you're getting everything ready to go, and bang,
20 July 1 or something, you find out that you've got obstructions. Well, I know
21 that that's the airport's job, but I'm just telling you it's only human nature to
22 put it off if you don't place some kind of a certification thing, and that
23 happens. The reasons they have to do it, and sometimes late, is because of
24 the fact you really have to have leaf cover to be able to tell where trees are,
25 you know, they look great when all the leaves are gone, and it looks like

1 almost clear, but I think that, could schedule and will probably try to
2 schedule the PhotoSlopes and the other inspections of time, I think, Randy,
3 when it would give folks time to take care of problems; that would be a big
4 help.

5 MR. COURTNEY: Yes, sir.

6 MR. OBERNDORF: Anybody else have any
7 comments?

8 MR. OMPS: We'll have to turn that off, Dr.
9 Wagner and I are having a side bar. I personally don't have a problem with
10 the two years, it's better than what you've got right now. The main reason
11 this whole thing is because we found there were obstructions and people
12 were just signing, certifying they didn't have obstructions, and the whole
13 thing caught up. I'm not trying to discipline anybody or anything like that;
14 we're just trying to make things safe. My impression in my short tenure on
15 the Board is that obstructions are our main issue of safety, and that's the
16 premise of this entire Committee.

17 MR. OBERNDORF: Thank you.

18 DR. WAGNER: Where we had the conversation
19 and we dealt with the problems earlier, there was a fundamental question
20 that was brought before the Board, and something was made very clear by
21 the Department, and that is who is responsible for the verification of the
22 airport being obstruction-free. As I understand it, it is the airport's
23 responsibility and the airport sponsor, their responsibility to ensure that the
24 airport is free of obstruction, and it is their responsibility to certify that the
25 airport is free of obstruction. Not the state, not to rely on the state's

1 PhotoSlope, not to rely on the Feds coming in and doing these things. It is
2 not the state's and not the Feds' responsibility, but it is the airport and airport
3 sponsor's responsibility.

4 That said, to be able to protect the airport and airport sponsor if
5 they have the, whether they have their own PhotoSlope or whatever they do,
6 they have a ticket that says I'm okay. Now, if somebody comes by and says
7 you're not okay anymore, and if I'm the airport owner, and if I'm the airport
8 sponsor, I want to have some coverance and protection. That's why the
9 original 60 days was in there, to allow me as a business owner or a business
10 sponsor to respond. It doesn't seem like anybody seems to get that. If I was
11 a business guy and you came by and you said I'm sorry that's not good
12 anymore, I'd be really upset, because what you're telling me is I don't get to
13 appeal my ticket if I was pulled over by the police, I don't get to go before a
14 hearing board if somebody doesn't like the tool shed I put in my back yard
15 because of the zoning board, but immediately out of business and in jail,
16 can't do anything, except maybe change whatever the complaints are.
17 Everything else as a business person goes away. That was the Board's
18 original intention, to say let's help the airports and airport sponsors as
19 business people and be able to carry on business if they had in their hands
20 the real deal. Something that says they were free and clear of obstruction,
21 and that was going to be given a two-year life span.

22 We had a conversation in front of everybody, and they thought,
23 well, one year, that maybe a little soon, but two years is hard to say, because
24 you have the tip of a tree growing, whether it's substantial or not, and three
25 years is probably too far, too long, and too long in-between. Meanwhile,

1 every time people come in front of this Board asking for money, what are
2 they doing? They're signing something that says I'm obstruction-free. Is
3 there something that gives you the ability to say that with validity?

4 So that is where this all came from, so no one would get in
5 trouble and rely on Terry or the Department is going to go ahead and do
6 their PhotoSlopes, or do their this or that. For the airports, that's really not
7 germane. What really matters is that the airport has the responsibility to
8 remain obstruction free and to document it, period, end of sentence.

9 Should there be more funds? Absolutely, if you need more
10 money, you should make sure you have it to be safe. Again, my perspective
11 as a representative of my airports was to make sure my airports carry on
12 business as usual. If somebody all of a sudden came by and said I'm sorry
13 you've got an obstruction, I'd say wait a second, I just had this done a half a
14 year ago, I could carry on business and respond. If we go back to the old
15 way, or three-quarters of it, that disappears. That's my only perspective, but
16 I'll go along with the will of the Board. I think the two years should stay,
17 and three years is probably too long. I think it really makes sense that if
18 you've got a survey that says you're good and it's within the two years, I'd
19 want that 60 days to appeal it and get working on it so if it comes up that I've
20 got money or a request before this Board you're not derailing me as a
21 businessman. That just makes common sense to me, but I'll go along with
22 whatever everybody wants to do.

23 MR. OBERNDORF: Thank you. Anyone else?
24 Okay. I guess we'll look forward to the motion tomorrow to codify the
25 report.

1 Now we'll have our review of the funding requests. Mike
2 Swain.

3 DR. WAGNER: Where does that put us, where
4 are we?

5 MR. OBERNDORF: We'll act tomorrow, because
6 it's a workshop.

7 MR. FRANKLIN: Because it's a workshop, we'll
8 act one way or another tomorrow, make a decision. We can discuss it
9 further if you want to.

10 MR. PORTERFIELD: Well, I'd like to hear some
11 professional observations. When I say professional, I mean from our staff or
12 from sponsors, on the difference they see between the two and three-year
13 certification. In conversations with some of the airports in my region, they
14 thought the three-year certification was satisfactory and basically had the old
15 policy of a three-year certification.

16 MR. BURNETTE: This is Cliff Burnette,
17 Department of Aviation. If I recall from the discussion during the
18 Committee, that was discussed, and the difference was most likely the
19 Department was going to --- back at your airport sometime and either do one
20 of those types of surveys for you, and it would supersede anything you may
21 have sitting there with three years. So it kind of negated the need for the
22 three year. If we're there and whatever we give you is going to supersede
23 what you were relying on, it would be kind of a rolling thing. If you were
24 working off of an 18-month old 5010 survey and the Department came in
25 with a PhotoSlope, well now your PhotoSlope is the document that you

1 would use, and that would extend 24 months. So it's kind of a rolling
2 certification based on the most, the latest survey document that you may
3 have, whether it's something you did, or whether it's the result of an action
4 that the Department provided.

5 MR. FRANKLIN: Cliff, while you're up there --
6 Mr. Chairman.

7 MR. OBERNDORF: Yes.

8 MR. FRANKLIN: While you're up there, what
9 was the Department's feelings about, Alan makes a great point about the 60-
10 day situation. Tell me how you all view that. The 60-day grace period,
11 that's not in the recommendation.

12 MR. BURNETTE: I will say that Dr. Wagner
13 makes a very good argument. Our concern is that when we started plotting
14 some of this out over time to people coming in, that it could, if you were to
15 give someone a tentative allocation, say in the middle of that 60-day grace
16 period, and now you may have allocated \$100,000 to that person, and they
17 had obstructions 30 days later, and 30 days later they still haven't removed
18 those obstruction. Okay. Now they're in non-compliance, and that means
19 that's almost another 60 days before that money comes back to the Board to
20 be reallocated.

21 MR. FRANKLIN: Your concern is that it ties up
22 money?

23 MR. BURNETTE: It could potentially tie up
24 money for general aviation or for anybody. Discretionary.

25 MR. BEALL: Mr. Chairman, don't we have a

1 situation dealing with ---- right now, a case situation?

2 MR. BURNETTE: That situation exists today
3 with Stafford and Mike, we were going to ask is that money, I understand
4 that money automatically comes back.

5 MR. FRANKLIN: Under the present policy?

6 MR. BURNETTE: Under the present policy.

7 MR. FRANKLIN: Which we adopted in August.

8 MR. BURNETTE: Yes, so that happened.

9 Fortunately, right now we don't have a lot of requests for air carrier
10 discretionary money, but in the GA situation today that would be a big deal.

11 MR. FRANKLIN: Because there's no money
12 much in that account.

13 MR. BURNETTE: Exactly.

14 MR. OBERNDORF: Any other comments?

15 MS. SHUCK: Roanoke is one of the airports that
16 would fall under the Part 139 certification in terms of its check. They do not
17 write the positive certification. What you find is a negative way, if you're in
18 violation it's violated, but they don't do anything if you're on the positive
19 side. Despite the fact that we have someone show up once a year, we've also
20 gone through just the traditional obstruction removal. It's not an easy
21 process. You can go out and do all the surveys you want to do. The
22 problem is that when you find trees, and whether the trees are on your
23 property or someone else's property, that means you have to go through a
24 process of going out for bids and have the trees removed and have the trees
25 identified, and you have to re-go through the survey process again to make

1 sure the trees you thought you had gotten rid of are all gone, and half the
2 time when you take the first tree down there are two more trees right behind
3 it. So you go back to that process. If we have to do it on an annual basis, or
4 even on a two-year basis, that means we need to get out into the field about
5 12 months in advance of the two years being done, so that you would have
6 time to survey it and remove, and resurvey it and remove, and then get your
7 final certification. The reason we were asking for three years is just based
8 on everyday experience on how long will it take through the public
9 procurement process, through the survey and re-survey and final
10 certification process. How far do you have to work back? If you want to
11 have all of this done in advance, putting your A slip in, in usually May or
12 June when you have to certify that everything is free. The three years just
13 came from day-to-day routine, this is how it works, and it's not easy to get it
14 all done. What you need to know is we do not want to have unsafe airports.
15 Any airport that goes out and does this certification survey and does not
16 take those trees down to at least three years of growth is crazy. You can't
17 always get there, because often the funding gets into penetrate ---- about to
18 penetrate. What you really don't want to do is do this over and over again.
19 What you want to be able to do is accept the state's standards that gets that
20 tree down, and you feel that at least for the next three, maybe four years,
21 you're not going to have the same problems pop up. We are concerned about
22 safety, and we know who's -- believe me I know who is going to end up
23 testifying if that tree or if that plane hits a tree and somebody gets hurt, or
24 even if they don't get hurt, there's an issue as to whether the airport is at
25 fault. Believe me, that's something we all live with day in and day out. It's

1 unfortunate that there were so many certifications done this year whether in
2 fact there were trees. It is more unfortunate but I think everything sort of got
3 behind, depending on PhotoSlope, I wouldn't want to be around for the state
4 to show up with the PhotoSlope, and that's not proving, and I think we need
5 to tell the airports, don't wait. You're right, it's not the state's issue, it's the
6 airport's issue. If the state can't get there any more often than once every
7 five years, you as a manager have an obligation to go out and do something.
8 I think it's time to say if you wait for the PhotoSlope, you may have waited
9 too late, so get on with it and do your own business and figure out a way to
10 make it work. We don't have a hard time with you being tough on airports,
11 we don't have a hard time with your seeking safety or anything else. The
12 hard thing is to have a fixed rule that we know on a day-to-day basis is really
13 hard to meet, and you're going to spend an awful lot of time, when really as
14 long as the funding is available I'm not worried about our funding, but I do
15 worry about the smaller airports. The funding is available to get in and get
16 those trees down as far as you can get them, and then don't quibble ---
17 airport over topping versus tearing them down and grubbing and doing the
18 whole thing. Let them take care of it once and for all.

19 So, that's my position, but don't ever think we don't care about
20 safety, and don't ever think we're not sitting there worried to death when
21 somebody clips a tree there in the area that we're responsible for. It's a
22 sickening feeling when it happens, and really a sickening feeling, and we all
23 live with it.

24 MR. OBERNDORF: Thank you. Yes, sir. When
25 you come to the podium, please state your name.

1 MR. KELLY: Bill Kelly, New Kent County
2 Airport. I'm in favor of going to a three-year certification, but really I
3 wanted to talk to you a little bit about the 60-day grace period. If you're
4 asking for funding in August, which is when all the funds are going to be
5 available for GA, and you think you may have obstruction issues, and you
6 don't go out and take a look at it and figure out whether you have obstruction
7 issues or not on your own, then shame on you. I feel like if you're going to
8 ask for the funding and you've had obstructions, and you've had any type of
9 opportunity to take care of the obstruction before you requested that funding,
10 then I don't think you should be eligible for any type of grace period. I think
11 the airports that have gone out and dealt with the obstructions and got all
12 their ducks in a row, you know, you've got three or four show-stoppers when
13 you put in that ACI application, and obstructions being one of them, and I
14 feel like if you go ask for funding and you've got obstructions you shouldn't
15 be eligible, and the other airports that may be behind you in the priority list
16 that are not going to get funded because there's a higher priority project with
17 an airport that does have obstruction, I just think that airport should not be
18 eligible for funding at that particular meeting. I think they should have to
19 come back when they've taken care of the obstruction issues. I'm really not
20 in favor of the 60-day grace period, because it turns the entire ACI
21 application and tentative allocation process upside down for 60 days until all
22 those issues get worked out. I just think that if you're an airport and you're
23 requesting funding, you've got to make sure you've got all your ducks in a
24 row. Thank you.

25 MR. OBERNDORF: Thank you. Anyone else?

1 Hearing no other discussion, we can go on.

2 Mike.

3 MR. SWAIN: Are we ready to talk money?

4 MR. OBERNDORF: Always.

5 MR. SWAIN: Mr. Chairman and members of the
6 Board, good afternoon. Got a little bit of detail to go over today. Got a
7 couple of things other than just money to talk about. We've also got, and
8 we've finally, I shouldn't say finally, we've got our airport IQ system up and
9 running off the ground. We've had airports for this Board meeting submit
10 their ACIP requests via our website. I won't say it's been totally bugless, but
11 it's gone pretty well so far. You'll see some minor changes in here that I
12 want to discuss with you.

13 We've also tabbed the book again, getting back to the way we
14 had it at one time before. If you would refer to tab one under the color tabs,
15 the first item I would like to discuss is the approval of the Commercial
16 Service Airport Entitlement Utilization Report. You should have a gray
17 sheet in front, and this is one that's changed since you received your Board
18 package in the mail. You'll see that previously, I believe in October, we
19 recommended approval of Richmond and Shenandoah Valley. This meeting
20 tomorrow we're going to recommend approval of the Entitlement Utilization
21 Report for Charlottesville, Metropolitan Washington Airport Authority
22 being Washington, Dulles International, Lynchburg Regional and Norfolk
23 International. We are going to recommend approval of Charlottesville, with
24 two exceptions.

25 If you'll look at the next page and the next gray sheet you'll see

1 the Charlottesville-Albemarle Airport Authority's report. There should be
2 two projects there that are highlighted in blue. These two items we feel like
3 should not be accepted with the use of entitlement funds.

4 MR. BURDETTE: Mike?

5 MR. SWAIN: Yes, sir.

6 MR. BURDETTE: Mr. Chairman, if I may for just
7 a moment. I had the pleasure and opportunity to meet with the air carriers a
8 couple of weeks ago, and we went over several details on various issues, and
9 one of them being entitlement reports. They gave me some examples of
10 things that they were justly concerned about, as far as the consistency and
11 maybe the interpretation of some of the Board's intent. I came back and
12 looked at some of those issues they brought to our attention. I think there is
13 room, or there have been some possible misunderstandings of the Board's
14 intent. I think we're talking about, Charlottesville, those two that are
15 highlighted, had actually been paid by the state in the past, due to some
16 communication issues and understanding.

17 I looked at some other examples that the air carriers had given
18 me, and I think there's justification, or at least I'd like the Board to entertain
19 the idea of starting fresh, if you will, on the entitlement reports. In talking to
20 the air carriers, there has been some swaying of understanding what the
21 policy is. If the Board is willing to start afresh, if you will, we can make
22 sure we iterate the Board's policy to everyone so it's a new start, and that
23 way we don't go back and say well, you paid that one time and you didn't
24 pay it this time. I'm not sure if it's a fruitful effort to try to do that.

25 The other thing, our policy doesn't have an end date. So in

1 order to work with any air carriers currently to save discretionary money, I'm
2 supposed to go back as far as 1987 and ensure that none of that money has
3 been spent on something the Board would not have approved of. So one of
4 the things we want to talk about is, as we work with Dr. Wagner's group and
5 in the team looking at the book, is maybe setting how far back we go in the
6 future, maybe a five-year number or whatever number the Board feels is
7 appropriate. Right now that mandate would say go back as far back as 1987
8 to see if that money had been appropriately spent in the past. That's
9 cumbersome for the carrier and cumbersome for the Department, and I think
10 the air carriers have spent their money on what they felt was an appropriate
11 expenditure, and I think in good faith and what I can tell in talking to them.

12 MR. OBERNDORF: Okay, I agree.

13 MR. BURDETTE: Oh, I'm sorry, Mr. Chairman, I
14 was trying to --

15 MR. OBERNDORF: -- I was going to agree with
16 you, going back, there's no real point in going back and washing old linen.
17 If we make a policy of starting fresh and enforcing the rules, that's the best
18 way to do it.

19 Yes, sir.

20 MR. ELLIOT: Mr. Chairman and members of the
21 Board, I'm Bryan Elliot, Executive Director of the Charlottesville-Albemarle
22 Airport Authority. The two items in question you will note, one is for
23 \$4,276.80 and the other item, our LEO equipment is \$2,344. Both of these
24 items were condensed, and they're eligible under the AIP program, and in
25 fact the Board, or previous Boards since 1996 have approved the allocation

1 of that ANTN training program since we've included it in our entitlement
2 utilization reports every year. The LEO equipment are items that our aircraft
3 rescue and firefighting individuals and law enforcement officer utilize in
4 carrying out Part 139. The reason we do not seek federal funds for these, as
5 you can see they're immaterial amounts of dollars that otherwise would get
6 caught up in the FAA's program, and we have chosen to utilize our
7 entitlements in that fashion. Previous Boards and discretionary funding has
8 also been awarded to the airport authority.

9 MR. FRANKLIN: Bryan, what is that training
10 program? Just out of curiosity and just to enlighten me.

11 MR. ELLIOT: There is an interactive computer-
12 based training program for aircraft rescue and firefighting. It covers such
13 things as aircraft familiarization and airport familiarization, firefighting
14 techniques. All of these that are required are firefighters who meet the
15 requirements of FAR Part 139.

16 MR. FRANKLIN; The other one is equipment?

17 MR. ELLIOT: Air packs, breathing apparatus,
18 axes, weapons for law enforcement officers. Those are the things we'd be
19 spending money on.

20 MR. FRANKLIN: Can we hear from the
21 Department why you think it's not, Mr. Chairman?

22 MR. OBERNDORF: Absolutely.

23 MR. SWAIN: Basically, this year in particular,
24 because of the transition that we had in-house in our section with Jim Blaine
25 leaving and Cliff coming onboard and who's going to be responsible for this

1 program, we kind of looked at it a little harder and getting a grip on what we
2 should be looking for. Some of these items basically applied to the idea that
3 state entitlements should be spent on any capital improvement project that
4 would normally be eligible under discretionary programs as well as
5 maintenance, as well as the items that are eligible on the maintenance
6 program, and that was a Board decision some five or six years ago, that you
7 could use your entitlement for items for the maintenance program as well as
8 for eligible project debt service. They are the three sections that we
9 understand air carriers can use their entitlements for, capital improvement,
10 infrastructure improvements, and maintenance or debt service. We're
11 basically applying that understanding to review these reports this year.

12 MR. OBERNDORF: Thank you, Mike.

13 MR. KEHOE: Mr. Chairman, the capital
14 improvement and infrastructure improvement, maintenance and debt service.
15 Then I guess what might be left is what Charlottesville has expended, and
16 these are low dollar amounts, and maybe there should be a category, I don't
17 know, consider a category miscellaneous and put a limit on it up to 3,000, no
18 more than 3,000.

19 MR. ELLIOT: I would suggest that if anything
20 AIP and the Department of Aviation.

21 MR. BURNETTE: Cliff Burnette, Department of
22 Aviation. I would suggest for the Commonwealth of Virginia and not the
23 FAA, and we should set our own policy. I think we ought to defer to Mr.
24 Beall and see what the Code says and what allows this Board to spend
25 money, if Mr. Beall has time to cover that.

1 MR. BEALL: The whole idea is capital costs; are
2 these capital costs?

3 MR. ELLIOT: Under strict rules?

4 MR. BEALL: I'm just saying what the Code says.
5 I think that's the origin of the denial. You asked me, and I've got 30
6 seconds, and capital costs meaning roads, buildings, runways, whatever is
7 considered capital in the state budget system for capital money, and
8 maintenance is not one of them.

9 MR. ELLIOT: The previous Board --

10 MR. BEALL: -- I'm just telling you, you asked for
11 my opinion, and I've given it to you.

12 MR. OBERNDORF: Capital is more
13 nonexpendable; and nonexpendable, I guess, is another way of expressing it.

14 MR. OMPS: Mr. Chairman, we purchased
15 furniture, and that was a capital expenditure. Is that part of what, or is that
16 any --

17 MR. OBERNDORF: -- My understanding is that
18 furniture would not be capital.

19 MR. OMPS: That's the way I would look at it.
20 Personally, and I'm not trying to play the devil's advocate here, these are
21 what I consider safety items, sounds like something to me we ought to fund,
22 as opposed to some of the things that we do fund.

23 MR. OBERNDORF: That's exactly what we're
24 talking about, and we need to look for a motion from the Board tomorrow at
25 the meeting, if you want to expand this to include safety.

1 MR. FRANKLIN: Mr. Chairman, I would agree,
2 except we've got to know whether we can do it, legally.

3 MR. OBERNDORF: Absolutely. So Mr. Beall
4 has said yes.

5 MS. SHUCK: Are we discussing the entitlement
6 plan?

7 MR. OBERNDORF: That's correct.

8 MR. BEALL: We were talking about expenditures
9 of capital.

10 MS. SHUCK: The provision in the Code about
11 determining funding, but I don't recall something about capital items. There
12 is entitlement funding, and it does go to the air carrier based on, I don't recall
13 it saying anything about its use.

14 MR. BEALL: Well, in B, which deals with the
15 Port Authority, used to support capital needs and preservation of existing
16 capital needs, it's the Port, and trying to get through aviation to see what it
17 says. I don't know if it says capital or not. There's no question the word
18 entitlement is in there.

19 MS. SHUCK: I don't recall that the entitlement
20 part, I don't have the Code in front of me, it doesn't say about any limitation
21 on use. I'll tell you that the Department's position and the Commonwealth's
22 was, you can use it for anything you want, but if you use it for things that
23 you don't think are considered eligible under the program, then there'll be a
24 penalty to be paid when you ask for discretionary funding, but they didn't
25 acknowledge or recognize that there was any limitation on the use. I don't

1 think any of us has ever hired someone or done anything like that. There are
2 a number of state and federal requirement laws that we have in the past been
3 able to use entitlement funds to meet requirements of 139, it's one of those
4 things, and things that usually dealt with firefighters and air packs and so
5 forth, these are considered part of the mandates upon us and the laws that we
6 could meet.

7 MR. BEALL: When you go skipping over
8 aviation, go to capital mass transit funds, it says, fuels, lubricants, fire and
9 maintenance, public transportation, as well as for capital needs and -- silent
10 as far as to aviation as to what it can be used for, so it's up to the Board to
11 make that decision, it would appear. The understanding that they gave you
12 as long as --

13 MS. SHUCK: -- Legally, obviously, it has to be
14 legal by an airport.

15 MR. OBERNDORF: Absolutely. We're going to
16 need a Board policy, even if it's in very general terms, as to what the funds
17 can be used for.

18 MR. BEALL: Or just to repeat what the current
19 policy is.

20 MR. OBERNDORF: Right.

21 MR. BEALL: I'll keep on reading, but every time
22 --

23 MR. OBERNDORF: -- Do we know what the
24 current policy says specifically? Again, Mike.

25 MR. SWAIN: As far as the current policy in

1 writing, no, but it's been the understanding, it's been that the Aviation
2 Department practice basically applied the eligibility to the discretionary
3 program to the same eligible under the entitlement program over the past
4 years. There have been some items such as this that have been under the
5 gray area, and in the past sometimes they've been okay, it's gray, we'll go
6 ahead and let that one go. Basically what I was trying to do was get my
7 arms around this, and as an engineer, what is eligible and what is not. I don't
8 like gray, and trying to determine --

9 MR. BEALL: Lawyers love it.

10 MR. SWAIN: So, based upon the discussion
11 we've had in the last couple of months in trying to finalize our
12 recommendations on these reports, we applied a discretionary program with
13 two additional items that the Board has approved --- in the past, which is
14 maintenance and debt service.

15 MR. MCCRAE: Mike, hasn't it been the
16 understanding the program essentially over the years offered the sponsor
17 much like Jackie just described it?

18 MR. SWAIN: No one argues that they can spend
19 their entire entitlements on bubble gum if they want, as long as they do not
20 request funding for discretionary, any discretionary funds ever, or if they do,
21 we go back and compute the amount they've spent on ineligible items,
22 discuss that from the discretionary fund. That's not an argument, but in
23 order to keep track of what might be spent on ineligible items we have to
24 look at these reports every year and recommend which of these we'll
25 recommend be approved and recommend which may not be approved, so

1 that we can keep track of them. In applying our understanding today, we
2 chose, or we found these two items that look like more operational costs
3 than infrastructure costs.

4 MR. ELLIOT: Once again, I certainly know how
5 Boards work, and current Boards, and based on the practice of previous
6 Boards, and in the case of Charlottesville in the past ten years we requested
7 and received approval of our entitlement -- we had requested in our ten-year
8 period discretionary funds, all of that has been approved, even with those
9 items included, whether it's ANPN, so there is some precedent.

10 MR. PORTERFIELD: I think the gentleman from
11 Charlottesville makes somewhat of a compelling argument, and as nice as it
12 would be to get everything out of the gray area into the yes/no, check a box,
13 that'll never happen, but the thing that I think the Board has to look to is as
14 you look at these things if you do see bubble gum down there, it just doesn't
15 make any sense, so we'd have to question it. In other words, I don't think,
16 and you can't put that stuff on auto pilot, I don't think. I'm new to this
17 Board, but I just question whether or not we could look at, these things are
18 obviously important things to that airport, and the question is where do the
19 funds come from to do it. As I understood the gentleman from
20 Charlottesville, he said you can talk to the federal government about this,
21 and they get all upset because it's not enough money for them to, their digits
22 don't get that low.

23 MR. OBERNDORF: That's absolutely correct.

24 MR. PORTERFIELD: Don't take me literally or
25 quote me outside the room. I do understand the situation. That's all I'm

1 going to say about it, is that I think you are going to have to exercise
2 judgment.

3 MR. SWAIN: Along with that issue we've had is
4 well, if it's eligible at this airport, do we advertise that to the other six service
5 airports. A lot of them probably believe this is not eligible, so they don't
6 request it.

7 MR. BURDETTE: If I may, Mr. Chairman, there
8 is only one standard, it's not pick and choosing airports, of course. Jackie
9 did a very good job of saying what our policy had been in the past, and the
10 key thing we have to do is get the Board's desires and get that into a written
11 policy so that everyone will understand that and it's fair across the board.
12 What we do want to do is, we're in the job of supporting the airports
13 whenever and wherever we can, and we want to get the money out to them.
14 We want to make sure that the pot is evenly distributed so the whole
15 network can work. I think it's critical we work with the Board to make sure
16 that policies are in place to help us do that. It's not a question of us trying to
17 withhold the money or not distribute the money, it's to ensure that we have a
18 fair policy and a consistent policy to support the airports.

19 MR. FRANKLIN: Is there a recommendation
20 from the Department?

21 MR. SWAIN: Based on our understanding of the
22 program today as we understand it, we would recommend that those two
23 items appear not to be of the capital improvement type or maintenance or
24 debt service, not be approved under this report.

25 MR. FRANKLIN: Excuse me, let me make it

1 clear. Is there a recommendation as to the policy?

2 MR. SWAIN: Well, as we understand it today, we
3 would apply the program eligibility that the Airport Program Manual states
4 in the airport program manual today, as well as any eligible item under
5 maintenance programs, as well as eligible project debt service. They're the
6 three items that I believe to be eligible under the state entitlement funds.

7 MR. FRANKLIN: So if we want these other items
8 to be eligible if counsel tells us it's legal, then we've got to set the policy.

9 MR. SWAIN: Yes, give us the guidance you'd
10 like, sir.

11 MR. BEALL: Is it time for me to speak again?

12 MR. OBERNDORF: Yes, sir.

13 MR. BEALL: This whole program was designed
14 to be a capital program back in 1987, and for whatever reason, the
15 legislation did not put any limits apparently on the aviation side. It didn't
16 put it in the ports, it didn't put it in the public transportation and rail, and
17 you're free. The Board, probably the reason other than CTB you all are the
18 Board, so it's up to you, I think, as a Board to decide what is eligible under
19 the entitlement in a broad sense, and your practice has been to try to protect,
20 as I understand it, discretionary accounts so that they don't get raided, so that
21 the airports that don't have the resources the air carriers have, not raid, raid is
22 not the right word, cannot siphon funds off. The policy that was adopted,
23 apparently, was a nice equilibrium to do it, to the extent that the policy now
24 says capital costs, debt service, and what's the other one?

25 MR. SWAIN: Maintenance.

1 MR. BEALL: Maintenance. Then if you want to
2 add training or safety, that would be an appropriate admission for the Board
3 to make, would that cover it?

4 MR. OBERNDORF: Yes, it would.

5 MR. BEALL: Brian's got a suggestion at our
6 meeting after this to change our manual to just say whatever the Feds say
7 we'll fund, then the state ought to fund it, and that leads to consequences too,
8 but that's another issue, but I'm just saying that that is being broiled up at this
9 point.

10 MS. SHUCK: Mr. Chairman?

11 MR. OBERNDORF: Yes, ma'am.

12 MS. SHUCK: There is one more issue about the
13 entitlement.

14 MR. OBERNDORF: Would you like to step up to
15 the podium so everyone can hear you?

16 MS. SHUCK: A number of years ago there was a
17 joint effort by the commercial service airports and the state to explain to the
18 FAA that entitlements were essentially local funds, and they are made
19 available by right by the Code, there is no grant agreement. While we may
20 suffer the consequences on the use of entitlements as we seek discretionary
21 funds, the final determination that was supported by the FAA was these are
22 essentially local funds. The reason that is important is that when we spend
23 entitlement funds on a project that has been supported by air carriers, we can
24 collect the PFC which replenishes those entitlements. As a result, Roanoke
25 has generated an additional four million dollars which must be used, once

1 again, for things which are lawful, but it has kept us from coming to the
2 discretionary pot because we're putting a local user, I will not call it a head
3 tax, anyhow a local user fee is being paid by those in Roanoke to replenish
4 those entitlements we just spent, then as a result it keeps moving up. We
5 have to expand the eligibility, or else there is no point to my going to our
6 passengers and saying you just keep footing this bill, footing this bill to
7 benefit basically the state and general aviation relievers, which are now
8 having more money available because Roanoke is replenishing that
9 entitlement account. I don't know if that's all clear, but we can do our part.
10 We put four million dollars back into the system and anticipate in the next
11 five years to put another five million dollars back in the system. I won't
12 continue doing that if I can't spend the money. I have to have a broader
13 discretion to spend the money, and that's why the idea of making it at least
14 the projects that are AIP eligible available for entitlement funds will help us
15 keep that money moving and make it worthwhile to keep collecting that user
16 facility in Roanoke. That's another part to it. We're trying to do our part,
17 and we're trying to stay away, but I won't do it if I can't spend it, and I don't
18 want to keep seeing this build up and I can't find enough eligible things to
19 use the funds for.

20 MR. OBERNDORF: Thank you. So, again, we
21 need a policy, so I'll entertain motions tomorrow.

22 Okay, Mike, let's go on.

23 MR. SWAIN: Under tab two we have one copy of
24 an application from Tappahannock Essex County Airport to the Virginia
25 Resources Authority under their Virginia Airport Revolving Loan Program.

1 The requirement is that the Board endorse or not endorse this application.
2 We reviewed it. They're requesting a loan of VRA, 1.7 million dollars to be
3 used for the new airport development, pretty much the whole local share of
4 this whole airport development that's been going on for the last few years, as
5 well as some items such as T-hangar site prep, I think a portion of their
6 terminal building costs, and what-not. The rest of the application, I'm not
7 going to go over it with you. It's about 12 or 13 pages long, and that's boiler
8 plate. It looks good to us, and we'll be asking the Board to endorse the VRA
9 application for Tappahannock tomorrow.

10 Under tab three, monies. You'll see the end of November
11 funding report labeled Commonwealth Airport Fund, starting balance Air
12 Carrier/Reliever Discretionary Fund, \$2,533,704.92, and in the G. A.
13 Discretionary, \$5,620.06. Fortunately, this changes with the next sheet, the
14 Memorandum from the Aviation Board from Cliff Burnette. You'll see
15 there's been some changes in the G.A. Discretionary column. I'm not going
16 to list all of these, but at \$5,620.06. We've had a tentative allocation return
17 from Suffolk; they did not use or did not need of \$32,000; and Winchester,
18 there's a partial return of the TA in the amount of \$44,783, which helped
19 immensely. These other small numbers are balances, two projects that were
20 closed out during the last term.

21 On the second page of the Memorandum you'll get down to a
22 subtotal G.A. fund of a little over \$103,000. William Tuck, which we have
23 an outstanding IOU in the sum of \$173,400, I'm glad to be able to tell you
24 that we have now paid that off. We have sufficient funds. All of the
25 funding for that T-hangar Site Prep project have been put under grant and

1 have not been executed yet, the grant's been written. So subtracting that
2 remaining balance of the 23,400 that we owed them, as well as a small
3 amount for Tapphannock, leaves the Board with a balance in the General
4 Aviation Program of \$76,966.18, which is a lot more than we thought we'd
5 see by the end of the year.

6 The next page is a summary sheet of Commercial Airports -
7 Entitlement Fund, Statewide Report. This is just a summary for your
8 benefit, and we're ready to discuss these projects in depth momentarily.

9 The next page, Air Carrier/Reliever Airports-Discretionary
10 Funds Recommended Projects. Should be a gray sheet. These are the two
11 projects that we've recommended funding for, one in Chesterfield and one at
12 Charlottesville-Albemarle under the Discretionary Program.

13 The next gray sheet is Air Carrier/Reliever Airports -
14 Discretionary Funds, Not Recommended Projects. Some sort of show-
15 stopper permitting us from recommending the funding.

16 The next sheet should be the General Aviation Airports -
17 Discretionary Funds, Recommended Projects. That \$76,000 enables us to do
18 two G. A. projects, Gordonsville and Front Royal. Unfortunately, one other
19 project is ready to go forth and did not have enough money for the project at
20 Lee County Airport.

21 The last summary sheet is a G. A. Airports Discretionary
22 Funds, Not Recommended. Under tab 4 through 8 of miscellaneous
23 spreadsheet, which we simply include just for your information to see where
24 the special funds monies are being spent, numerous programs.

25 If there are no questions on the spreadsheets, we can proceed

1 with Region 1 and discuss our recommends.

2 In Region 1 we had two project requests, you can see in the
3 summaries. The first one is the Lee County Airport requesting a fueling
4 system, the tank or actually the equipment, construction portion, in the
5 amount of \$115,526.32. The site preparation portion of the project is under
6 grant and under construction now. It's an FAA project, and this is the
7 equipment portion of the state and local funds. That figure is the balance of
8 their lifetime limit of 125,000. Unfortunately, the staff recommends against
9 funding the project, as there are insufficient CAF funds available.

10 The next request is from New River Valley. The request is for
11 an apron rehabilitation design and construction in the amount of \$18,947.37.
12 This is an AIP project. Staff recommends against funding this project, as
13 the FAA funding will not be available until the airport layout plan is updated
14 and completed, and in addition there are insufficient CAF funds available.

15 That's it for Region 1.

16 In Region 2 we had no requests for funding.

17 Region 3, we have the summary sheets in front. The first
18 request comes from Culpeper Regional. There are three projects. First is for
19 a new terminal building design in the amount of \$87,500. Since we mailed
20 the Board packages out we've gotten word from the sponsor that they wish to
21 pull this request, but unfortunately we couldn't give you anything between
22 then and now.

23 The second is for a new terminal building, sorry, new terminal
24 landside facilities (design) in the amount of \$100,000m and the third project
25 is self service fueling facilities (design construction) in the amount of \$5,900

1 that figure being a balance of their lifetime \$125,000 allotment for a fueling
2 system. The new terminal building design, the staff recommends against
3 funding the project, as the proposed terminal building does not match the
4 approved terminal building conceptions study. In addition, there are
5 insufficient CAF funds available. The new terminal landside facility design
6 project, the staff recommends against the funding the project for the same
7 reason as above, due to the terminal building conceptual study and the scope
8 of work that we received is not complete. In addition there are insufficient
9 CAF funds available.

10 MR. OMPS: Mike, let me interrupt you for a
11 second. New terminal design, I'm sure you have the same correspondence
12 from Frank that I received on that. It says it does not meet the regional
13 conceptual design. I haven't seen the actual designs, but they claim that it's
14 the same footprints. Why is it different and does not meet conceptual
15 design?

16 MR. SWAIN: It is the same footprint, but the
17 original study that was completed, I believe, Rusty, in 2001? Do you want
18 to speak to that?

19 MR. HARRINGTON: Rusty Harrington with the
20 Virginia Department of Aviation. The original conceptual study called for a
21 single story building with a certain layout. The layout, as defined by the
22 conceptual study, is for use of space, and with the new submission that we
23 received is a conceptual rendering of a two-story building without
24 adequately defined space, as these are defined by their uses. Once we make
25 a determination of that, the terminal's conceptual study then goes toward

1 determining eligibility for state participation in the design and construction
2 phases of the project. So, at this point we have received from the sponsor an
3 update based on several different points that we had worked out with the
4 sponsor, one being an update of the eligibility of uses of space within the
5 building. We've recently received that. Mike and I have had a chance to
6 look at the drawings and/or in making our recommendation. We do have
7 some outstanding questions, comments and issues of the sponsor, and we'll
8 be getting back with them shortly.

9 MR. OBERNDORF: Thank you.

10 MR. SWAIN: The third project, self service
11 fueling facility design and construction. Staff recommended against funding
12 of this project also because of insufficiency of CAF funds available.

13 Next is Region 3, Front Royal-Warren County requesting funds
14 for a T-hangar site preparation phase 2 design, \$35,520. Staff recommends
15 funding the project.

16 Next is Gordonsville Municipal Airport Layout Plan,
17 \$30,338.40, and staff recommends funding this project.

18 Next we have Stafford Regional. We had five requests from
19 Stafford. First is an ALP update increase in the amount of \$1,200, an AIP
20 project.

21 The second is apron expansion phase 2 design in the amount of
22 \$3,000, and we also have the third project, T-hangar number four
23 construction, \$280,000. T-hangar number 4 design, \$36,000, and wetlands
24 mitigation permit fees increase, \$750, which is an AIP project. Under the
25 ALP update increase staff recommends against funding this project, as it was

1 funded in October. The apron expansion phase 2 design, staff recommends
2 against funding this project. The airport has unmitigated FAR Part 77
3 obstructions. T-hangar number 4 construction, same reason. T-hangar
4 number 4 design, same reason, obstruction and wetlands mitigation permit
5 fees increase, staff recommends against funding this project, because it was
6 funded in October. That's it for Region 3.

7 Region 4 has no requests.

8 Region 5, you should have all gray sheets here, because we've
9 got a new request for Charlottesville-Albemarle Airport Authority. This
10 came about as a "Missed Opportunity" request. The Authority unfortunately
11 was subject to the ruling of a condemnation court recently on land
12 acquisition, which was about a nine and a half acre parcel within RPZ that
13 they'd been trying to acquire. The appraisal, I believe, Bryan, is it a quarter
14 million dollars, around there?

15 MR. ELLIOT: Yes.

16 MR. SWAIN: They actually had an FAA grant to
17 supply this property. It went to condemnation, and the condemnation jury
18 came back with a recommendation of 1.7 million dollars for nine and a half
19 acres. Unfortunately, the Authority needs funding in a time frame that
20 prevents them from requesting it. It's a February Board meeting, and they
21 came in for a "Missed Opportunity", which was discussed with the
22 Chairman, as well as Mr. Kehoe, and they agreed to hear the project.

23 This first sheet you're seeing here lists numerous projects,
24 because what we required of the Authority was to submit their six-year plan
25 in order to review how their entitlement money should be spent. The Board

1 policy is that the airport request discretionary funds and that all of their
2 projects in a six-year plan for the first year be prioritized and its entitlement
3 spent on the high priority projects first. Based on our priority system, you
4 see the four projects listed. Eight hundred Mhz radio system debt service,
5 terminal building debt service, RVR, DME, & Runway 21 Localizer Design.
6 Then the fourth project we get to is to acquire Runway 3 Protection Zone
7 (Bridge Loan), and that's for the land acquisition project. Based on the
8 policy in the priority system and on the eligible entitlement funds, calculates
9 for Charlottesville this year, you'll see in the column under state entitlement
10 account they're going to receive 1.84 million and some odd dollars over the
11 course of this fiscal year. We have to recommend that their entitlement
12 funds be finished during the first three projects, then the 785,000 figure
13 spent on the land with the remaining balance dropping over into the
14 discretionary fund in the amount of 574,000. I wanted to explain that to
15 you, because the Board agreed to hear the "Missed Opportunity" project
16 because of the policy we have to address any of the projects that are higher
17 priority than the one their requesting funding for, which is the land
18 acquisition. Based on that, if you would, flip to the actual summary sheet,
19 and that's the one that has actually black on it. You'll see a list of all the
20 projects that were shown on the six-year plan.

21 MR. BURDETTE: Is that page two of ten?

22 MR. SWAIN: Yes. I guess I should read all of
23 these, since they are technically a request.

24 The first is 800 Mhz Radio System Debt Service, requesting
25 \$19,903. Acquire Interactive Employee Training System, \$117,600.

1 Acquire Runway 3 Protection Zone, this is actually the land acquisition
2 project, \$1,360,000. ARFF Training Network, \$4,545. The ARFF/LEO
3 Equipment, \$5,600. Construct G.A. Facilities Upgrade, \$414,116.
4 Rehabilitate Air Traffic Control Tower Exterior, \$21,600. Rehabilitate
5 Landside Area Lighting, \$12,800. RVR, DME, Runway 21 Localizer
6 Design, \$148,800. Terminal Building Debt Service \$230,000.

7 Our recommendations are for the 800 Mhz Radio System Debt
8 Service, we recommend funding this project and come out of the entitlement
9 fund as the highest priority project.

10 Acquire Interactive Employee Training System, staff
11 recommends against funding this project, as we're under the impression it is
12 ineligible. We spoke about it before, but we --- the use of entitlement funds.

13 Acquire Runway 3 Protection Zone, a land acquisition. The
14 staff recommends funding this project.

15 ARFF Training Network, staff recommends against funding this
16 project, as it is ineligible.

17 Next page, ARFF/LEO Equipment, staff recommends against
18 funding, in that it is ineligible.

19 Construct G.A. Facilities Upgrade, staff recommends against
20 funding this project. It was not accepted under the "Missed Opportunity"
21 policy.

22 Rehabilitate Air Traffic Control Tower Exterior, same as above,
23 and recommend against funding, and it was not accepted under the "Missed
24 Opportunity" policy.

25 Rehabilitate Landside Area Lighting, staff recommends against

1 funding. It was not accepted under "Missed Opportunity" policy.

2 In RVR, DME, Runway 21 Localizer Design, staff recommends
3 funding of this project.

4 MR. OBERNDORF: Any questions?

5 MR. ELLIOT: Mr. Chairman and members of the
6 Board, thank you very much for considering a "Missed Opportunity"
7 request. I suppose just several comments on the staff's recommendations we
8 would ask your consideration and indulgence on.

9 First of all, we had absolutely no intent of approaching the
10 Board this year for discretionary funding. We built our program and our
11 capital plan living within our entitlement, if you will. We have adopted that,
12 and our Board adopted that, and within its budget, and we received approval
13 from our airlines, which is required under our use agreement. Many of these
14 funds and the projects that the staff is proposing that you not actually fund,
15 we've already spent the money. For instance, in the Rehabilitate Air Traffic
16 Control Tower Exterior and Landside Area Lighting, both of those projects
17 are completed, and we used 80 percent funding from our entitlement
18 allocation we received in August or September. We've partially paid the
19 ARFF Training Network. We've partially paid the ARFF/LEO Equipment,
20 and we've made a one-half payment on the Acquire Interactive Employee
21 Training System.

22 My last comment is related to the G.A. facilities upgrade. We
23 are multi-yearing entitlement funds for that particular project. We have a
24 contract signed with a contractor, the work is under way. It's in a winter
25 shutdown right now, and it composes potentially two elements, and that's a

1 general aviation aircraft wash rack to meet EPA standards and state Water
2 Control Board standards and also our DEQ standards. Also a general
3 aviation customer parking facility, practically all the grading is complete on
4 that project at this time.

5 Our request was simply to recognize and accept use of our
6 entitlement as we position them into the pre-application requests. We have
7 uncommitted entitlements of roughly \$184,000 right now. We are trying to
8 tag that with a sufficient amount of discretionary funds to get us to a
9 sufficient amount of money for the land acquisition that we're faced with. In
10 terms of land acquisition, let me point out that while we have not formally
11 requested the FAA to amend our FY07 FAA program, we do intend to
12 rework that program and substitute our FY07 program that's in there today
13 for this one item. So how long, and that's why we put in parentheses, Bridge
14 Loan, how long would Charlottesville be trying to utilize the state's 1.36
15 million dollars, and say until such time as the FAA gives us an FY07 grant.

16 We would, again, ask for your exception on these projects that
17 we've already spent the money on or partially committed and grant us the
18 full discretionary request of approximately 1.167 million.

19 MR. BEALL: Mr. Chairman, have you calculated
20 interest on that money? If you only put in \$250,000 in 1-1-07, I don't know
21 when that starts. My experience representing the Highway Department, it
22 may be a substantial interest requirement. I wondered if you've captured that
23 in your request.

24 MR. ELLIOT: No. In other words, if we weren't
25 before the Board we would have to borrow the 1.7.

1 MR. BEALL: I'm talking about interest in the
2 condemnation matter.

3 MR. ELLIOT: No, we have not.

4 MR. BEALL: You haven't taken title?

5 MR. ELLIOT: Title has been transferred to the
6 Airport Authority.

7 MR. BEALL: Which means you'll probably have
8 to pay interest on the excess.

9 MR. ELLIOT: No, we did not calculate that.

10 MR. BEALL: That four or five percent, or even
11 six percent, might be substantial. I'm just worried about that.

12 MR. ELLIOT: Need more?

13 MR. BEALL: No. You might need more. I'm just
14 concerned that the numbers, they're going to be surprised when somebody
15 comes out and asks them to tell them what the court, whatever the figure was
16 awarded, they're going to have to be plus interest on the excess from the time
17 you took title. I don't know what that is.

18 MR. ELLIOT: Approximately four or five
19 months.

20 MR. BEALL: That's a large sum of money, the
21 interest.

22 DR. WAGNER: Are there other state
23 organizations or VRA or others?

24 MR. ELLIOT: VRA is a possibility; however, the
25 court case was heard and decided on November 28th. Typically, the orders

1 would be entered 30 to 45 days after the ruling, and that kind of cuts us off
2 from seeking VRA funding, because we wouldn't be able to get into one of
3 their cycles, and that's why I couldn't come to you in February.

4 DR. WAGNER: What are the cycles?

5 MR. ELLIOT: The VRA, Virginia Resources
6 Authority. Their next round would have been February.

7 MS. SHUCK: A request for February issues.

8 MR. BEALL: As I understand it, you like the
9 Department's recommendations, but you think they ought to follow your
10 requests totally, is that correct?

11 MR. ELLIOT : Correct.

12 MR. BEALL: As I understand it further, you've
13 got the federal funds, all that money will flow back?

14 MR. ELLIOT : Correct. Seventy-seven percent of
15 the amount of money will come back, because we would convert it to a three
16 percent state project, two percent local.

17 MR. BEALL: Whatever it is, but the money that
18 the Department by policy has not been able to recommend you are asking
19 the Board to fund will eventually get repaid?

20 MR. ELLIOT : Yes. I was trying to emphasize
21 that we, we would endeavor to do that in this current federal fiscal year,
22 whatever Congress --

23 MR. BEALL: -- I just want the Board to know
24 that, because I know it's important to you, is that correct, Cliff?

25 MR. BURNETTE: I do have a question. I just

1 wanted to make sure, because we were sitting here discussing the numbers.
2 Is it fair to say, in effect, what you're asking is the Board, in addition to the
3 500 plus thousand we've recommended for discretionary, that you in
4 addition reimburse the difference from that 500,000 which you need to cover
5 the entitlement money that you've already spent. Is that a fair way of
6 characterizing that?

7 MR. ELLIOT : No, I would envision or try to take
8 it a little more simply. That would be endorse our entitlement utilization as
9 we placed in into this document, then our pre-application request. Just cut
10 one discretionary grant for the length. My numbers are showing
11 approximately 1.167 million dollars discretionary.

12 MR. KEHOE: Mr. Chairman, I would hope as a
13 Board we'd be moved to consider this. It's under a bridge loan type of
14 situation. If we were to do this, we would have to do it so that's it's not
15 affecting any other airport, because we have the money, and this is a one-
16 time only, and we're not setting any precedent, and there's no policy change
17 necessary. This is truly a, I think under "Missed Opportunity", this is
18 something the airport just didn't see coming. I think also this is going to go
19 under appeal, is that right? Can you speak to that?

20 MR. ELLIOT : It's possible, although I received
21 an e-mail from our counsel this afternoon indicating that the opposing side's
22 counsel is interested in how soon they can get the money. If we were to
23 agree on a time frame for turnaround, they would drop their alleged --

24 MR. BEALL: -- Did the other side file exceptions
25 to the report?

1 MR. ELLIOT : Yes, they have.

2 MR. BEALL: And you did not file any?

3 MR. ELLIOT : No, because in court all our
4 objections were sustained by the judge.

5 MR. BEALL: They filed so at this point they
6 could appeal, but they may not.

7 MR. OBERNDORF: Are they looking for more
8 money?

9 MR. ELLIOT : Yes. Their appraisal was 3.2
10 million.

11 MR. FRANKLIN: And you all's was 250?

12 MR. ELLIOT : Yes, you do the math.

13 DR. WAGNER: Where is it, the middle of
14 Charlottesville?

15 MR. OBERNDORF: Any other comments?
16 Thank you.

17 MR. SWAIN: That's it for Region 5.

18 Region 6, we have a request from Chesterfield County Airport.
19 Runway & Taxiway Rehabilitation and Fillet Widening Design INCREASE,
20 in the amount of \$4,978.80. This is an AIP project, and staff recommends
21 approval of the project. That's it for Region 6.

22 Next is Region 7. Accomack County Airport. The project is T-
23 Hangar Site Preparation/Taxiway (Design) in the amount of \$28,000. For
24 that project staff recommends against funding, as copies of required
25 environmental approvals have not been received. In addition, there are

1 insufficient CAF funds available.

2 That's all of the requests.

3 MR. OBERNDORF: Thank you.

4 Moving on, I'd like to thank the work that's been done by the
5 Obstruction Committee and by the Airport Manual Committee, which is
6 going to meet after this meeting. We had a meeting last week of the
7 Aviation Security Advisory Panel, and basically what we did is that we took
8 a tour of the Intelligence Fusion Center at State Police Headquarters and
9 with a group from the Transportation Security Operations Center in
10 Washington, where we took a tour several months ago. We seemed to be
11 moving along pretty nicely with the Committee. There's a good
12 communication avenue between all of the agencies involved in general
13 aviation and commercial aviation. I believe there is a lot of communication
14 in these areas.

15 Other than that, I'd like to ask for Board member comments, if
16 we have any. Anything the Board would like to add?

17 MR. KEHOE: Mr. Chairman, I'd like to just
18 comment that I appreciate the discussion we've had this afternoon,
19 particularly the good comments by the representatives from Lynchburg and
20 Roanoke and New Kent and Charlottesville. I think this type of discussion
21 is healthy and helps us, so when we need to clarify policy or redefine policy
22 we can better understand policy as a Board. So, I thought this was a pretty
23 good discussion.

24 MR. OBERNDORF: Yes, I don't think we lose
25 anything by discussing matters, and we seem to be moving ahead because

1 we have these bumps and lumps in the road sometimes. It's always helpful.

2 Are there any comments from the public, operators or anybody
3 else? Would anyone in the audience like to add anything to what they said
4 today?

5 MR. BURDETTE: Just one note, we have a dinner
6 tonight at seven o'clock, and if you're interested, and if you haven't already
7 talked to Carol and let her know you're coming, then please let her know so
8 she can set the numbers. We right now have approximately 30 people
9 coming. Look forward to seeing you there, and we'll have an opportunity to
10 further discuss various issues and just have a nice time and enjoy some
11 fellowship.

12 MR. OBERNDORF: Being that there are no other
13 comments, the workshop is adjourned.

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15 NOTE: Meeting adjourned.

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CERTIFICATE OF THE COURT REPORTER

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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 Workshop when held on**
4 **December 12th, 2006 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 December,
9 2006.

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Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large

22 My Commission Expires: October 31, 2010.