

Gary Hudnall, President

Aeronautical Repair Station Association Annual Report

March 18, 2016

Good morning, I am Gary Hudnall, ARSA's president and the general manager of Jet Center Medford in Medford Oregon. A family business founded in 1967, Jet Center MFR is more than just an aviation enterprise; it is a pillar of the community. We work together with fellow companies, support local charities and are committed not just to the safety of the flying public, but the health of the American economy. This year – my eighth on the board and first as its president – we celebrate a decade of ARSA membership.

I began working for the company in 1981, just a few years before ARSA was born right here in Northern Virginia. I finished at Spartan College and arrived in a little town called Ashland, Oregon with my A&P certificate in hand to work as a line mechanic for a part 135 operation called Southern Oregon Skyways – a two-man shop performing mostly in-house work.

Then: a big change. The company purchased an FBO in Medford and I was asked to become its director of maintenance; I was 19 and a little scared...I needed a waiver from the FAA just to be designated the DOM. More than three decades later, that two-mechanic family business serves customers from throughout the Pacific Northwest out of a 20,000 square foot facility at Medford airport.

Needless to say, I've seen a lot of change, but the fundamental challenges we face today are the same as when I arrived in Oregon and ARSA was founded: finding the right balance between government oversight and industry responsibility, learning to work together with the FAA to ensure commonsense application of the rules and remind elected officials that in aviation maintenance good safety is good business. These

challenges are the focus of this association every day, and with that focus I'd like to officially call the 2016 annual membership meeting to order.

The first item of business is to introduce the board of directors. I ask each present to stand when I call your name and remain standing through the explanation of all the industry segments represented by your service.

First, ARSA's Vice President and [Coopesa's](#) Quality & Safety Director Warner Calvo represents the association's international members.

I'd also like to congratulate Basil Barimo, executive vice president of repair divisions at [NORDAM](#), on assuming the role of ARSA treasurer. Basil will add this new role to his responsibility to ensure that corporate, business and airline maintenance issues are addressed.

In addition to our officers – Warner, Basil and I – the association is represented by an experienced team of board members.

Of course, our last two presidents Jim Perdue of [SONICO](#) and Gary Jordan of [Jordan Propeller Service](#) are both still proactive members of the board; Jim represents component maintenance, while Gary and I speak for general aviation.

Ian Cheyne of [BBA's Dallas Airmotive](#) represents engine maintenance providers.

Gary Fortner of [Fortner Engineering](#) and I represent component maintenance, which makes up the vast majority of ARSA membership.

Chris Erickson from [Erickson Aviation](#) represents the rotorcraft industry.

Dave Latimer, from [HAECO Americas](#), represents companies that work on large aircraft.

This group represents the industry's interests and ensures that ARSA's strategy supports our collective needs. It is rewarding work, which can be difficult, and I'm thankful to be performing it with such dedicated board members. Thank you all for donating your valuable time to the association. You may be seated.

In reviewing this past year and considering the state of the association, it's impressive just how much ARSA manages for us. As with every year, though, there is always a single regulatory issue that defines the importance of the association and its work. This year's defining issue can be expressed in three syllables: MAG...change...five.

As we discussed yesterday, ARSA played a pivotal leading role in "smoothing" implementation of change five to the Maintenance Annex Guidance between the United States and European Union. The change, as it was originally introduced in September 2014, included a major complication regarding the required issuance of Form 8130-3 by production approval holders.

Of course, at the time PAHs in the United States did not have the authority to issue an 8130-3s; they were painted into a regulatory corner and repair stations relying on export business were staring at a complete halt in operations. While the FAA provided a potential remedy in a final rule published last October, PAHs wouldn't be able to

exercise the new privilege until almost four months after the new MAG requirement became effective. The gap would be costly and, frankly, unacceptable for an aviation community unbounded by national borders.

The association led a successful effort to address this gap, first by getting the FAA and EASA to delay the 8130-3 requirement until after the effective date of the new rule and then convincing the FAA to allow early compliance with the new § 21.137(o). We were joined by 12 other aviation interest groups, including Airlines for America, the General Aviation Manufacturers Association (GAMA), the Aerospace Industries Association (AIA) and Helicopter Association International (HAI). You may recall that the “serious” campaign in 2014 – no less important an effort – had seven additional signatories. Efforts like these build relationships through common ground and expand the impact of our efforts. When ARSA leads, others follow.

On the workforce development front, the association has continued to listen to the repeated calls from members about the challenges of finding and retaining technical talent. Last summer, ARSA joined with the Aviation Technician Education Council, which represents part 147-certificated A&P schools, to submit comments to the Standard Occupational Classification or “SOC” system Policy Committee asking it to consider changes to aviation maintenance personnel definitions. The SOC system is used to collect, calculate, and disseminate occupational data on which many statistical analyses rely. Under the current framework nearly all aviation maintenance professionals are lumped together in one group; the draft comments asked that certificated mechanics and repairman and non-certificated maintenance technicians be

tracked separately to produce a more accurate picture of the current labor force in order to address the looming industry-wide personnel crisis.

The association's legislative team has also been studying up on federal-level policies that support technical training and has positioned ARSA, through its membership on the STEM Coalition Leadership Council, as a key advocate for the workforce needs of the aviation technical workforce. We all know too well how important it is to find the right people. Personally, I'm proud of Jet Center MFR's work with Erickson to support an apprenticeship program at nearby Rogue Community College – while we work to build local talent pipelines in all of our communities, ARSA will help craft effective workforce policy on a national level.

To provide a little bit of local help, ARSA joined with a talent search company called Real Match to launch AeroJobs.org. The site's search functions were constructed using an aviation-maintenance specific taxonomy, meaning it is a tool that will open doors for employers, aspiring aviation professionals and even – thanks to the expansive reach of its network – skilled workers in other industries who might make valuable contributions in ours.

Of course, we can't go too long without focusing on the agency that oversees our work here in the United States and on U.S.-registered aircraft around the world: the legislative team's true focus is reauthorizing the FAA. Both houses of Congress have now introduced bills to set the agency's funding and policy priorities. While a controversial proposal to privatize air traffic control has grabbed all the headlines, both

the Senate and the House bills contain language that would mandate further regulatory incursion into the global business of aviation maintenance: expanded drug and alcohol testing, background investigation requirements and a duplicative focus on risk based inspections.

Now, there's a long way to go before either of these bills can become law. We're currently in our first extension of the existing FAA authorization and the second is on the way. Last time we did this, in 2012, lawmakers needed 23 short-term measures before they could agree on a final bill. We've only just begun.

Given the state of the FAA debate, this was the perfect time for almost 50 ARSA members to canvass Capitol Hill as part of our annual Legislative Day. These attendees participated in more than 30 meetings with Members of Congress and staff, telling lawmakers – face to face – just how vital aviation maintenance is to the lives and livelihoods of all American citizens. Once again, ARSA members were joined by congressional staffers at a Capitol Hill luncheon and briefing for the release of the 2016 Fleet and Global MRO Market Assessment, performed by CAVOK. Steve Douglas, longtime ARSA friend and former manager of the FAA's aircraft maintenance division, highlighted the good works and economic importance of nearly 300,000 men and women working in aviation maintenance-related fields across the country.

Individual involvement is still the key to success. The association needs an engaged membership responding to calls for action, hosting congressional facility visits and educating lawmakers about the important role repair stations have within the broader

aviation industry. When ARSA asks for help, it's imperative that members answer the call.

In the coming year, a key part of that call is to ensure we all maximize the value of our memberships by utilizing every benefit and service offered by the association. When we attend training sessions, read newsletters, respond to surveys, purchase model manuals and other publications, recruit new members, contract with association-approved preferred providers and actively participate in events just like this, we not only get the most out of ARSA but also help sustain it.

While we're discussing commitment to ARSA, I want to take a moment to recognize this year's symposium sponsors. Every single reception, break and meal this week was financially supported by one of us. In fact, if you have your handout document – itself sponsored by Barfield, Inc. in Miami – flip to pages five and six and take a look at the groups that have committed resources to help make this an effective, useful experience for us all.

Thank you. We can't do it without you.

Before I close, I want to speak for a minute about the association's annual member survey. The first invitation email was sent at the beginning of the month to every primary contact at every member organization. Is that you? Do you know who it is? Was the survey received? Has it been completed?

If you don't know the answer to any of those questions, work with ARSA's staff to find out and then help us get a completed response from your business. The survey is a vital resource that not only provides a snapshot of the industry – its outlook, the challenges it faces and resources it needs – but also steers the association's strategy and helps us properly serve you, our members.

Thank you all for making this year's symposium successful. I expect to see you all here next year, so mark your calendars for March 15-17, 2017. While you're thinking of dates, there's another you need to save: October 6, 2016 – just more than six months from now. For the first time, ARSA is issuing an open invitation to all industry members to attend its Strategic Leadership Conference, which will be held this year in Montreal at IATA's headquarters. An intense, one-day series of roundtable discussions, SLC is the opportunity to come together with industry leaders and craft the future of this international industry. Space is limited, so be prepared to register early.

As ARSA's President, I pledge to ensure the association continues to push the envelope. I thank the ARSA staff for their hard work on our behalf. It is truly a special organization, one dedicated to the progress of our industry, and I am proud to play such a key role.

With that I open the floor for member comments, questions and discussion....

[Questions and discussion from the floor]

Hearing none I hereby adjourn the 2016 annual membership meeting.