

**MONTANA AERONAUTICS BOARD
IN PERSON MEETING
November 9, 2022**

Aeronautics Board-In Person

Bill Lepper, Board Chair
Wade Cebulski, Vice Chair

Aeronautics Board - Virtual

Robb Bergeson
Pam Chamberlin
Tim Sheehy
Tim Robertson
Greg Smith
Dan Hargrove

Department of Transportation

Tim Conway, MDT Aeronautics
Karen
Hallenbeck, MDT Aeronautics
Stephen Torske, MDT Aeronautics
Valerie Balukas, MDT Legal
Tyler Moss, MDT Legal

Call to Order

Chair Lepper called meeting to order at 2:07 p.m.

Bill Lepper

Deferred the approval of the June minutes to later discussion.

Public Comment

Chair Lepper asked for public comment, which there was none.

Agenda Item 1: Aeronautics Update - Tim Conway, Aeronautics Division

Administrator

- Tim Conway introduced new legal counsel Tyler Moss. Tim Conway provided a brief Aeronautics staff update, down 45% in June, now currently fully staffed at Aeronautics.
- Discussion of financial contact: actively looking to fill this position, position will be shared with MDT.

Agenda Item 2: Loan & Grant Fund Audit

- Tim Conway gave loan and grant update on internal audits, there will be two audits completed this year: Hot Springs and Glendive.
- Yellowstone Airport audit update: PFC passenger facility charge audit, started on Nov. 3rd.
- Yellowstone Airport terminal status: project was canceled, MDT decided to incrementally move forward with project, pending bid openings starting Nov. 15th. We currently have \$41.5 million of known funding, with another \$8 million federal discretionary funds possible.

- Cape Air update: due to the pilot shortage they had to cut their service to our eastern and northern communities, as of Oct. 19th they have resumed their full schedule.
- Mention of next Loan and Grant awards meeting is Jan. 17th and 18th at 12:00 noon in Helena.
- Tim Conway gave notice that loan invoices are set to go out at the end of the year. Loan fund projected cash balance for Nov. 30, 2022 is \$702,000.
- Currently distributing awarded grant funds for fiscal year 2022 and 2023. Distributed \$790,000 of \$3 million awarded so far. The FY24 grant fund will be calculated based on the account balance on Nov. 30th, 2022, the conservative estimate is 2.6 million, there are two things that can affect this number: 1) awards distributed and 2) MDT has put in a request to waive indirect costs.

Agenda Item 3: Loan & Grant Recommendation Development

- Karen Hallenbeck informed the Aeronautic Board members how the loan and grant spreadsheet is developed and the involvement of Aeronautics; the spreadsheet is populated from Aero Suite; the priority index is established by the FAA.
- Most agree the spreadsheet is invaluable, Board to decide if the recommendations are beneficial or not in next section.
- Discussed a potential conflict of interest regarding Aeronautics funding recommendations. Valerie stated no conflict of interest exists because the priority index applies to all airports independent of ownership

Agenda Item 4: LAD “Fly the Big Sky” Audit Finding #1

- The “Fly the Big Sky” final audit report was issued on Sep. 1st. The Board was given eight days to provide a formal response; the board chose not to provide a response at the time due to a timing issue.
The audit was presented to the legislative audit committee on October 5.
Discussion on how the Board is going to respond and who will draft the response.
Mention of Tim Sheehy to draft response.
- Bill Lepper proposed producing transcribed meeting minutes from the Board; members commented; it was stated the Transportation Commission uses summarized meeting minutes.
- Discussed the importance of the audit findings: lack of documentation when deviating, lack of consistency, and not using standardized selection tool. More information to be documented during minutes, there is no statute or administrative rule that requires the board to use a standardized selection tool, the board has discretion to award the grants as the board sees fit.
- The audit states that due to insufficient internal controls, \$723,330 in airport grants and loans were approved to six ineligible airports prior to submitting closeout reports. Several of the grants and loans were strictly funded by the CARES act, they were not actually distributed due to the CARES Act replacing awarded grant and/or loan funds.

- Tim Conway was asked to expand on ineligible airports, Karen Hallenbeck and Tim Conway informed the Board of a software issue that caused a failure to produce all closeout reports. As a result of the audit finding, Aeronautics has recognized the system error and taken steps to correct it including an active search for new computer software.

Agenda Item 5: Loan & Grant Eligibility Report

- Discussed Aeronautics making loan and grant funding recommendations. Bill Lepper brought up a prior discussion of Aeronautics producing a report of airport eligibility to provide the Board. Tim Conway stated Aeronautics can provide a generalized statement of eligibility or an itemized list of airports that meet eligibility requirements or can provide the closeout reports at the Boards' requests.
- Comment from Robb Bergeson to put an additional column on the eligibility spreadsheet to indicate eligibility status. Tim Robertson suggested keeping it minimal and continue doing what we are doing and suggested a verbal summary of ineligible airports at the meeting. Dan Hargrove agreed with keeping it simple. Bill moved onto the next topic before a definite decision was made.

Approval of June Minutes:

- Discussion of June minutes, the board had opted to attempt to do a transcription of June minutes and provide a written file. Bill stated we need to decide on approving the minutes as presented rather than have them transcribed.

Wade Cebulski made a motion to approve the June minutes as presented. Robb Bergeson seconded the motion, which passed unanimously.

Robb Bergeson made a motion for Tim Sheehy to draft an audit response letter on behalf of the Board to be reviewed and approved by the Board before submission. Pam Chamberlin seconded the motion, which passed unanimously.

Agenda Item 6: Ft. Peck Lighting

- Tim Conway stated Fort Peck applied for a grant in 2010 to purchase and install runway lighting at the Fort Peck Airport. They were awarded \$18,000 for purchase and installation. Airport manager confirmed purchase of lighting and the lights are in storage due to lack of funding for installation. Fort Peck is interested in the project but has been unable to acquire funds from the county or the Aeronautics Board. The project was estimated to be \$25,550 of which \$20,550 was for the equipment and \$5,000 for the installation. Aeronautics has asked the Board what, if any, actions they intend to take in this situation. The Board discussed options:: 1) have them install the equipment, 2) return the equipment to Helena, or 3) pay the Board the \$18,000 and they keep the equipment. Discussion of forgiveness, changing the ARM, or putting something in place so this does not happen again.

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Wade Cebulski made a motion for Aeronautics Division to draft a letter to Fort Peck Airport verifying status and intentions regarding 2010 airport lighting project to be reviewed and approved by the Board before submission. Robb Bergeson seconded, which passed unanimously.

Verification that Tim Conway will draft the letter and it will come from the Board Chair: Bill Lepper, all in favor.

Board Business

The Annual Grant and Loan Award meeting is scheduled for January 17-18, 2023, in Helena. The meeting will begin at noon on the 17th and 8:00 a.m. on the 18th.

Meeting Adjourned at 4:07 p.m.