



**COLORADO**  
Aeronautical Board

**MINUTES**

Board Meeting

Tuesday, March 17, 2015

Division of Aeronautics

5126 Front Range Parkway | Watkins, CO 80137

Joseph H. Thibodeau Room

Time: 1:00 pm

**MEMBERS PRESENT:**

Ray Beck	Chairman
Ann Beardall	Vice-Chair
Jeff Forrest	
Robert Olislagers	
Joe Rice	
William "T" Thompson	

**MEMBER ABSENT:**

John Reams	Secretary
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**OTHERS PRESENT:**

Shailen Bhatt	CDOT - Executive Director
Stanley J. Buck	Division of Aeronautics - Interim Division Director
Scot Cuthbertson	Division of Aeronautics - CDOT Deputy Director
Christine Eldridge	Division of Aeronautics
Greg Goldman	Division of Aeronautics
Todd Green	Division of Aeronautics
TK Gwin	Division of Aeronautics
Shahn Sederberg	Division of Aeronautics
Scott Storie	Division of Aeronautics
Kaitlyn Westendorf	Division of Aeronautics
Richard Baker	Fremont County Airport
Linda Bruce	FAA - Denver Airports District Office
Gary Cyr	Greeley-Weld County Airport
Mickey Ferrell	Colorado Airport Operator's Association
Michael P. Lewis	
Jason Licon	Loveland-Ft Collins Airport
Kevin Luey	FAA - Denver Airports District Office
Alex McKean	RS&H
Leo Milan	Office of the Attorney General
Bill Payne	William E Payne & Associates



Ryan Pritchett	Armstrong Consultants
Eric Richardson	CDOT - Division of Accounting & Finance
Dave Ruppel	Front Range Airport
Chris Schaffer	FAA - Denver Airports District Office
Maria Sobota	CDOT - Acting Chief Financial Officer
Herman Stockinger	CDOT - Director of Government Relations
Alex Sweetman	Metropolitan State University-Denver student
Bill Totten	Colorado Pilots Association
Andrew Wheeler	CDOT - Division of Accounting & Finance

## 1. PLEDGE OF ALLEGIANCE

## 2. CALL TO ORDER

Meeting commenced at 1:00 pm. Ray Beck noted the absence of John Reams and acknowledged that there is a quorum.

## 3. APPROVAL OF MEETING MINUTES

### *3.1 January 26, 2015 General Meeting Minutes*

Joe Rice made the MOTION to approve the meeting minutes from January 26, 2015 and Robert Olislagers seconded.

The MOTION carried unanimously.

### *3.2 February 11, 2015 General Meeting Minutes*

Joe Rice made the MOTION to approve the meeting minutes from February 11, 2015 and Robert Olislagers seconded.

The MOTION carried unanimously.

## 4. AMENDMENTS TO THE AGENDA

Stanley Buck requested to amend the agenda to allow the new Executive Director of CDOT, Shailen Bhatt, to address the Board between agenda items #7 and #8.

Robert Olislagers made the MOTION to approve the agenda, as amended, and Ann Beardall seconded.

The MOTION carried unanimously.

## 5. BOARD MEMBER REPORTS



William "T" Thompson said that Sierra Nevada will soon have a presence at the Colorado Springs Airport, which will create jobs and bolster economic development in the area. Robert Olislagers spoke about a new movie called "Living in the Age of Airplanes" and extended an invitation for two upcoming private screenings of the movie at the Denver Museum of Nature and Science. Joe Rice had nothing to report. Jeff Forrest spoke about the Colorado Aerospace and Defense Caucus inaugural event that occurred at the State Capitol yesterday. Ann Beardall spoke about a coalition of aviators interested in UAS/UAV recreational usage and its effect on aviation safety. Ray Beck spoke about the current job opening for airport manager at the Steamboat Springs airport. Ray also spoke briefly about the upcoming Colorado Space Business Round Table event.

## 6. PUBLIC COMMENTS

Ryan Pritchett spoke briefly about the current project at Las Animas-Bent County Airport.

## 7. INTERIM DIRECTOR'S REPORT

Stanley Buck gave a brief summary of his activities and issues that he has handled since the last CAB meeting on February 11th.

## 8. EXECUTIVE DIRECTOR SHAILEN BHATT

Shailen Bhatt introduced himself to everyone and gave a brief history of his career prior to becoming the Executive Director of CDOT last month. Shailen assured the Board that he has a team of people working to help find a remedy to the current financial issue at the Division. Shailen added that a potential new solution was discovered just yesterday, but he was not yet ready to discuss it publically. Shailen concluded by saying that we will be examining the processes and procedures in place that allowed the Division to become financially unsound, and to make sure this does not happen in the future. Part of that investigation will include an audit by a third party independent auditor.

## 9. CURRENT FINANCIAL REPORT

Greg Goldman referred to a memo given to the Board, outlining the financial results of the Division's operations from July 1, 2014 through February 28, 2015. Greg stated that \$13,548,391 in tax disbursements have been returned to the airports and that revenues collected total \$21,324,374. Revenue forecast currently is finishing the year at \$30 million and this upward revision is consistent with forecasts prepared by the Dye Group. Grant payments reimbursed to airport sponsors through February 28th are \$15,973,074, with \$10,173,981 being paid out since November 1st. We estimate an additional \$5.4 million to be claimed and paid out before the end of FY15. The Aviation Fund balance as of February 28th is \$4,859,429 with a forecasted year end balance in the range of just under \$1 million (excluding any transfers) with roughly \$14 million in outstanding obligations.

## 10. DIVISION OF ACCOUNTING & FINANCE (DAF) UPDATE

Maria Sobota introduced herself to the Board and advised that she is the acting Chief Financial



Officer, since Scott Richrath is no longer with CDOT. Maria said that the topics she will be discussing today are a follow-up from the CAB meeting on February 11th.

### *9.1 Document of Procedures*

Maria requested that this topic be removed from today's discussion, since there may be a new solution discovered to address the funding shortfall at Aeronautics and that solution may involve oversight that would revise the 'Interdivisional Document of Procedures' further. This item will be discussed during the next CAB meeting.

### *9.2 Performance Audit*

Maria said that the initial Request for Proposal (RFP) released in January for the audit yielded no bids. The reason may be due to the price, the scope or potential conflicts of interest. The statement of work has been rewritten and included in the packet for the Board. However, after the statement of work was submitted to the CAB for review, CDOT Internal Audit Director, Barb Gold, has suggested that five additional points be added to the scope. The additional items are:

- What caused the shortfall?
- Why wasn't management advised in a timely manner?
- Who has governance over Aeronautics and the Director?
- Determine written procedures for the grant process.
- Identify what thresholds have been put in place to make sure this doesn't occur again.

Maria concluded that CDOT fully backs the use of an external audit team for this project. After some discussion among Maria, Stanley, Leo Milan and the Board, William "T" Thompson made a MOTION to approve the amended scope of work, including the five additional items suggested by CDOT Internal Audit Director Barb Gold. Jeff Forrest seconded the MOTION.

The MOTION carried unanimously.

### *9.3 Cash Management and Revenue Forecasting*

Maria said that if Aeronautics authorizes no discretionary aviation grants in the fiscal years 2015 through 2017, the cash balance of the Aviation Fund is forecast to fall to approximately \$0 million by July 2015. Thereafter, the fund's cash balance is forecasted to be negative, assuming no replenishment of cash from sources external to the fund, and will fall as low as minus \$6.5 million in November 2016. The fund's cash flow will become positive early in 2017 and the cash balance will become positive in the summer of 2018.

### *9.4 SIB Reconciliation for Aeronautics*

Maria said that DAF has determined that there is \$1 million of original Aeronautics money remaining in the SIB aviation account. The only question was whether interest earned on that money was available for use and Leo Milan said that it is not permissible.

## 10. \$1 MILLION TRANSFER FROM STATE INFRASTRUCTURE BANK (SIB) TO AVIATION FUND

Maria Sobota requested that the Board authorize a request by DAF to solicit the Colorado Transportation Commission (TC) to transfer \$1 million from the SIB aviation



account to the Aviation Fund. This money was previously granted by the Aviation Fund to the SIB aviation account. Ray Beck took a moment to read the Resolution prepared on behalf of the Board to accompany the SIB request to the TC. Robert Orlisagers made the MOTION to approve the Resolution requesting a \$1 million transfer from the SIB aviation account to the Aeronautics Aviation Fund and Ann Beardall seconded.

The MOTION carried unanimously.

Following the vote, there was further discussion on the SIB program and its history, involving the Board, Eric Richardson and Maria.

## 11. CASH REPLENISHMENT OPTIONS FOR AVIATION FUND

Maria Sobota referred the Board to a table called "Aeronautics Funding Decision Matrix", which identified options to replenish cash in the Aviation Fund. The list was developed by DAF, in conjunction with Aeronautics and the Attorney General's Office, after studying all options available from monetary, political and legal perspectives. The most attractive option is for Aeronautics to recover the funds given to the Federal Aviation Administration (FAA) for the Ground Radar Project. \$16.8 million was originally pledged by CDOT to fund the project through the FAA and \$8.8 million is left to be disbursed, currently sitting in a holding account. The \$8.8 million could then be used as cash management for the Discretionary Aviation Grant Program and disbursed to regional airports for more vital projects, triggering federal matching funds. This concept ignited many questions from the Board, some of which could only be answered by Bill Payne, who is the consultant for this project. Ray Beck requested that agenda item #13 be moved up at this time, to allow Bill to speak about the project and answer any questions the Board may have. Bill covered the history of the project, going back to 2005. Bill said that the funding in question was transferred to the FAA in 2013 for an amendment to the original contract from 2010 for Phase III, Blended Airspace. Bill said that as of March 6th, the amount remaining in the account is \$4.86 million. Bill believes that it will take up to two years to recover funding from the FAA. Bill outlined what he feels are the negative impacts of cancelling the project with the FAA, but did admit that he is biased in favor of the program.

*The Chairman called for a 10 minute break.*

Continuing down the "Aeronautics Funding Decision Matrix", Maria said the next viable option would be for Aeronautics to void contracts with airports, which is legal under existing state contracts. The best estimate at this time shows that only \$1.5 million of grant contracts can be cancelled without recourse to airport projects. This option has political considerations from local and county municipalities, along with the FAA Airports Districts Office. Legislative Options do not appear to be the most viable way to go and Herman Stockinger spoke to that point. Relief from the Department of Treasury could prove to be in violation of TABOR, as would a loan from the aviation SIB to airports on behalf of Aeronautics. Another option is to award no Aviation Fund Grants for a year, resulting in lost federal matching funds, thus making this scenario unattractive. The next option would be a direct loan from the SIB to Aeronautics and this would be in violation of TABOR. Another option would be for airports to delay invoice submissions to future years, which goes against Generally Accepted Accounting Principles (GAAP) and would possibly be illegal due to TABOR. The final two options involve a loan from the SIB to CDOT and a grant from the SIB to Aeronautics, both of which are illegal.



## 12. EXECUTION OF CAB APPROVED CONTRACTS/AMENDMENTS

Stanley Buck referred to a memo that outlines previously approved FY15 grants and existing contracts that are in need of scope of work or term extension amendments. Currently, there are two airport intern grants that are awaiting signature from the CDOT Controller and the Division staff has been told that due to the current financial situation, the grants will not be signed. Maria said that one of the concerns she had was that she did not know how many other intern grants would be forthcoming for signature and did not want to obligate funding for that program that we do not currently have. Kaitlyn Westendorf informed Maria that these two intern grants are the only grants of that type for the foreseeable future. The Board approved a pot of money for Interns for FY15 and 80% of those intern grants have already been contracted. The consensus of the Board was to allow these two intern contracts to go forward, as previously approved. Kaitlyn advised the Board that the remainder of the list presented to them contains a dozen existing airport grants that staff would like to amend the scope of work or extend the contract expiration. There would be no additional funding on any of the grants. Staff brought this list before the Board as a proactive measure, in advance of having these contracts amended and submitted to the CDOT Controller for signature. Traditionally, staff was able to amend such contracts without notifying the Board but opted to bring them to the CAB due to the current financial situation. Robert Olislagers made the MOTION to approve the grant amendments as listed on the memo provided to the Board and William "T" Thompson seconded.

The MOTION carried unanimously.

Todd Green asked if the Board would like to see administrative grant amendments for their approval or if they would like to go back to having the staff handle those in-house. Ray Beck said that until further notice, the Board would like all grant amendments presented to them for approval. Maria Sobota said that she will make sure that the CDOT Controller, Liliya Gershman, will sign the intern contracts that are in her possession.

## 13. BLENDED AIRSPACE OPTIONS

This topic was covered during agenda item #11.

## 14. FY15 GRANT POSTPONEMENT UPDATE

Stanley Buck requested a status update on the potential to match the FY15 federally funded projects. TK Gwin explained how the federal match grant program works and how if we are unable to match funding and the airports aren't able to absorb that deficit, some of the federal dollars will leave the State of Colorado. Todd Green said that in December, the Board chose to delay the decision to match FAA projects for 60-90 days. Now it is getting to be crunch time for the FAA and the airports. Linda Bruce and Kevin Luey with the FAA-Denver Airports District Office said that the FAA funding is in place and that by May 1st, airports will need to be able to certify that they will have the matching funds in place. Linda added that there is real concern about airports not being able to come up with the additional funding if the Division is unable to participate. Ray Beck asked if the airports are going to be contacted about this and TK said that the Division would like the Board's approval to contact the airports to advise them of the situation, get feedback from them and ascertain what the outcome would be for the airports



if the Division is not able to participate in matching FAA projects in FY15. There was consensus on the Board that contacting the airports individually is preferable to a blanket letter sent to the airports. There was some discussion from the Board about how the commitment of funds to match FY15 at this time would add to the financial problem the Division is currently faced with. TK said that if the Board chose to match FY15 FAA grants, the reimbursements from those projects won't likely be requested until late FY16, FY17 or even FY18 and by then, the funding will begin to recover. Robert Olislagers made the MOTION to allow staff to verbally contact the individual airports to identify how they would be affected if the state isn't able to participate in the FY15 federally funded grant program. William "T" Thompson seconded the MOTION.

The MOTION carried unanimously.

## 15. PROGRAMS & PROCEDURES MANUAL

TK Gwin referred the Board to the draft Programs & Procedures Manual and requested their feedback. Staff would like to present a final version, for Board approval, at the next CAB meeting.

## 16. PROPOSED CALENDAR

- **Friday, April 17, 2015 9:00 am at Division of Aeronautics**  
General Meeting

Kaitlyn Westendorf had sent a survey to the Board asking what day of the month would work best for a standing, monthly meeting date. Based on the results of that survey, the first Tuesday, first Wednesday or second Wednesday of the month appear to work the best for the majority of the Board. Beginning in May, the standing, monthly CAB meeting day will be the second Wednesday of the month, beginning at 1:00 pm.

## 17. OTHER MATTERS BY PUBLIC & MEMBERS

Jason Licon requested that any time there is a CAB meeting which deviates from the standing, monthly meeting, that the Division send an email out to the airports advising of that. Jason also asked for a status on the CAO Working Group that the Board consented to at the CAB meeting on November 19, 2014. Ray Beck stated that he'd like to wait until the Division has a full time, permanent Director, who can take part in any discussions that the CAO Working Group will be having. Most of the Board agreed with Ray, with the exception of Jeff Forrest, who said the Working Group should be active now. Gary Cyr stressed the importance of including the airports in discussions involving the future of the Aeronautics grant program. Robert Olislagers agreed to replace Kenny Maenpa, who was the original CAB member selected to be part of the CAO Working Group.

Robert said that there were 43 applicants for the Aeronautics Director position and that 30 of those applicants met the minimum qualifications. The selection committee consists of Kim Day, Kenny Maenpa, Ann Beardall, John Reams and Robert Olislagers. The committee hopes to have the top 10 candidates selected by March 25th and to be able to conduct interviews of the top 4-5 candidates in April. The goal is to have a new Director chosen by the end of April.



Ray Beck encouraged the Board and the Division to participate in the Colorado Space Business Round Table event on Monday, March 25th.

## 18. ADJOURNMENT

Ann Beardall made the MOTION to adjourn the meeting and William "T" Thompson seconded.

The MOTION carried unanimously.

The meeting adjourned at 3:59 pm.

