

Montana Aeronautics Board  
Helena, MT  
July 24, 2014

**Aeronautics Board**

Tricia McKenna, Board Chair  
Rob Buckles  
Bill Hunt  
Fred Leistiko  
Roger Lincoln

**Department of Transportation**

Debbie Alke, MDT Aeronautics  
Carol Grell-Morris, MDT Legal  
Wade Cebulski, MDT Aeronautics  
Patty Kautz, MDT Aeronautics

**Call to order/approval of minutes/public comment – 11:00 a.m.**

- Chairman McKenna called the meeting to order. *Bill Hunt made a motion to accept the June 11, 2014 minutes as written. Fred Leistiko seconded the motion that passed unanimously.*
- Chairman McKenna asked for public comment in accordance with Montana Code Annotated Section 2-3-103; the Board of Aeronautics held a public comment period. Please note the public comment section is the public's opportunity to address the board on any topic. While the Board cannot take action on the issues presented, the Board will listen to comments and may ask that the issue be placed on a subsequent agenda for Board discussion.
- No public comment.

**Administrative Rule Changes**

- Carol Grell-Morris said at the last meeting in June the board discussed changing the administrative rules because of the changes that will come about with the new electronic application and other issues that come up during the loan/grant meetings. The draft rule notices captures both those issues. The rules process is finalized by the Secretary of State Office for every state agency, once the board approves the draft it is filed with Secretary of State. The next filing date is August 11 and is about a 90 day process. We are proposing to revise three rules. The first being 18-13-404 General Terms and Conditions, subsection 2 is brand new and talks about a new process where airports submit one application only and will define the categories of work. Subsection 2 states "Applicants may submit one application only for each eligible public sponsor. A single sponsor may apply for funding for multiple aeronautically related projects or for multiple separate categories of work within a project by listing separate line items for which a grant or loan is sought. Retroactive projects which have been completed before the date of application are also eligible for grants or loans. Separate projects or categories of work on each application shall be evaluated, reviewed, and selected for award individually, according to the board's priority process under ARM 18.13.406." Fred Leistiko says nothing in there that says the legislative body that owns that airport has approved this project. Debbie Alke said the public sponsor is the owner of the airport. Fred Leistiko said we assume the person that signs this application is the governing body. Carol Grell-Morris said we will be discussing how we verify that the correct representative of that sponsor is the one submitting the application later in the meeting. Carol Grell-Morris said Subsection 3 is entirely new. It says "Changes by the applicant to application information may be made at any time up to and including the date of the board's annual grant and loan review meeting, if the changes meet all original application

requirements. Changes may include, but are not limited to: cost estimates, change in sponsor priorities of separate line-item categories of work, and other changes as allowed by the board. New projects or new categories of work which did not appear on the original application will not be considered by the board. Applications may be withdrawn by an applicant at any time.” The board has typically allowed that as long as it’s not a brand new project, this is an attempt to try and capture what the board has always done but to make it clear to the applicant. Chairman McKenna said she is hesitant because she doesn’t like the changes. She doesn’t want to open a can of worms where they meet the deadline to get their application in but know they can tweak up until the last minute, are we asking for problems? Fred Leistiko said if it’s wide open we spend a lot of time rehashing some of these applications. Debbie Alke said she doesn’t feel this would be the case; typically the changes are in cost estimates which she feels is helpful. Rob Buckles said changes occur at no fault to the sponsor he thinks we can deal with it at the time with very little problem. Debbie Alke said we can try, if it doesn’t work we can take it out.

- Carol Grell-Morris said the next is current Subsection 6 that will become Subsection 8; this is a cross reference to a brand new procedure called a closeout procedure. It states that “Grant and loan recipients must follow the board’s close-out procedure under ARM 18.13.407 at the conclusion of the eligible project or category of work approved by the board.”
- Carol Grell-Morris said we are offering changes to 18-13-405 – Application, Process, Fees, and Deadlines. After July 1 an applicant can go online and fill out an application as long as it meets the November deadline. We will no longer notify them. We’ve substituted language that states “All eligible applicants must complete the application form found on the Department of Transportation’s web site at [www.mdt.mt.gov](http://www.mdt.mt.gov). Paper copies of the application may be obtained by contacting the Aeronautics Division at P.O. Box 200507, Helena, MT 59620-0507. Applications for the next following fiscal year grant and loan program will be accepted by the Aeronautics Division at any time after July 1st of each year. Completed applications and all supplemental materials must be submitted electronically, by first class mail, e-mail, or hand delivery to the Aeronautics Division to be received or postmarked no later than November 15 of the appropriate year. The deadline may be subject to change by the Aeronautics Division after official notification of any change in the deadline that is posted on the Department of Transportation’s web site and sent to the official manager of record of every eligible airport.” Chairman McKenna said she assumes there will be some notice of these rules so they are aware of how we are now doing this. Carol Grell-Morris said Aeronautics will need to think about the transition, notice will be supplied to eligible applicants. Debbie Alke said we will discuss at the Montana Airport Managers association meeting, will post something in our newsletter and do whatever we can to make the new process known. Carol Grell-Morris said subsection 2 deals with the electronic rollout. It states “Each application must be complete and accompanied by all required supplemental materials. The Aeronautics Division reserves the right to reject ineligible, incomplete, or otherwise improper applications. Applications submitted electronically via the Aeronautics Division’s web site must be verified via electronic signature. The Aeronautics Division may request additional information if warranted after initial application review.” Carol Grell-Morris said the electronic signature is a legal signature

and part of the electronic signature is a captcha is used to verify the signature. Fred Leistiko said he is thinking about an airport manager submitting an application how would we know a governing body has seen this and approved it? Debbie Alke said we have not had issues with a manager submitting a project and having it drop out because the airport board or the county commissioner didn't support it. The sponsor's attorney signs when they submit their application.

- Carol Grell-Morris said the next rule is 18-13-407 – Terms and conditions of successful applicants. The change is in subsection 3 it states “The Aeronautics Division must be in receipt of the appropriate documents listed below, or any combination as requested by the board in its grant or loan application approval, prior to disbursing payment for approved grants or loans. The Aeronautics Division will accept copies of an appropriate federal aid agreement directly from the Federal Aviation Administration. Other listed documents must be received directly from the grant or loan recipient before payment will be made by the Aeronautics Division. The Aeronautics Division will make payment upon receipt of all necessary documents.” Carol Grell-Morris said subsection 9 has a wording change “Grants and loans awarded by the board for a fiscal year, but not disbursed to the applicant within that fiscal year, will revert to the same special aeronautics grant or loan account in the state special revenue fund from which they were originally appropriated to be used for future grant or loan awards to any applicant.” Carol Grell-Morris said subsection 10 is a brand new procedure because of an audit recommendation. It states “Each grant or loan recipient must submit a close-out report, on a form provided by the board, within 30 days after closure of the project or board-approved category of work, or within one year after fund disbursement, whichever occurs earliest. If the project is not completed within one year following fund disbursement, the grant or loan recipient must provide a status report detailing the reason the project has not been closed, and projected closure date upon which the close-out report will be filed.” Debbie Alke said last year was the first year that the internal audit division audited two grants and they will continue to do that. The audit team recommended some kind of a close out. This will make that process simpler. Carol Grell-Morris said subsection 11 states that “The close-out report must include information on amount requested, amount awarded by the board, and amount actually spent on board-approved project work. The grant or loan recipient must adequately account for expenditures in a manner acceptable to the board.” Subsection 12 states “The board may request reimbursement from the grant or loan recipient of awarded and disbursed funds not actually spent on board-approved project work.” In conjunction with that subsection 13 states “The board may pay any additional amount not previously disbursed, which may be due to the grant or loan recipient for board-approved work, up to the total amount awarded by the board. The board will not request reimbursement nor make additional disbursement for any amounts under \$500.” Subsection 14 says “Any grant or loan recipient which fails to provide the close-out form, status report, or any requested reimbursement is not eligible for future grant or loan awards until the deficiency is remedied.”
- Fred Leistiko said this is a good process will have to try it to see if it works. Rob Buckles agreed, may have to make changes for those rules that don't work. Chairman McKenna said these are positive changes, checks and balances are good.
- Carol Grell-Morris said the final paragraph on the form is a requirement by the legislature from the last session you have to do a small business impact analysis for every rule. Will

need Debbie or Tim to fill that out, doesn't feel it will impact small business but need to go through the process. We will file August 11; the rules are published 10 days later. The notice is also sent out to interested persons, the department has a list and aeronautics can identify other interested persons. It is written comment only. As board members remind people that they need to put it in writing to be official. The deadline will be approximately September 22. The board will need to respond to all written comments, after September 22 we will get those out to the board and they can get together and respond to those comments. The final adoption notice will be mid-October.

- ***Fred Leistiko made a motion to approve the rule changes as drafted. Rob Buckles seconded the motion that passed unanimously.***
- For future board packets will be sent electronically and by mail to all board members. As mail was slow getting to Chairman McKenna.
- Fred Leistiko said the MCAA conference will be held September 11 & 12 it will cover two important items, UAVs and a MOA briefing. Debbie Alke asked for a draft agenda.
- Chairman McKenna said she looks forward to a draft of the electronic application.
- Being no further business the meeting was adjourned at 12:10 p.m.

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Tricia McKenna, Chairman

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Roger Lincoln, Secretary