

DEPARTMENT OF TRANSPORTATION

AERONAUTICS COMMISSION

AIRPORT DEVELOPMENT LOANS

(By authority conferred on the aeronautics commission by section 3 of Act No. 107 of the Public Acts of 1969, as amended, and Executive Reorganization Order No. 1973-1, as amended, being SS259.253 and 247.821 of the Michigan Compiled Laws)

R 259.801 Definitions.

Rule 1. As used in these rules:

(a) "Act" means Act No. 107 of the Public Acts of 1969, as amended, being S259.251 et seq. of the Michigan Compiled Laws.

(b) "Air carrier airport" means a facility receiving scheduled air service from certified air carriers licensed under the provisions of 14 C.F.R. S121.1 et seq.

(c) "Commission" means the Michigan aeronautics commission.

(d) "Commission staff" means the Michigan department of transportation, bureau of aeronautics.

(e) "Fundamental development item" means an item necessary to serve the public and the aircraft under safe and satisfactory conditions.

(f) "Loan agreement" means the document signed by the sponsor and commission which specifies the terms and conditions of a loan.

(g) "Non-air carrier airport" means a facility that does not receive scheduled air service from certified air carriers.

(h) "Publicly owned airport" means a facility owned and operated by a legally distinct political subdivision of the state of Michigan.

(i) "Sponsor" means a legally distinct political subdivision of the state of Michigan which owns an airport.

(j) "State airport system plan" means a continuously updated 20-year plan which is compiled by the Michigan aeronautics commission and which identifies airport development projects that are eligible for state funding.

History: 1979 AC; 1982 AACS.

R 259.802 Loan eligibility and priorities.

Rule 2. (1) A publicly owned airport listed in the current state airport system plan or a community which does not have a publicly owned airport but is listed in the current state airport system plan shall be eligible for state loan funds.

(2) State loan funds shall be allocated according to a priority system so as to maximize effectiveness.

(3) Project funding shall be based on the following priorities:

(a) A project at a non-air carrier airport which upgrades an airport to minimum requirements, as described in the fundamental development items, shall have first priority.

(b) A project at a non-air carrier airport involving items not defined as fundamental development items shall have second priority.

(c) A project at an air carrier airport shall have third priority.

History: 1979 AC; 1982 AACS.

R 259.803 Loan applications.

Rule 3. (1) A publicly owned airport sponsor shall initiate a loan request with a letter of application signed by a responsible official. The letter of application shall briefly describe the proposed improvement project.

(2) An application shall be sent to the Michigan Aeronautics Commission, Capital City Airport, Lansing, Michigan 48906.

History: 1979 AC; 1982 AACS.

R 259.804 Commission studies and approval.

Rule 4. (1) The aeronautics commission staff shall conduct a feasibility study of the proposed project upon receipt of the sponsor's application. In conducting its study, the commission shall consider the following factors:

- (a) Projected future growth in the airport service area.
- (b) Engineering design of the project.
- (c) Total cost of the project.
- (d) Financial ability of the sponsor to carry out the project.
- (e) Term of the loan.

(2) The commission staff shall advise the sponsor promptly of the results of the feasibility study.

(3) If the project is accepted, the commission staff shall issue a conditional commitment, subject to the approval of the commission. Commission approval shall not be withheld unreasonably.

(4) The commission staff shall forward the following items to the sponsor upon approval of an application by the commission:

- (a) Model resolution.
- (b) Grant agreement.
- (c) Loan amortization schedule.

History: 1979 AC; 1982 AACS.

R 259.805 Legal opinion of sponsor's loan commitment authority required; loan amount, interest rate, and maturity; principal and interest payments.

Rule 5. (1) A public sponsor shall execute the required documents and shall provide the aeronautics commission with a legal opinion, rendered by an attorney representing the sponsor, on the legal authority of the sponsor to request and commit to a loan. The attorney's opinion shall be dated after the date shown on the loan application.

(2) A loan shall be made in an amount, at an interest rate, and with a maturity, as provided for by the act.

(3) Payments of principal and interest shall be paid promptly pursuant to covenants of the loan agreement at the Financial Services Division, Michigan Department of Transportation, 425 West Ottawa Street, P.O. Box 30050, Lansing, Michigan 48909.

History: 1979 AC; 1982 AACS.

R 259.806 Airport maintenance required; adherence to amortization schedule required; loan default.

Rule 6. (1) The airport sponsor shall adhere to the maintenance requirements specified in the loan agreement. These covenants shall be enforced by the aeronautics commission staff.

(2) The airport sponsor shall adhere strictly to the amortization schedule.

(3) A sponsor shall be held in default and shall be required to immediately repay the outstanding loan balance if loan payments are not made on a timely basis or if the airport is not maintained in accordance with loan agreement specifications.

History: 1979 AC; 1982 AACS.

R 259.807 Records and crediting of payments.

Rule 7. The commission staff shall keep adequate records of loan repayments of principal and interest. Principal and interest payments shall be credited as provided by the act.

History: 1979 AC; 1982 AACSB.