

MINUTES of
AIRPORT BOARD SPECIAL MEETING
May 27, 2020, 2:00 p.m.
ZOOM MEETING

I. **CALL TO ORDER:** Chair Jerry Godkin called the meeting to order at 2:00 p.m.

II. **ROLL CALL:**

Members Present:

Dennis Bedford	Jerry Godkin	Chris Peloso
Al Clough	Dennis Harris	Angela Rodell
Jodi Garza		

Staff/CBJ Present:

Patty Wahto, Airport Mgr.	Jeff Rogers, CBJ Finance Director
John Coleman, Airport Business Mgr.	Teresa Bowen, CBJ Law

Public:

Kent Craford, Alaska Seaplanes

III. **APPROVAL OF MINUTES:** The April 23, 2020, Airport Board special meeting minutes were approved as submitted.

IV. **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS:** None.

V. **NEW BUSINESS:**

A. **CARES Act Grant Use for Airport General Obligation Bond Debt Service.**

Airport Manager Patty Wahto said this is a review of discussions held at the May 7 meeting, which was some ideas for the \$21.7M of Cares Act funds. In these discussions, it was unanimously chosen to use the bulk of it towards operational uses. There was an item on there that the Assembly needs an answer to before they go forward with the budget is the assistance with some of the General Obligation (GO) bond debt service. In particular, under the summary of uses:

\$14M	Airport revenue supplement/COVID expenses
\$3.1M	CBJ (City & Borough of Juneau) bond debt
\$3.0M	Cares Act relief for tenants
\$1.6M	Airport maintenance/small projects (i.e. pothole repairs, etc.)

This is the \$3.1M for CBJ GO bond debt for the terminal. While the Assembly would certainly like to see this carried out for four years, they would be happy to at least get something that parallels the current FY21/22 biannual budget cycle. This would be \$602,375 for FY21 and \$662,625 for FY22 and that way it could be rolled into the budget that is passed using FAA CARES Act funds.

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Finance Director Jeff Rogers said this is on the Assembly's agenda tonight to consider assigning that GO bond debt cost to the Airport knowing that it is a CARES eligible expense. Obviously the Assembly continues to face an unprecedented shortfall and the ability to assign a little bit of general funded costs for an Airport project back to the Airport is obviously attractive to the Assembly given the circumstances. He said there is a bit of a sticky procedural question ... obviously, the Assembly has the authority under the Charter and the Code to write the entire City's budget and assign costs wherever they can be allowably and legally assigned. At the same time, there has historically been a good working partnership between the Assembly and the Airport Board. He thought the Airport Board agreeing to have those debt service costs assigned to the Airport knowing that they are a CARES eligible expense makes the Assembly's job easier. It promotes and enhances the relationship of working together to a common end. He thought that the Assembly has been supportive of Airport projects both with match and inclusion as the Assembly advanced the GO bond. These are strange times and, all of a sudden, the Airport is able to meet this particular need on its own with federal funding as the Assembly finds itself and the community of Juneau really struggling to sustain essential services with the revenue shortfall.

Mr. Rogers said this would support the taxpayers. It is a complicated transaction because the City has taken on general obligation debt that it intended to repay with mill rate derived from the debt service mill rate. In effect, the ability for the Airport to pay its debt service for an Airport project, allows the Assembly to contemplate reducing the debt service mill rate. There are a number of complicating factors, the greatest of which is the Governor's continued veto of school bond debt reimbursement, which has complicated how the mill rate is calculated; complicated how property taxes are spent derived for debt service; and ultimately, the Assembly is going to be required to transfer considerable amounts of general funds into the debt service fund to cover those vetoes. The alternative is to raise the debt service mill rate. The Airport and the Assembly agreeing to have this federal funding coming to the Airport pay that portion of the north terminal project does benefit the taxpayer very directly. It gets lost in a lot of complication in the debt service fund. It does reduce the burden on the taxpayer.

Kent Craford spoke on behalf of Alaska Seaplanes and other tenants that the \$21M CARES grant that was awarded to the Airport should be kept on the airfield. He spoke against a transfer of any of the money downtown. He understood the situation that CBJ is in. He knew they received direct assistance under the CARES legislation as well. CBJ is under an unprecedented budget situation; so is the Airport and this has been discussed at length. Passenger traffic has declined by an astonishing amount. They do not know what it will mean for the Airport finances. It is known that the Airport has four years to use the money and every penny of it may be needed. If there is a decision to proceed with this today, he hoped that the amount of money that is being sent downtown can be as small as practicable, as short a term as practicable, so that it gives the Airport enough leeway to re-assess the situation once the fog starts to lift and there is a better sense of

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what the Airport finances are going to look like as it recovers from the pandemic. He said this is not an Airport project, per se, it is a voter elected project at the airport. The voters approved this GO bond in 2012. The specific question on the ballot was “do we want to obligate ourselves to \$6M in debt to help finance a North Terminal reconstruction at the airport” and they voted, yes. These bonds were allocated and fully funded for the last eight years with the voters’ intent to dedicate them to the North Terminal. This is in some respects an unwinding of the voters’ intent without putting it before them again.

Angela Rodell moved that the Board approve the transfer of \$602,375 for FY21 and \$662,625 for FY22 for Airport General Obligation Bond debt service to the Airport Operations budget for fiscal years 21 and 22 respectively and this payment is to be made from the FAA CARES Act Grant that was made to the Airport.

Board Member Dennis Harris objected to the mischaracterization of using the money to pay bond debt as sending the money downtown. Those bonds were sold to help pay for the project and the Airport has the right to use it and he thought they were doing the right thing. He said the Airport was very lucky to have been granted the possibility of having the project on the ballot. He said he was grateful to downtown in that regard. It could have been a revenue bond which would have cost even more.

Board Member Jodi Garza asked if this money could be used for this purpose. Ms. Bowen, CBJ Attorney, said when this question came up it was very complicated. From their review, it does look like an appropriate expense that they can use the CARES fund for. Ms. Wahto said she has read into this and the bond service debt cannot be for something that already occurred; in other words, a payment to bond service debt that occurred last year. They are very specific about when the debt service can occur. So the debt service for FY21 and FY22 is an allowable cost.

Board Member Al Clough said the motion is consistent with their discussion several weeks ago and it captures the discussion in that their preference was to meter the money out to keep as much available as long as possible in case it is necessary. He supported the motion.

Board Member Angela Rodell supported the motion. She liked that the Board was metering out the funds. She thought it was important to note that there will be years of debt service beyond this time period that the City & Borough of Juneau will be obligated. The City is not walking away. It is money that will be kept on the airfield. It is going directly into the North Terminal. It is being kept on the airfield to keep the Airport a viable and attractive asset of this community. It was determined a long time ago that the North Terminal was really important for all of the tenants to keep the Airport viable and to meet the needs of this community. She thought that it was important that this project continue and it is a way to insure that the project continues and benefits this community

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and that the Board has a way forward with this federal money to partner with the City at a time when, quite honestly, no one knows what the City will look like in a year from now.

Dennis Bedford said in speaking with his constituents at the Airport, he was inclined to hold off on this for a while. He thought it was too soon to encumber the money without a little more time. Personally, he did not think the City was a good steward of the funds. He is not in favor of the motion. *The motion passed by a vote of six to one.*

VI. **ADJOURN**: *Dennis Harris moved to adjourn. The meeting adjourned by unanimous consent at 2:30 p.m.*