

CARB Special Meeting Minutes
WSDOT-Aviation HQ, Conference Room
Friday, January 17, 2020 9:00 am – 10:00 am

The special meeting was called to order by Chair, JC Baldwin, at 9:05 a.m. Present were Board members Jill Anderson, David Fleckenstein, and Dave Chenaar, Program Manager and Secretary to the Board. Richard Bogert, Andy Hover, Rich Mueller, and Michael Echanove participated via teleconference. Jennifer Skoglund and John Dobson did not participate.

Agenda/Schedule: The special meeting was convened to discuss revising the loan limit of \$750,000 that was tabled at the last CARB meeting on December 12, 2019. Chair JC reminded the Board to limit discussion to that topic only.

Loan Limits: Dave C. began the special meeting by summarizing the reason for the special meeting and the results of the project selection process. Seven (7) projects were selected by the Board totaling \$3.19M. Initial Offers of Financial Assistance (IOFA) were sent to the selected applicants. Andy Hover asked for confirmation of the maximum available funds and the current loan limit. Dave C. responded that \$4.74M was available for loans after holding back \$260K for program administrative costs and that the current loan limit set by the Board of \$750,000. \$1.55M was remaining for a second round of projects.

After sending the IOFAs and the loan assurances, two (2) of the private airports declined the funding. Those two airports were Floathaven SPB awarded \$150,000 and Whidbey Airpark awarded \$750,000. The two airports indicated after reading the loan assurances, they were unable to meet the loan requirements. Specifically, Floathaven SPB stated they could not meet the intent of the program by ensuring the seaplane base would remain open to the public for one and one-half the length of the loan. Whidbey airpark had concerns regarding prevailing wage, minimum state and federal airport standards, revenue requirements, and public access to financial records. The decline of these two IOFAs increases the amount of available funds to \$2.29M.

An additional issue has been the City of Auburn's award of \$750,000. Originally, they had requested a minimum of \$1.3M loan to purchase land adjacent to the airport for a hangar project. The current loan limit capped the award to \$750,000. The City is unsure that amount will be adequate for them to move forward on the project. If they cannot proceed, the available funds would increase to a total of \$3.2M. However, David C. stated that he had been contacted by more airports on both side of the State interested in a CARB loan. These potential projects range from more hangars, utilities extensions, land acquisition, and a paid parking facility.

David F. provided comments based on feedback from airports and the Washington Airport Managers Association (WAMA). They expressed concerns that the cost of the construction and the current loan limit was prohibiting some of them from applying because they would have to secure additional funding sources. The aforementioned City of Auburn project had also communicated that \$750,000 may be insufficient due to the high cost of land in King County. Andy stated that since we had already established a loan limit, he raised the question "If we were to raise the loan limit, could existing projects come back and apply for an amendment to their award?" David F. responded he was unaware of anything prohibiting it in our bylaws. Andy concurred it would be the only fair way to do it because the board limited an applicant's project scope to that amount. David F. agreed and asked Dave C. to confirm that several submitted projects exceeded the amount of funds awarded and how that process would

work. Dave C. confirmed and explained they would re-apply for the additional funds unless the Board preferred to allow them to simply make a request with justification for an increase in award.

Andy asked when the Board set the loan limit, was it project specific or loan specific. David F. answered it is loan specific. Andy responded why applicants couldn't just apply in the 2nd round for another \$750,000 loan for the same project? JC agreed she liked that option because it would allow more airports a chance to apply for funding. Discussion ensued over project costs and the project planning/budgeting process. JC summarized that this highlights the need for additional program funding and reiterated her preference to retain the current loan limit. Rich Mueller agreed that the Board should not drift away from the original intent and purpose of the program that was established. He added that during the selection process the Board rejected a project that was separated into two loans and that making this change may be seen as a reversal of a decision previously made. Dave C. clarified that was not the sole reason but that it was a factor in the Board's decision. Rich concluded that we should retain the current limit. Richard Bogert agreed and cautioned the Board of "mission creep" from our original mission and purpose. He explained that trying to accommodate everyone's desire ultimately leads to making our stated mission meaningless and the Board should hold fast to our mission until such time the Board changes that mission.

Andy asked how we value large land purchases compared to smaller airport improvements like fueling facilities and dock replacements. He added if we increase the funding level, we'll encourage larger loans that will severely limit the number of projects funded. David F. agreed. Rich inquired about the State's classification for Auburn airport compared to other funded airports. Dave C. responded that it is classified as a "community" airport. David F. clarified that the issue does not just involve the Auburn airport. Jill Anderson asked if there were any concerns that funds would be "left on the table" if the Board failed to raise the loan limits. David F. stated it is possible but asked how many additional airports are expected to apply for the second round. Dave C. responded that we only have a partial picture of potential applications. To date we have received an additional half-dozen inquiries for funding that we could expect as applicants. Not all inquiries included a cost estimate, however, the remaining inquiries ranged from \$600K to \$1.1M with one being less than \$200K. Given that it is difficult to estimate the number of loans and the amounts requested, Dave C. believed the Board had initially selected the loan limit based on two factors; 1) an established grant limit of \$750K and 2) the desire to fund multiple projects. Contrary to our logic, the Director of CERB shared with the Board on November 8th, that loan limits were a larger deterrent for applications than the interest rate and suggested the Board may want to reconsider the limit.

David F. asked how much time the Board had to expend to commit these funds. Dave C. responded we have until June 30, 2021 to obligate the funding. David F. thought there are two factors to consider; the Board has time to reconsider and the CARB bill is active in this legislative session. Regarding the latter, he is unsure how the disposition of the funds may impact the support and passage of the bill. Andy asked whether applications had been submitted. Dave C. clarified we have not received any applications; only inquiries. Since we were not able to award all the funding, the Board was aware of the need to conduct a second call for projects. We have been waiting on announcing the 2nd round of funding based on the determination from this meeting. Our intent is to post a notification calling for applications by Tuesday, January 21.

JC concluded that she would like to retain the current loan limit. She concurred with the importance of staying consistent during the first year of the program. JC also thought it was important to be cognizant of the current legislation and that the Board will be able to award the remaining funds during the 2nd

round call for projects. Richard added that given a maximum of \$3.2M, awarding \$750K per project funds about four projects. Based on the interest shown, it should not be difficult to award the remaining funds without increasing the loan limit. Andy agreed and added that in the first year it would not be prudent to change “mid-stream”. The topic could be revisited in the second year after review of the program. Michael Echanove also agreed and recommended the Board “stay the course”. Rich concurred with the other members. The Board consensus was to not change the loan limit at this time.

JC asked what was necessary to initiate the 2nd call for projects. Dave C. stated that we are ready to make the announcement but need to reconsider the next Board meeting date to accommodate receiving, reviewing, and scoring the applications. At the December 12th Board meeting, members had selected March 5th for the next meeting. Board members would like to give applicants more time to submit projects and suggested moving back the next meeting to either late March or Early April. Discussion ensued and the Board decided to meet on Thursday, April 2nd, between 9:00 am to Noon at WSDOT Aviation Headquarters in Tumwater.

Comments/Next Board Meeting: JC thanked the Board for their participation. A meeting request notice will be sent to members shortly.

Meeting was adjourned at 9:58 am.

David Chenaur, Acting CARB Secretary

Date: _____