



**Airports: CARES Act
Oversight Compliance
Considerations**

Presenters



Alethia Nancoo
Partner
Public & Infrastructure
Finance



Margaret Daum
Partner
Public Policy



Rodney Slater
Partner
Former US Secretary of
Transportation



Bill Shuster
Public Policy Advisor
Former Congressman and
Chairman of the House
Transportation and
Infrastructure Committee

Agenda

**Overview of CARES
Act Relief for Airports**

**Documentation &
Audit Requirements**

**Federal Oversight of
Airport Stimulus
Funds**

**Airport Stimulus Funds
& Compliance with
Current Agreements**

Overview

- The US Department of Transportation (USDOT) announced the award of \$10 billion to airports from the Coronavirus Aid, Relief, and Economic Security (CARES) Act
- The FAA encourages airport sponsors to spend the grants funds immediately to help minimize the financial impact to airports due to the pandemic
- Is \$10 billion enough?

Overview

- The funds are available from the FAA for airport capital expenditures and airport operating expenses including payroll, utilities and airport debt payments
- The CARES Act also provides funds to increase the Federal Share to 100% for grants awarded under the fiscal year 2020 appropriations for the Airport Improvement Program (AIP) and Supplemental Discretionary grants
- USDOT said providing this additional funding and eliminating the local share will allow critical safety and capacity projects to continue as planned regardless of airport sponsors' current financial circumstances
- Is there an argument for the Federal Share to be 100% beyond FY 2020 AIP?

CARES Act Airport Grants

Required Documentation to Process Payments

- Reasonable and customary documentation for payroll, operational and debt service costs
- Additional documentation for new airport development (i.e., construction, airport modifications or real property acquisition)
- Additional documentation for payments for:
 - Airfield installations, equipment signage and markings
 - Payments to sponsor's non-airport accounts

CARES Act Airport Grants Documentation and Audit Requirements

- Sponsor and FAA accountability is extremely important
- All payment requests require supporting documentation similar to the level of details required by AIP grants
- Airports must retain complete records to support grant payments
- Grant subject to audit to prevent improper payment

Oversight Lessons Learned from TARP and Stimulus

- Oversight will be aggressive and far reaching
- Watchdogs will interpret their mandates broadly
- Investigations may have wide-ranging consequences for airport industry

New CARES Act Oversight Mechanisms

- Special Inspector General for Pandemic Recovery (\$25 million)
- Pandemic Response Accountability Committee (\$80 million)
- Congressional Oversight Commission (\$TBD)

Additional Oversight Mechanisms

- Government Accountability Office (\$20 million)
- Federal Inspectors General (\$148 million)
- House Select Committee (\$TBD)
- Proposed 9/11-type Commission (\$TBD)

How to Prepare for Oversight

- Strong upfront controls
- Detect and remediate weaknesses
- Independent audits and compliance reviews
- Ongoing political and reputational risk assessment

CARES Act Airport Grants and Compliance with Current Agreements

- How does authorizing statute/enabling act treat grant funds?
- How does indenture or bond ordinance treat grant funds?
- If not Revenues under bond documents, can funds still off-set debt service otherwise obligated?
- How does Use and Lease Agreement treat grant funds?

Q&A

- Is this relief enough for airports?
- Thoughts on additional funding for airports?

Contact Us



Alethia Nancoo
Partner

alethia.nancoo@squirepb.com



Margaret Daum
Partner

margaret.daum@squirepb.com



Rodney Slater
Partner

rodney.slater@squirepb.com



Bill Shuster
Public Policy Advisor

rodney.slater@squirepb.com

Squire Patton Boggs – COVID-19 Resources

COVID-19 continues to impact businesses globally, posing changes and challenges in your day-to-day operations. Please utilize the resources below from our firm to stay up to date on the latest COVID-19 news and manage related business impacts:

[COVID-19 Resource Hub](#) – 24/7 monitoring and regular updates on current coronavirus legal, regulatory and business continuity issues across our global platform, including how business is responding to potential new and existing ramifications

[Coronavirus Contingency Planning Risk Assessment Tool](#) – A complimentary mapping tool, including optional contingency planning template. Within 24 hours, you will receive a summary mapping factors your business has not yet considered, together with benchmarking information collated from assessments completed by other businesses



SQUIRE 
PATTON BOGGS



[squirepattonboggs.com](https://www.squirepattonboggs.com)