

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF
DIRECTORS OF THE SALINA AIRPORT AUTHORITY
JANUARY 21, 2009
M. J. KENNEDY AIR TERMINAL CONFERENCE ROOM**

Call to Order

The meeting was called to order at 8:00 A.M. by Vice Chairman Sager Miller.

Attendance

Attendance was taken. Vice-Chairman Sager Miller, Directors Ryan, Thompson and Vancil were present. Chairman Hardman joined the meeting at a later time. Also present were Executive Director Tim Rogers; Manager of Administration and Finance Shelli Swanson; Manager of Operations David Wiles; Manager of Facilities Kenny Bieker; Marketing and Public Relations Specialist Laura Robertson; Temporary Executive Assistant Cathy Lentz and Board Attorney Greg Bengtson. Bruce Boyle, SLN ATCT; Salina City Commissioner Aaron Peck, Saline County Commissioner Randy Duncan; Aaron White, Salina Area Chamber of Commerce; Former Board Member Bill Horton; and Tim Unruh, Salina Journal were guests.

Executive Director Rogers introduced the guests present. Rogers stated that Chairman Hardman had been delayed, and will be present as soon as possible. The meeting was turned over to Vice-Chairman Sager Miller.

Additions to the Agenda

Vice-Chairman Sager Miller asked if there were additions to the Agenda. Executive Director Rogers stated that there were no additions to the agenda, but if the Board members had any questions on the Former Schilling AFB project, time would be allotted at the end of the Board meeting.

Minutes

Vice-Chairman Sager Miller asked if the Board members had any additions or corrections to the minutes of the December 30, 2008 regular Board meeting. Director Thompson moved, seconded by Director Vancil to approve the minutes of the December 30, 2008 meeting as prepared. Motion passed unanimously.

Airport Activity and Financial Reports

Executive Director Rogers reviewed air traffic, fuel flowage and passenger enplanements for the month and year ending December 31, 2008. Rogers commented that the 71,575 aircraft operations during 2008, a 6% decrease as compared to the 2007 count, was actually better than expected due to the extended closure of the Airport's primary runway during the summer

construction project on connecting taxiways. The month of December marked an increase of 29% as compared to the same month in 2007.

Rogers reported on the total aviation fuel delivered at the Airport during 2008. For the year, 3,114,515 gallons of fuel was sold and delivered at Salina. The composition of fuel flowage at the airport for the year was as follows: America Jet 44%; Flower Aviation 51%; KSU-Salina 3% and Blue Beacon and Salina Aircraft Services combining for 2% of the total fuel sold. The primary fuel sold was Jet-A with 98% of sales. Av-Gas sales totaled only 2% of sales. The percentage of fuel delivered to military aircraft has risen in recent years from 8% of the total fuel delivered during 2004 to 13% delivered during 2008.

Rogers remarked on the increase in passengers boarding scheduled air service at the Airport during 2008 as compared to 2007. Great Lakes Airlines carried 398 passengers from Salina during December 2008 marking a 40% increase over the same month a year ago. The 2008 year-to-date increase was 58% with 4,654 passengers boarding both scheduled air carrier and charter flights from Salina.

Manager of Administration and Finance Swanson reviewed the financial statements for the month and year ending December 31, 2008. Swanson noted that operating income came within one percent of budgeted income and total operating expenses arrived at 6% over budget. Swanson commented on the fixed asset additions for the year noting that capital asset additions reached \$8.9 million. Swanson stated that although the financial statements are preliminary due to year-end work yet to be completed, significant changes to the statements are not anticipated and such adjustments will be highlighted with the board during the presentation of the audited financial statements. Vice Chairman Sager Miller directed the staff to file the financials for audit.

Executive Director Rogers stated that the first meeting of the 2008 Financial Statement Audit Committee would be held on January 28. At their first meeting, the committee will review the work plan for the audit of the 2008 financial statements.

Chairman Hardman entered the meeting and resumed the meeting.

2009 SAA Budget Summary

Executive Director Rogers presented the Board with an updated Section 4 of the SAA's 2009 Budget Report. The 2009 Goals, Objectives and Projects section of the report was updated to include project schedules and significant milestones dates. Rogers also commented that opportunities to reduce 2009 SAA operating expenses were under review and already nearly \$10,000 in reductions had been identified.

Further relating to 2009 operating expenses, Rogers reviewed the premium expense for the Authority's 2009 property and liability coverages. Rogers presented the Board with a summary of coverage descriptions, limits and premiums for 2008 and 2009 comparatively. Rogers noted that the significant increase in the property premium is a result of the insurable values increasing by approximately \$6 million as a result of the newly construction Hangar 600. The total increase in rate for the property coverage was less than 1.5%. Rogers also noted the increase in equipment acquired during 2008 also affected the total premium and expense. Rogers noted that the optional terrorism coverage at \$11,482 per year was declined. Rogers stated we are reviewing all available property deductible options. The Authority's current deductible is \$10,000 per occurrence. With payroll expense increasing, the worker's compensation insurance premium

also increased by \$1,733. Rogers further reviewed the coverages stating that the premiums came in higher than budgeted and that SAA staff would be reviewing ways to reduce other expenses to help offset the increase in premium. Rogers also noted that the intent and goal is to lease the Hangar 600 facility on a triple net basis, hence transferring the insurance premium expense to the ultimate tenant. Rogers also reported on the Aviation and General Liability coverage through AIG that has remained flat for many years with respect to premiums. AIG has continued to insure both the Airport and Airport Industrial Center liability; which as Rogers noted, is very uncommon and something other carriers would not likely offer at the rate the SAA is currently receiving.

Chairman Hardman questioned the timing of the receipt of the premiums and asked if we had explored other options such as a changing the renewal date in order to provide earlier notification of the coming year's premium expense. Rogers noted that we had, but noted that his experience with renewals is that regardless of the renewal date, carriers are not likely to lock-in rates much earlier than what we have been receiving them. Chairman Hardman stated that the rates coming in at the last week of the year was unacceptable and that we should express our dissatisfaction to our insurance company. Hardman noted that we should request that the premiums be received 90 days prior to the start of the plan year. Rogers stated he appreciated the comments from the Board.

Staff Reports

Manager of Operations David Wiles stated significant changes have been made to the Airport Rescue and Fire Fighting (ARFF) department at Salina. Wiles stated one change is the protective clothing worn by the fire fighters, which allows the fire fighter entry into a burning fuselage. Wiles introduced ARFF Team Leader Dave Nease and ARFF Specialist Alan Mason. Wiles stated that Nease has been with the Airport Authority for 23 years; Mason for 1 3/4 years. Wiles presented the ARFF staff members with certificates marking completion of the State of Kansas fire service training course. This training will enable the fire fighters to serve as certified fire service instructors.

Calendar of Events

Executive Director Rogers stated the FAA's 2009 Airport Inspection is scheduled for February 4-5. Rogers stated he should be able to report to the Board the results of the Inspection at the February Board meeting.

Marketing and Public Relations Specialist Robertson commented on the new calendar format, showing in detail what is going on at the Salina Airport Authority for the next few months.

Executive Session

At 9:00 A.M. Director Ryan moved to recess the open meeting until 9:20 A.M for an executive session for the following:

1. Discussing matters of non-elected personnel for the reason that public discussion would violate the individual's privacy rights.

Director Vancil seconded the motion. Motion carried unanimously.

At 9:20 A.M., the executive session was extended until 9:30 A.M.

The Open meeting resumed at 9:30 A.M.

Executive Director Rogers asked the Board if there were any questions related to the Schilling Project. There were no questions.

Upon a motion duly made, the meeting adjourned at 9:35 A.M.

Minutes approved at the February 18, 2009 Board meeting.

Secretary