

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF
DIRECTORS OF THE SALINA AIRPORT AUTHORITY
NOVEMBER 18, 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 Thompson.

Attendance

Attendance was taken. Directors Hassler, Thompson, Hardman, and Vancil were present. Also present were Executive Director Tim Rogers; Manager of Administration and Finance Shelli Swanson; Manager of Operations David Wiles; Manager of Facilities Kenny Bieker; Manager of Public Affairs and Communications Melissa McCoy; Executive Assistant Kasey Windhorst, KSU Salina Intern Glenda Branch and Board Attorney Greg Bengtson. Jim Gregory, James Gregory Consultancy; Bruce Boyle, SLN ATCT; Former SAA Board Member Bill Horton, Aaron White, Salina Area Chamber of Commerce; Darrin Neuschafer, Salina Area Chamber of Commerce Board Chairman; John Reynolds, Saline County Commissioner; Tim Unruh, Salina Journal; and Mr. & Mrs. Art Adams were guests.

Additions to the Agenda

Vice-Chairman Thompson asked if there were any additions to the agenda. Executive Director Tim Rogers stated addition of item 8A to update Board on the former Schilling AFB Environmental Legal Council.

Minutes

Vice-Chairman Thompson asked if the Board members had any additions or corrections to the minutes of the October 21, 2009 regular Board meeting. Hardman moved, seconded by Vancil, to approve the minutes of the October 21, 2009 regular meeting. Motion passed unanimously.

Airport Activity and Financial Reports

Executive Director Rogers reviewed airport activity for the month ending October 31, 2009. October 2009 operations of 5,258 were 35% less than the same period last year with 8,125 operations. The difference is due to Hawgsmoke 2008. Rogers stated the SAA 100LL Avgas self-service station was operational on October 15, 2009 and monthly fuel sales will be reported in the airport activity report and financial statements.

Rogers commented on the continued decrease in passenger enplanements during the month of October. Great Lakes Airlines has cancelled flights from SLN-DEN effective December 1, 2009. In mid-December the U.S. Department of Transportation will issue an order requesting bids from interested air carriers for a 2010-2012 Essential Air Service (EAS) program contract to provide Salina with continued scheduled air service. Director Vancil questioned the number of anticipating bids to be received. Rogers stated 2 air carriers have expressed interest.

Manager of Administration and Finance Swanson reviewed the financial statements for the month ending October 31, 2009. Total assets are up 12% as compared to October 2008 along with total liabilities increasing by 16%. Operating income reached \$1.7 million down by 3.9% over the same period in 2008. Total revenues are tracking 9% under budget year-to-date with total operating expenses tracking 3% over budget. Swanson reported on significant capital expenditures and noted several new accounts listed related to the self-fuel station. Vice-Chairman Thompson directed the staff to file the financials for audit.

Real Estate Purchase

Executive Director Rogers introduced Mr. & Mrs. Art Adams to the Board. Rogers briefed the board on the proposed real estate purchase that includes a lot and building located immediately adjacent to the portion of the former ordinance area that is again being used for storing military practice ordinance. The Adam’s lot and storage building can easily be incorporated into the practice ordinance storage area and further enhance SAA’s ability to support military aviation units deploying to Salina for training. Rogers discussed the 2009 budget changes to fund the purchase. Director Hardman questioned if additional improvements would be required. Rogers stated that security fencing improvements would be completed but no other items at this time. Director Hardman moved to approve the proposed purchase of land and building from Art and Mary Adams for \$35,000 and authorize Salina Airport Authority Board officers and Executive Director to execute all associated documents. Director Vancil seconded the motion. Motion carried unanimously.

B412 Lease Agreement

Rogers briefed the board on the proposed lease agreement with the State of Kansas, Kansas Military Board for use of SAA Bldg. No. 412. The building will provide the Kansas Guard 13,460 sq. ft. of office, shop, and warehouse for classroom and training activities. To prepare for occupancy the Airport Authority will complete interior improvements at a cost of \$278,100. Improvement cost is based upon the low bid received by Busboom and Rauh Construction at a October 15, 2009 bid opening. All improvement cost will be recovered over the first five years of the lease at a rate of 7.5%. The proposed lease terms are:

- Lease Term: Five (5) years
- Options: One additional term of five (5) years
- Basic Rental: \$6,415 per month
\$76,980 per year
\$5.64 per sq. ft. per year
- CPI Adjustment: January 1, 2012 - \$6,777/mo.
January 1, 2014 - \$7,160/mo.
January 1, 2016 - \$7,565/mo.
January 1, 2018 - \$7,992/mo.
- Improvement Rental: Sixty (60) payments of \$5,572 per month

The State of Kansas, Kansas Military Board requested a pre-determined fixed CPI adjustment. Director Thompson questioned the previous use of Building No. 412. Rogers reported the Airport Authority acquired the facility in 2006 which was previously owned by Flickenger. Director Vancil moved to approve the proposed B412 lease agreement with the State of Kansas, Kansas Military Board and authorize the Salina Airport Authority Board officer to sign the agreement. Director Hardman seconded. Motion passed unanimously.

SLN Aviation Service Center Marketing and Recruiting

Executive Director Rogers updated the board on the ongoing marketing process and reviewed each available property’s best use and potential tenants. Rogers highlighted several significant marketing strategies and Economic Development Administration (EDA) grant funds available. The Salina Airport Authority estimated total improvements to cost \$4.5 million. Improvements include, items such as; energy efficiency of buildings, upgrade and replacement of existing hangar doors, and improvement of taxiways and ramp space. Director Thompson questioned other possible locations whom have available property to market. Jim Gregory, James Gregory Consulting stated multiple cities are experiencing similar situations and have been very competitive as well. Gregory is pleased with Salina’s approach and continues to receive positive responses from potential tenants. Salina Chamber Board Chairman, Darrin Neuschafer reported that the Chamber has seen an increase in site information requests during the

past 6-8 weeks and the Kansas Department of Commerce has requested additional information to provide to multiple prospects. Gregory mentioned the possibility of working with multiple real estate firms. Director Vancil inquired as to a specific firm who specializes in the aviation industry. Gregory stated some firms have more knowledge and experience with aviation facilities. He would work with the executive director to identify the most qualified. The Board directed the executive director to proceed ahead with identifying potential real estate firms to assist with marketing available facilities at SLN.

Former Schilling AFB Environmental Legal Council

Board Attorney Greg Bengston announced the engagement of Stinson Morrison Hecker, LLP as new environmental legal counsel. Executive Director Rogers stated the new firm is well underway preparing for settlement of negotiations with the U.S. Department of Justice.

2010 FAA AIP Grant Project

The SAA staff recently received notification from the Federal Aviation Administration (FAA) that the design of the new Aircraft Rescue and Firefighting (ARFF) station is eligible for AIP grant funding. Rogers reviewed the rules and regulations outlining the process for consultant selection. The consultant selection committee will provide their recommendation to the Board at the next regularly scheduled meeting.

Staff Reports

Manager of Operations Gunner Wiles updated the Board on ongoing military operations at SLN and commented on the economic impact of visiting military units to the City of Salina and Saline County.

Manager of Marketing and Public Relations McCoy reported on the revision of the SAA's website.

Upon a motion duly made, the meeting adjourned at 9:29 a.m.

Minutes approved at the December 16, 2009 Board meeting.

Secretary

(SEAL)