

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF
DIRECTORS OF THE SALINA AIRPORT AUTHORITY
MAY 19, 2010
M. J. KENNEDY AIR TERMINAL CONFERENCE ROOM**

Call to Order

The meeting was called to order at 8:00 A.M. by Chairman Thompson.

Attendance

Attendance was taken. Directors Thompson, Vancil, Miller, Hardman, and Hassler were present. Also present were Executive Director Tim Rogers; Manager of Administration and Finance Shelli Swanson; Manager of Operations Gunner Wiles; Manager of Facilities and Construction Kenny Bieker; Executive Assistant Kasey Windhorst; Administrative Assistant Gretchen Engstrom and Board Attorney Greg Bengtson. Laura Seaton, Clark Mize & Linville; Bruce Boyle, SLN ATCT; Salina Area Chamber of Commerce President Dennis Lauver; Saline County Commissioner Jerry Fowler; and Salina City Commissioner Luci Larson were guests.

Additions to the Agenda

Chairman Thompson asked if there were additions to the Agenda. Executive Director Rogers stated that there were no additions to the agenda.

Minutes

Chairman Thompson asked if the Board members had any additions or corrections to the minutes of the April 21, 2010 regular Board meeting. Director Miller moved, seconded by Director Hardman to approve the minutes of the April 21, 2010 meeting as prepared. Motion passed unanimously.

Airport Activity and Financial Reports

Executive Director Rogers distributed and discussed the ongoing marketing efforts for Salina's new air carrier SeaPort Airlines. Rogers reported that operations during the month of April were up 1.3% as compared to the same period last year. The increase was due to increased itinerant flights and additional military operations. Both FBO's are noticing the impact of the marketing support provided by the Airport Authority. Fuel sales increased in gallons delivered during the past two consecutive months of March and April.

Manager of Administration and Finance Swanson reviewed the financial statements for the month ending May 31, 2010. Swanson reported that operating revenue is 5% over budget and total operating expenses arrived at 1% over. Overall, operating revenue is tracking 30% ahead of last year and operating expenses are nearly equal to last year; arriving within 1.2%. Chairman Thompson directed the staff to file the financials for audit.

Comprehensive Annual Financial Report

Manager of Administration and Finance Swanson presented the draft 2009 Comprehensive Annual Financial (CAFR) report to the board. Swanson highlighted several significant items related to the capital expenses and updates based upon the 2008 recommendations by Government Finance Officers Association (GFOA). Rogers briefed the board on the environmental section of the draft CAFR noted on page (40), note (F). The final 2009 CAFR will be presented to the board at the June board meeting.

2010 G.O. Bond and Temporary Notes

Executive Director Rogers distributed the 2010 – 2024 report that summarizes 2010 bond debt service payments and mill levy requirements. Rogers reported that a 2010 temporary note issue will provide additional time needed to lease H600 and put long term financing in place. A 2010 temporary note issue will also be sized to finance improvements to certain HBC buildings. Director Thompson questioned the issuances of the temporary notes with the mill levy calculation. Rogers stated the temporary notes are included in the 2011 mill levy calculation – only long term bond payments. Staff will provide the option of using a portion of mill levy receipts for temporary note capitalized interest.

SAA Resolution No. 10-01

Rogers introduced Laura Seaton with Clark, Mize, and Linville. Seaton briefed the board on key components of the newly formatted Foreign Trade Zone (FTZ) application as well as the benefits to local business and economic development. The application has been prepared in partnership with Sedgwick County, the operator of FTZ No. 161. The new application conforms to all current Foreign Trade Zone Board requirements.

Rogers requested the board's approval of SAA Resolution No. 10-01 authorizing the executive director of the Salina Airport Authority to file an application with the U.S. Foreign Trade Zones Board for approval of a non-contiguous expansion of FTZ No. 161 to include the Salina Municipal Airport and Airport Industrial Center and to sign and file the application letter. Director Hardman moved, seconded by Director Miller to approve SAA Resolution 10-01. Motion passed unanimously.

M.J. Kennedy Air Terminal Building Improvements

Executive Director Rogers commented that the departure of Great Lakes Airlines and TSA staff has allowed for building improvements in addition to a new HVAC system for the terminal building. The low bids received for the HVAC project, provide funds for additional work. The budget for all improvements is \$170,000. The combination of the 2010 budget for HVAC improvements (\$120,000), other terminal building improvements (\$36,000) and communication equipment (\$14,000) provides total budget funding (\$170,000) for the project without a negative impact on 2010 cash flow. Rogers distributed and highlighted several significant items in the budget detail report. Director Hardman questioned the carpet expense provided in the report. Rogers noted that in addition to the lobby area patching, the SeaPort offices behind the ticket counter will be carpeted. Director Hardman inquired on the status of the new terminal building development. Rogers stated that it would be a minimum of 5 years before any new development would take place. Director Vancil moved to approve the M.J. Kennedy Terminal building improvements in amount not to exceed \$170,000. Director Hassler seconded. Motion passed unanimously.

Aircraft Storage Hangar Design

Manager of Facilities and Construction Bieker presented the set of 75% complete design plans for new aircraft storage hangars. Bieker reviewed specs and noted the multiple sizes of the hangars with multiple options for aircraft storage. Current and future tenants have already previewed the proposed hangar design.

Executive Session

At 9:05 A.M. Director Vancil moved to recess the open meeting until 9:30 A.M. for an executive session for the following:

Consultation with SAA's legal counsel on a matter deemed to be attorney-client privileged for the reason that public discussion would breach the attorney-client confidentiality.

The Open meeting shall resume in the Salina Airport Authority Conference Room at 9:30 A.M.

Director Miller seconded the motion. Motion carried unanimously.

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

Following executive session, Director Hardman moved to authorize the filing of suit on behalf of the public entities against the United States of America for the purpose of

- (1) recovering all allowable costs resulting from the hazardous substance contamination at the former Schilling Air Force Base and
- (2) securing needed response and remediation efforts to clean up the contamination in the event successful negotiation with the United States of America to accomplish these objectives is not concluded before May 29, 2010.

Seconded by Director Hassler. Motion passed unanimously.

Staff Reports

Manager of Operations Wiles commented on the upcoming military operations that will be held at H600 for a 30 day Canadian Forces deployment to Salina.

Manager of Facilities and Construction Bieker reported on remaining 2010 construction projects which include Taxiway Alpha, Foxtrot and Hotel rehab to be funded by the Kansas Airport Improvement Program (KAIP) grant funds.

Rogers briefed the board on several significant upcoming events which include the SeaPort Airlines Chamber After Hours on June 10, 2010 and the Wings of Freedom static display to be held July 12 – 14, 2010.

Upon a motion duly made, the meeting adjourned at 9:47 A.M.

Minutes approved at the June 16, 2010 Board meeting.

Secretary

(SEAL)