

**MINUTES OF THE REGULAR MEETING OF THE BOARD  
OF DIRECTORS OF THE SALINA AIRPORT AUTHORITY  
JULY 15, 2020  
HANGAR 600 FIRST FLOOR CONFERENCE ROOM**

**Call to Order**

The meeting was called to order at 8:00 AM by Chairman Alan Eichelberger. Chairman Eichelberger confirmed that a quorum was present and the meeting notice was published.

**Attendance**

Attendance was taken. Chairman Eichelberger, Directors Buer, Gunn, and Weisel were present. Also present were Executive Director Tim Rogers; Director of Administration and Finance Shelli Swanson; Business and Communications Manager Kasey Windhorst and Attorney Greg Bengtson. Melissa Hodges, Salina City Commissioner and Mitch Robinson, Salina Community Economic Development Organization were guest.

**Additions to the Agenda**

Chairman Eichelberger asked if there were any additions. Executive Director Rogers stated there were no additions.

**Minutes**

Chairman Eichelberger asked if the board members had additions or corrections to the minutes of the June 17, 2020 regular board meeting. Director Gunn moved, seconded by Director Buer, to approve the minutes of the June 17, 2020 board meeting. Motion passed unanimously.

Chairman Eichelberger asked if the board members had additions or corrections to the minutes of the June 24, 2020 special board meeting. Director Gunn moved, seconded by Director Weisel, to approve the minutes of the June 24, 2020 special board meeting. Motion passed unanimously.

### **Airport Activity and Financial Reports**

Executive Director Rogers reported on airport activity for the month of June 2020. The Salina Air Traffic Control Tower (ATCT) recorded 5,846 operations during June 2020, which was a 31% decrease compared to the same period last year. A total of 22,302 operations have occurred year-to-date which is a 41% less than the June 2019 year-to-date total of 37,986. June fuel flowage came in at 105,987 gallons which was 33% less than the June 2019 total of 157,376 gallons. A total of 837,609 gallons have been delivered on the airport during 2020 which is a 11% decrease from the 2019 total of 940,702. Jaded Thunder 20.2 and Ft. Riley APOE/D flights are expected to result in significant fuel deliveries during August. SkyWest reported 228 enplaned passengers for the month of June which was an 87% decrease compared to the June 2019 total of 1,727 passengers. The Fly SLN marketing campaign has been resumed with key the key messages of “Be Here,” “Be There,” “Make a Clean Getaway,” “Think Vacation,” and “Book Your New Normal.”

Director of Administration and Finance, Shelli Swanson reported on the financials for the month of June 2020. Total operating income arrived within 2% under budget and is tracking 8% ahead of the same period last year. Administrative and maintenance expenses ended up 7% under budget. Year-to-date net operating income before depreciation equaled \$90,320. SAA staff have submitted 365 eligible invoices totaling \$585,992.33 to the FAA for reimbursement under the

CARES grant. The grant balance remaining is \$1,250,085.67. The grant funding is reported in contributed capital on the profit and loss statement under other income and is for the purpose of reimbursing the Authority for airport operation and maintenance expenditures. Chairman Eichelberger directed staff to file the financials for audit.

### **Airline Industry Recovery Status and Fly SLN Marketing Updates**

Executive Director Rogers presented an overview of the U.S. airline industry recovery post COVID-19 as prepared by Gary Foss, air service consultant. Rogers noted that nationally; passenger enplanements are slowly returning to pre-COVID19 levels. The return of non-stop flights to ORD offer Salina travelers' connections to over 100 destinations. Local passenger enplanements are slowly recovering, and advanced bookings are trending up. SLN fares continue to be at or below our \$75 maximum differential threshold.

Rogers updated the board on the Fly SLN marketing campaign which includes digital and video ads, social media post, and native ads. Within the first two weeks of the relaunched campaign, we registered 351,756 impressions with above industry standards for click through rates (CTRs). The use of digital media has been improved to better communicate Fly SLN messaging.

### **Hangar H600 Lease Agreement with Kansas State University Polytechnic**

Director of Administration and Finance Swanson reviewed the proposed Kansas State University Polytechnic lease agreement for a portion of Hangar H600. The Applied Aviation Research Center has leased a portion of the hangar for operations since June 2018. The new agreement provides for an increase in square footage from 9,734 sq. ft. to 13,350 sq. ft. as a result of adding

one additional office/brief room and increasing the hangar floor space. The proposed terms are as follows:

- Term:** Three years with two 1-year options to renew
- Rental:** \$6,432.93/month or \$5.78/SF/Year
- Additional rental:** Pro-rata share of electricity, water and natural gas
- Rate adjustment:** Every 24-months during term and renewal options
- Fiscal Necessity:** Lessee has right to terminate with 90-days written notice

Director Buer moved to approve the Lease Agreement with Kansas State University Polytechnic for the leasing of 13,350 Sq. ft. in hangar H600. Seconded by Director Gunn. Motion passed unanimously.

### **Building B824 Remodeling, Financing and Leasing**

Executive Director Rogers updated the board on the status of the Building 824 remodeling project. Swanson noted construction bids have been received for the remodel of Bldg. 824 and the construction of a 1.9-acre equipment storage yard and employee parking lot. The bids received exceeded the total project budget of \$480,000. SAA staff reached out to sub-contractors and received revised bids in the amount of \$430,000. Swanson commented on the finance lease structure and tenant negotiations. Director Eichelberger requested to review the sublessee's financial statements that include; current assets to current liabilities, debt to tangible net worth ratio, and amount of global debt service. Rogers noted a financial statement analysis will be completed.

## **B824 Financing**

Chairman Eichelberger and Director Buer abstained from discussion and exited the conference room. Swanson reviewed the following summary of proposals.

<b>Summary of Proposals</b>				
Bidder	Rate	Approximate Annual Payment	Early Prepayment Feature	Other Conditions
<b>First Bank Kansas</b>	3.460%	\$54,764	Not mentioned (Terms Sheet specified 8/1/25 @ Par)	They handle escrow Title insurance required
<b>Commerce Bank</b>	2.580% Revised to 2.79% with removal of the environmental audit	\$52,441 \$52,974	8/1/25 @ 101 No partial prepayment Prepayment premium only applies if funds are from grant or refinancing.	Rate may change if closed after 8/12 Title report Environmental "audit/report" Copy of construction contract and certificate of architect \$250 escrow fee \$1,000 legal counsel
<b>Sunflower Bank</b>	4.625%	\$57,928	8/1/25 @ 100	\$5,000 legal counsel Right to assign lease
<b>Bennington State Bank</b>	3.300%	\$54,337	Not mentioned (Terms Sheet specified 8/1/25 @ Par)	Annual notification that payment appropriation has been made. \$880 Escrow Fee

Commerce Bank submitted the lowest bid of 2.79% but included significant other conditions.

Staff recommends proceeding with the next lowest bid provided by Bennington State Bank at a rate of 3.300%.

## **Project Rise**

Chairman Eichelberger and Director Buer returned to the conference room. Executive Director Rogers reviewed the property requirements for Project Rise and commented on the land parcels

needed. Approximately 8 acres of land is required for drainage purposes. The parcels will be acquired and conveyed to Project Rise. A public announcement is scheduled for Monday, August 10<sup>th</sup> at Tony's Pizza Event Center.

Upon a motion duly made, the meeting adjourned at 9:45 AM

Minutes approved at the August 19, 2020 Board Meeting.

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Secretary

(SEAL)

DRAFT