

**MINUTES OF THE REGULAR MEETING OF THE BOARD  
OF DIRECTORS OF THE SALINA AIRPORT AUTHORITY  
AUGUST 19, 2020  
VISIT SALINA ANNEX**

**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, Vancil, and Weisel were present. Also present were Executive Director Tim Rogers; Director of Administration and Finance Shelli Swanson; Director of Facilities and Construction Kenny Bieker; Business and Communications Manager Kasey Windhorst and Attorney Greg Bengtson. Melissa Hodges, Salina City Commissioner; Mitch Robinson, Salina Community Economic Development Organization; Scott Hillegeist, SLN ATCT Manager; Michael Bunn, T-hangar tenant and David Arteberry, Stifel, Nicollaus, & Company were guest. Gina Riekhof, Gilmore & Bell attended via conference call.

**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 July 15, 2020 regular board meeting. Director Gunn moved, seconded by Director Vancil, to approve the minutes of the July 15, 2020 board meeting. Motion passed unanimously.

Chairman Eichelberger asked if the board members had additions or corrections to the minutes of the July 29, 2020 special board meeting. Director Gunn moved, seconded by Director Vancil, to approve the minutes of the July 29, 2020 special board meeting. Motion passed unanimously.

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

Executive Director Rogers introduced Scott Hillegeist, SLN Air Traffic Control Manager.

Rogers reported on airport activity for the month of July 2020. The Salina Air Traffic Control Tower (ATCT) recorded 5,399 operations during July 2020, which was a 33% decrease compared to the same period last year. A total of 27,701 operations have occurred year-to-date which is a 40% less than the July 2019 year-to-date total of 45,947. July fuel flowage came in at 142,234 gallons which was 28% more than the July 2019 total of 111,147 gallons. A total of 979,842 gallons have been delivered on the airport during 2020 which is a 7% decrease from the 2019 total of 1,051,849. SkyWest reported 392 enplaned passengers for the month of July which was an 81% decrease compared to the July 2019 total of 2,065 passengers.

Director of Administration and Finance, Shelli Swanson reported on the financials for the month of July 2020. Total operating income arrived within 2% of budget and is tracking 10.6% ahead of the same period last year. Administrative expenses ended up 6% under budget while maintenance expenses also arrived under budget at 7% bringing total operating costs under budget by 6% or \$91,754. Year-to-date net operating income before depreciation equaled \$96,926. SAA's CARES Act grant reimbursements received through the end of July equals \$698,656. 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.

Swanson commented on several short-term leases. Hutton Construction has leased B635 (1,248 SF) located at 2629 Arnold Court and (1,395 SF) of concrete pavement for construction and equipment storage. The monthly rental rate is \$335 per month for up to 1-year term. K-State Salina has leased a portion of B724 (2,704 SF) located at 1910 Beechcraft Rd for storage space. The monthly rental rate is \$450 per month for a term of 10-months.

### **SAA Resolution No. 20-05**

Director Buer abstained from the discussion and vote. Director of Administration and Finance Swanson introduced David Arteberry, Stifel, Nicollaus, & Company. Arteberry reviewed the results of the Airport Authority's general obligation, \$2.1M, temporary note sale. Bids were received from First Bank Kansas, Bennington State Bank, Bank VI, Commerce Bank, and Intrust Bank. First Bank Kansas submitted the low bid with a net interest rate of 0.48% and interest cost of \$31,680 over a three-year period. Gina Riekhof, Gilmore & Bell reviewed the legal process and SAA resolution 20-05.

Director Vancil moved, seconded by Director Gunn to approve SAA Resolution No. 20-05, authorizing and directing the issuance, sale and delivery of general obligation temporary notes, series 2020, and authorization for SAA board chairman and secretary to electronically sign the resolution. The motion passed by vote of 4 yea, 0 nay with director Buer abstaining.

### **2021-2025 Airport Capital Improvement Priorities**

Executive Director Rogers reviewed the highest priorities for improvements to the Salina Regional Airport for the 2020 – 2023 time period.

- **2020** - Runway 17/35 rehabilitation, design phase
- **2021** - Runway 17/35 rehabilitation construction phase
- **2022** - Terminal building expansion and renovation, design phase
- **2023** - Terminal building expansion and renovation, construction phase

Rogers recommended a motion to authorize SAA executive director to approve up to \$200,000 for Jvaition design fees for Runway 17/35 rehabilitation design. Director Buer moved, seconded by Director Gunn. Motion passed unanimously.

#### **SAA Resolution No. 20-06**

Executive Director Rogers presented SAA Resolution 20-06 for the purpose of providing matching funds to qualify for federal and state grants. The 2021 mill levy funds needed for matching state and federal airport improvement grants is \$450,000 or an estimated mill levy of 0.989. Director Weisel moved to approve SAA Resolution 20-06 levying an ad valorem tax of an estimated 0.989 mills on all taxable tangible property within the City of Salina, Kansas for the purpose of providing matching funds to qualify for any federal or state grant relating to the development, improvement, operation or maintenance of the Salina Regional Airport. Director Gunn seconded the motion. Motion passed unanimously.

#### **2021 GO Bond Debt Service Requirements**

Director of Finance and Administration Swanson reviewed the Airport Authority's 2021 General Obligation bond debt service schedule. The schedule details principal and interest payments per bond issues.

### **SAA Resolution No. 20-07**

Swanson reviewed SAA Resolution No. 20-07 that details the mill levy required to pay G.O. Bond debt principal and interest in 2021. An estimated mill levy of 3.995 mills will raise \$1,817,469 required for G.O. Bond debt service payments and debt service reserve. Director Vancil moved to approve SAA Resolution 20-07 levying an ad valorem tax of an estimated 3.995 mills on all taxable tangible property within the City of Salina, Kansas for the purpose of paying the interest on and principal of General Obligation bonds of the Salina Airport Authority. Director Gunn seconded the motion. Motion passed unanimously.

### **Supplemental Lease Agreement with the Federal Aviation Administration**

Rogers discussed the current lease and supplemental lease agreement with the Federal Aviation Administration (FAA) for expanded office space for use by Salina based Systems Service Center. Swanson noted the agreement includes renewal of the existing office space at hangar H409 plus adding a portion of Bldg. 412 to the leased area under the following terms and conditions:

- Term:** 3-year subject to Federal annual appropriations
- Rate:** \$46,215.96/Year or \$3,851.33/Month (Hangar 409=\$13.27/SF/Year; Bldg. 412=\$8.00/SF/Year)
- Area:** 4,156 SF comprised of office, warehouse and technical space.
- Effective date:** October 1, 2020
- Lease Type:** Gross Lease whereby the SAA is responsible for utilities, trash removal, all building maintenance, janitorial (except in Bldg. 412) snow removal and landscaping.

Director Gunn moved to approve the Supplemental Lease Agreement No. DTFACN-16-L-00001 with the Federal Aviation Administration for occupancy of the Salina Systems Service Center staff. Director Weisel seconded. Motion passed unanimously.

### **Real Estate Contract for the Purchase of Former K-State Gymnasium and Associated**

#### **Land**

Rogers commented on the proposed contract with Kansas State University and the Kansas Board of Regents for the purchase of the former K-State polytechnic gymnasium. The Salina Airport Authority submitted a \$200,100 bid to acquire the site for the expansion of the Schwan's Company Salina plant. The K-State property is essential to the recently announced plans to build a new 400,000 SF Schwan's production facility at the Salina Airport Industrial Center. Rogers noted the closing is scheduled on or before September 10, 2020. Director Weisel moved, seconded by Director Vancil to approve Real Estate Purchase Agreement with Kansas State University and the Kansas Board of Regents and authorized the Airport Authority's chairman and executive director to sign the agreement on behalf of the Airport Authority. Motion passed unanimously.

### **Real Estate Contract for the Purchase of Pratt Industries Building and Associated Land**

Rogers reviewed the proposed contract with Pratt Properties for the purchase of the Pratt Industries building and land located at 3330 Centennial Rd. SAA negotiated the purchase price of \$1,850,000 to acquire the site for the expansion of the Schwan's Company Salina plant. Director Gunn moved, seconded by Director Weisel to approve the proposed Real Estate Purchase Agreement with Pratt Industries and authorize the Airport Authority's chairman and executive director to sign the agreement on behalf of the Airport Authority. Motion passed unanimously.

**Kansas Warranty Deed Conveying Ten (10) Tracts of Land Totaling 32.517 to Schwan's Company.**

Rogers presented the deed that conveys 32.517 acres of land to Schwan's Company that will be used for the expansion project. The bundling of the Airport Authority's lots, the former K-State gym and the Pratt building was an essential consideration of the Schwan's Company decision to bring the 400,000 SF expansion to the Salina Airport Industrial Center.

The deed does convey the property with the following covenants:

- The retention of an aviation easement above the 32.517 acres
- A height restriction on structures, natural growth, and obstructions over the surface of the property
- The retention of oil and gas rights by the Airport Authority

Board Attorney Greg Bengtson highlighted on a few changes after review by legal counsel.

Director Gunn moved to accept the revisions and approve the proposed Kansas Warranty Deed conveying 32.517 acres to Schwan's Company and authorize the Airport Authority's chairman and secretary to sign the deed on behalf of the Airport Authority. Seconded by Director Weisel. Motion passed unanimously.

**City of Salina Guidelines and Requirements for SAA Board of Directors**

Rogers provided an overview of the most recent guidance from the City of Salina for appointees to city boards and commissions. SAA board members will review the guidance prior to the September 16, 2020 board meeting and sign the acknowledgement page at the September 16

board meeting.

**Aircraft Storage Hangar Construction Options and Cost**

Rogers updated the board on the status of the Aircraft Storage Hangar construction project.

Rogers noted two options available for construction. First is the construction of five (5) individual 48 ft. x 48 ft. hangars. The second option is the construction of a five (5) unit 48 ft. x 270 ft. hangar. SAA staff will prepare a bid package and submit to contractors. A project schedule will be presented to the board at a future meeting.

Upon a motion duly made, the meeting adjourned at 9:33 AM

Minutes approved at the September 16, 2020 Board Meeting.

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Secretary

(SEAL)