

DATE: July 16, 2021
TO: SAA Board of Directors
FROM: Tim Rogers and Shelli Swanson
SUBJECT: **July 21, 2021, SAA Regular Board Meeting**

Enclosed are items for your review prior to Wednesday's meeting. Please note that the meeting will be held in the **first-floor conference room, Hangar 600, 2720 Arnold Ct.** A map showing the location of Hangar 600 is enclosed in your board meeting packet. The meeting is also available via the following GoToMeeting link.

<https://global.gotomeeting.com/join/898301309>

Wednesday's meeting will address the following 2021 Airport Authority operating plan priorities.

- Complete the SAA's 2020 financial audit and publish the 2020 Comprehensive Annual Financial Report.
- Scheduled air service development for the residents of Salina, Saline County and North Central Kansas.
- Complete phased M.J. Kennedy Air Terminal improvements to accommodate increased passenger demand.
- Maintain Airport Authority industrial center buildings.
- Maintain the Salina Regional Airport system of runways and taxiways.

Please note the following agenda comments.

Agenda Item #5 – Review of Airport Activity and Financial Reports for the Month Ending June 30, 2021 (Rogers and Swanson)

Airport Activity – Air Traffic (Rogers)

The Salina air traffic control tower (ATCT) recorded 7,142 operations during June 2021 which was a 22% increase as compared to the June 2020 total of 5,846. For the year-to-date, a total of 40,124 operations have occurred at the Salina Airport which is 80% more than the June 2020 YTD total of 22,302.

Airport Activity – Fuel Flowage (Rogers)

The June 2021 fuel flowage came in at 159,725 gallons which was 80% more than the June 2020 total of 105,987 gallons. For the year-to-date, a total of 931,494 gallons has been delivered on the Airport which is 11% more than the 2020 YTD total of 837,609 gallons. June, July and August fuel flowage will continue the upward trend.

Airport Activity – Passenger Enplanements (Rogers)

During June 2021 SkyWest enplaned 1,979 passengers, which was a 768% increase over the May 2020 total of 228 passengers. The June YTD total passenger count was 6,267 which was a 36% increase over the June 2020 YTD total of 4,603. Passenger enplanements are expected to continue an upward trend during the remainder of CY 2021.

Financial Reports – Comments and Notes (Swanson)

As we reached the mid-point of 2021, total operating revenue came in 8% over budget and is tracking \$132,310 ahead of the same period in 2020. Full occupancy in Hangar 959, increased overall facility occupancy and a busy FOL calendar has spurred the increase in revenue performance and we expect this to continue through the 2nd half of 2021. As of this writing, Hangars 509, 600 and 606 are nearly full with summer FOL activity.

Total operating expenses arrived 8% over budget YTD and June posted a \$24,902 net income before depreciation making up some ground after the spike in utility costs in Q1. YTD net income before depreciation reached \$31,891 and beat budget by \$8,828.

Financial Reports – June Significant Expenditures/Payables Report Enclosed

Financial Reports – Accounts Receivable Past Due 31 days or more as of July 16, 2021 (Swanson)

| Account | Amount | Days | Comments |
|-------------------|--------|-------|--------------------|
| Shane Brown | \$245 | 31-60 | Storage Igloo Rent |
| Kenny's Body Shop | \$578 | 31-90 | Storage Igloo Rent |

Short-term Leasing Activity

On June 17, the SAA entered into a one-month agreement with 1 Vision Aviation for leasing approximately 20,000 sq. ft. in Hangar 600. This agreement will generate \$9,400 in Hangar rental income and support 1 Vision with temporary overflow space for aircraft maintenance work that will not presently fit in Hangar 959.

At the end of June, in support of STRAT air flights, Fort Riley leased 21,026 sq. ft. in Hangar 600 and equipment that will generate \$8,585 in rental income during their 17-day stay.

On July 13, 2021, the SAA entered into a 32-day lease with Sierra Nevada Corp. for the leasing of Hangar 509 and ground support equipment. This short-term agreement will generate \$36,023 in rental for the term during the month of July. SNC is also purchasing fuel during their flight-test operations based at Salina that will result in additional fuel flowage fees to the airport.

Agenda Item #6 – Review of the Airport Authority's January through June 2021 (Q2) 10-Year Financial Trend Analysis (Swanson)

At the Meeting Shelli will review the SAA's June 2021 (Q2) 10-year financial trend analysis that is included in your packet.

Agenda Item #7 – Presentation of the Salina Airport Authority's 2020 Comprehensive Annual Financial Report (Rogers and Swanson)

Danielle Hollingshead with Adams Brown Beran & Ball, CPAs will attend the meeting via GoToMeeting to present the completed 2020 Comprehensive Annual Financial Report to the board. Ms. Hollingshead will confirm that the audit confirms the following:

- No "deficiencies in internal control that we consider to be material weaknesses."
- "no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*."
- "Salina Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020."

The report's schedule of Findings and Questioned Costs confirm that there were no findings of material

weakness, significant deficiency, noncompliance or questioned costs associated with the SAA's financial statements or federal awards.

A full copy of the report can be found at <https://www.salinaairport.com/media/36647/2020-cafr-final.pdf>

Agenda Item #8– Consideration and Approval of a Grant Funding Agreement Between the Salina Airport Authority and Saline County (Rogers and Swanson)

On June 8, 2021 the Saline County commissioners approved an Airport Authority request for a \$1,640,000 American Rescue Plan Act grant to fund a SkyWest Airlines Transportation Services Agreement. The proposed Saline County grant agreement and associated SkyWest agreement is enclosed.

Currently the Salina to/from Houston flight is in the SkyWest scheduling system for October 2021. The SLN/IAH schedule has not been uploaded to United's reservation system and is not yet available for sale. The final scheduling of the flight is dependent on the availability of aircraft and pilots.

Related to the SLN/IAH flight, 1 Vision Aviation is negotiating an agreement with SkyWest to begin a new line of regional jet checks and maintenance at SLN.

Recommendations: First, approval of the proposed grant funding agreement between the Salina Airport Authority and Saline County and authorize Chair Gunn to sign the agreement. Second, authorize the executive director to sign the Salina Airport Authority and SkyWest Airlines Transportation Services Agreement.

Agenda Item #9 – Consideration and Approval of a Construction Contract with Bettis Asphalt & Construction, Inc for the Rehabilitation of the South 7,500 ft. of Runway 17/35 (Rogers and Swanson)

On June 23 Chair Gunn signed and accepted FAA Airport Improvement Program (AIP) Grant No. 42 that funds the rehabilitation of the south 7,500 feet of Runway 17/35. The initial amount of the multi-year grant is \$3,116,021. Total project cost is \$4,321,531. A second installment of \$1,000,000 in AIP grant funds will be received in CY 2022. A third and final installment of \$84,958 is scheduled for CY 2023. It is possible that both the CY22 and CY23 AIP grant installments will also fund the SAA's 10% local share. A copy of the project budget summary is enclosed.

With the FAA AIP grant agreement signed the Airport Authority can proceed with signing a construction contract for the Runway 17/35 rehabilitation project. On April 29, 2021 the Airport Authority received and opened bids for the Runway 17/35 rehabilitation construction work. Bids were received from APAC Kansas and Bettis Asphalt & Construction, Inc. The low bid of \$3,664,898 was submitted by Bettis Asphalt. This was the first time in over a decade that the Airport Authority had received more than one bid for an airport paving project. A Notice of Award was issued to Bettis following the acceptance of the AIP No. 42 grant agreement.

Enclosed is the contract agreement between the Salina Airport Authority and Bettis Asphalt & Construction. The contract amount is \$3,664,898. The Runway 17/35 work is scheduled to be completed within a 55-day time frame – July 25 to September 3, 2022. All contract terms and conditions have been approved by the FAA.

Recommendation: Approval of the proposed Contract Agreement with Bettis Asphalt & Construction, Inc in the amount of \$3,664,898 and authorize the executive director to sign the agreement.

Agenda Item #10 – Consideration of Bids Received for the Purchase of M. J. Kennedy Air Terminal Concourse Passenger Seating (Rogers and Swanson)

Concourse Furniture Bid Tab

| | Design Central | One Office Solution |
|----------------------------|--------------------|---------------------|
| Concourse seating | 42,037.50 | 44,290.00 |
| Bar height tables & chairs | 6,360.00 | 7,629.02 |
| Power Outlet Options | 7,440.00 | 3,639.72 |
| Waste Receptacle | 1,600.00 | 907.50 |
| Labor and Installation | 1,440.00 | 5,000.00 |
| Total | \$58,877.50 | \$61,466.24 |

Recommendation: Approval of the \$58,877.50 bid received from Design Central for the MJ Kennedy Air Terminal Concourse Furniture and authorize the executive director to sign the purchase order documents.

Agenda Item #11 – Consideration of Bids Received for Parking Lot Repairs at Building No. 1021 (Bieker and Swanson)

Under the June 15, 2015 Lease Agreement between the Authority and Kansas Erosion Products (KEP) for Bldg. 1021, the Authority has the responsibility to maintain the parking lot and pavement surrounding the building. There are two areas of concrete on the west side that are in need of repair. The south area is caving in around a storm drain & 18” drainpipe. Eventually the drainpipe will be crushed if repairs are delayed. The north area has very bad surface spalling which is making it very difficult for KEP to use a forklift for loading product on semi-trucks. The product is 16’ in length so there is excessive rocking when driving over this failing concrete surface. The following proposals for the repair have been received.

Bldg. 1021 Parking Lot Repairs Bid Tab

| Bidder | Amount |
|----------------------------|----------|
| Smoky Hill, LLC | \$33,000 |
| T & R Construction | \$24,777 |
| L & S Building Contractors | \$29,540 |

Recommendation: Approval of the \$29,540 bid received from T&R Dirt Construction for the pavement repairs to be completed at Bldg. 1021 and authorize the executive director to sign the purchase order documents.

Agenda Item #12 – Presentation of Bids Received for the Sale of Salina Airport Authority General Obligation Bonds in the Amount of \$2,360,000 (Swanson)

At the meeting, SAA staff will present the results of the public offering of the General Obligation Bonds for which bids will be received at 10:30 a.m. on July 20.

Agenda Item #13 – Consideration of SAA Resolution No. 21-05 (Swanson)

At the June 16, 2021 SAA board meeting, Resolution No. 21-04 authorizing the offering for sale of General Obligation Bonds, Series 2021-A, of the Salina Airport Authority was approved. The Series 2021-A bonds will retire and permanently finance the SAA’s 2019-1 Temporary Notes that were issued to fund airport capital improvements including the rehabilitation of Hangar 959 (1 Vision Aviation) and Hangar 504 (LifeSave air ambulance).

The enclosed draft Resolution No. 21-05 authorizes and directs the issuance, sale and delivery of the taxable general obligation bonds, Series 2021-A of the SAA; providing for the levy and collection of an annual tax for the purpose of paying the principal and interest on said bonds as they become due. A final version of the resolution will be presented to you at the meeting with the results of the bid.

Recommendation: Approval of SAA Resolution No. 21-05 authorizing the issuance, sale and delivery of taxable general obligation bonds, Series 2021-A and authorize Chair Gunn to sign the Resolution.

Agenda Item #14 – Consideration and Approval of an Option to Purchase Agreement with Kejr, Inc., d/b/a Geoprobe Systems. (Swanson)

On Wall St., in the south Airport Industrial Center Subdivision, Geoprobe Systems currently operates a plant for the design, manufacturing, and testing of equipment used in environmental soil and groundwater sampling. In September 2005, the Authority and Geoprobe entered into an option agreement granting Geoprobe the exclusive option to purchase two tracts of ground from the Authority. The first tract is the 13-acre tract that is part of their current operation and the second is an adjacent 10.33-acre tract. In 2007, Geoprobe exercised their option to purchase the 13-acre tract and acquired the land located at the west end of Wall St. Geoprobe now desires to enter into a new three-year Option Agreement for the 10.33-acre tract located on Lot 1, Block 5, Airport Industrial Center Subdivision, which is located at the northwest corner of Wall St. and Scanlan Ave. The purchase and or lease prices can be found on page 2 of the enclosed agreement. Geoprobe has remitted their \$1,000 option payment in consideration of the exclusive option to purchase or lease the tract on or before June 30, 2024. In addition, for each option year that passes, the agreement calls for an additional \$5,000 in option fee payment should they exercise their option to purchase at the rate specified in the agreement on or before June 30, of each of the next three years.

Recommendation: Approval of the Agricultural Land Lease Option Agreement with Kejr, Inc. for Lot 1, Block 5, Airport Industrial Center Subdivision and authorize Chair Gun to sign the Agreement.

Please contact me if you have any questions or comments.

SALINA AIRPORT AUTHORITY REGULAR BOARD MEETING
Hangar H600, First Floor Conference Room
2720 Arnold Court
Or
Online Via GoToMeeting

July 21, 2021 – 8:00 AM

AGENDA

Action Items

1. Call to order and determine that a quorum is present and confirm that the meeting notice has been published. (Gunn)
2. Recognition of guests. (Gunn)
3. Additions to the agenda and agenda overview. (Rogers)
4. Approval of the minutes of the June 16, 2021, regular board meeting. (Gunn)
5. Review of airport activity and financial reports for the month ending June 30, 2021. (Rogers and Swanson)
6. Review of the Airport Authority's January through June 2021 (Q2) 10-year trend analysis. (Swanson)
7. Presentation of the Salina Airport Authority's 2020 Comprehensive Annual Financial Report. (Swanson)
8. Review and approval of a grant funding agreement between the Salina Airport Authority and Saline County. (Rogers and Swanson)
9. Consideration and approval of the FAA, Airport Improvement Program Project No. 42 contract with Bettis Asphalt & Construction, Inc for the rehabilitation of the South 7,500 feet of Runway 17/35. (Rogers and Swanson)
10. Consideration of bids received for the purchase of new passenger seating to be in the expanded the United/SkyWest concourse and gate area. (Swanson)
11. Consideration of bids received for Building B1021 parking lot repairs. (Bieker and Swanson)
12. Presentation of bids received for the sale of Salina Airport Authority taxable general obligation bonds in the amount of \$2,360,000. (Swanson)
13. Consideration of SAA Resolution No. 21-05. (Swanson)
14. Consideration and approval of an Option to Purchase Agreement with Kejr, Inc., d/b/a Geoprobe Systems. (Swanson)



Directors' Forum (Gunn)

Visitor's Questions and Comments (Gunn)

Staff Reports (Rogers)

15. Review SLN terminal building concourse and gate improvements costs and construction schedule. The review will include grant funding options for future terminal building improvements. (Rogers)

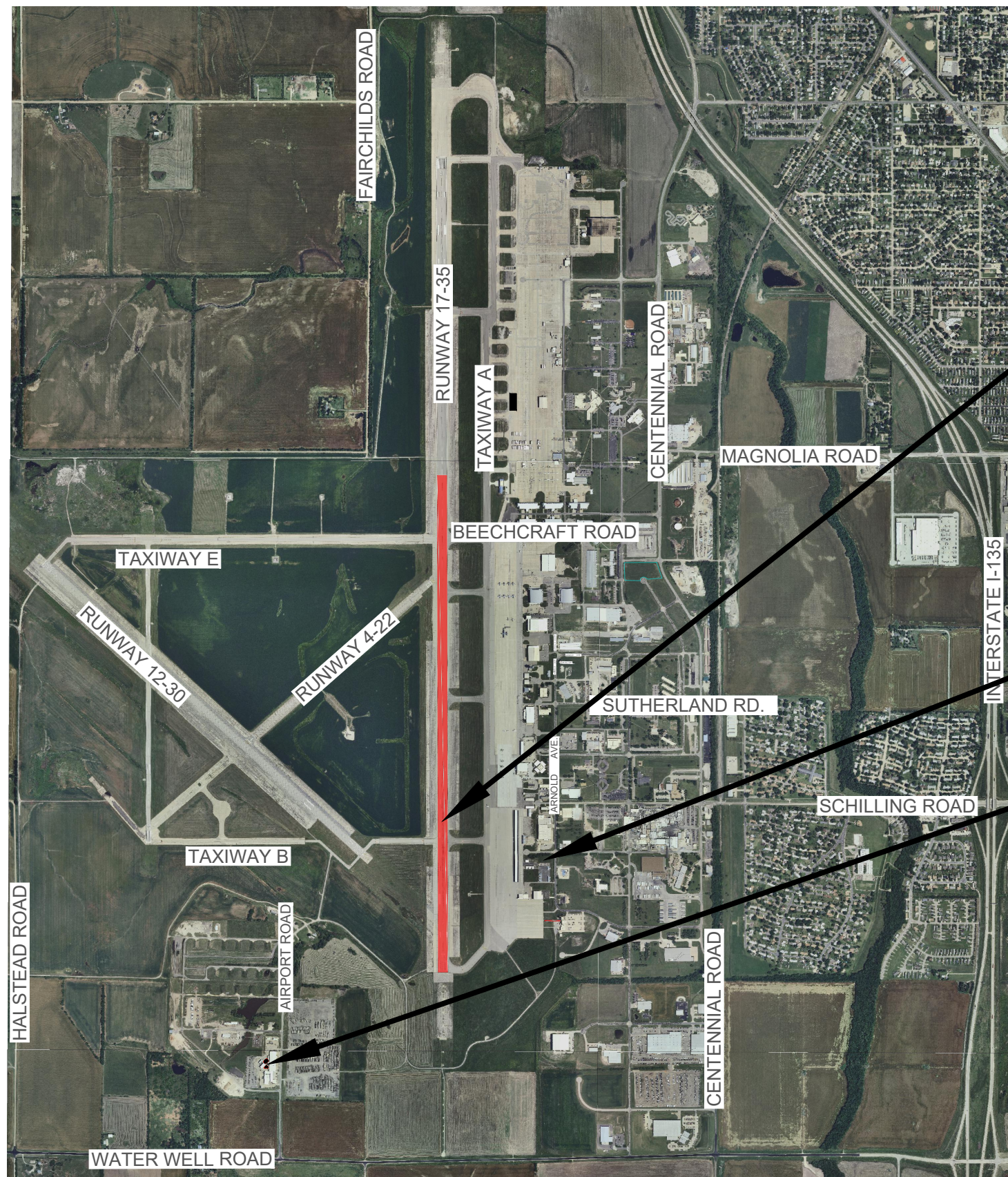
Announcements (Windhorst)

Executive Session (Rogers)

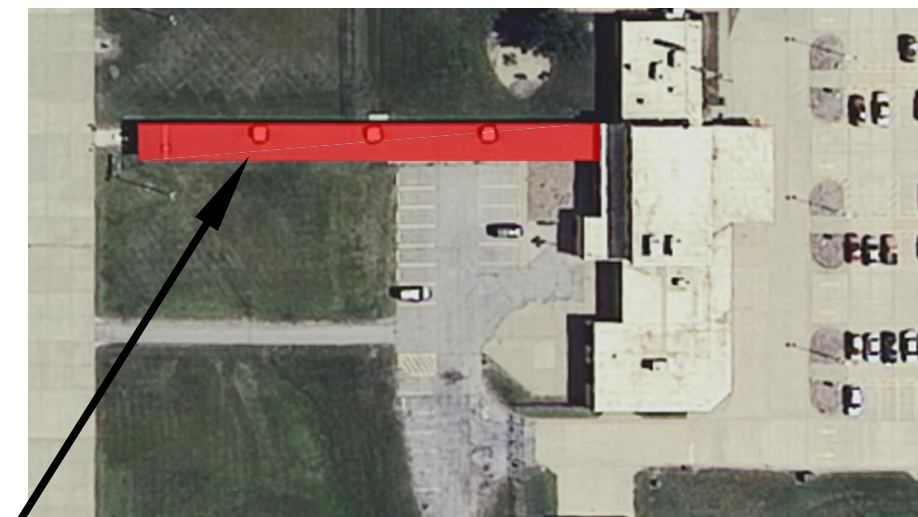
1. An executive session of the board of directors to discuss matters of non-elected personnel. (Gunn)

I move that the Salina Airport Authority board of directors recess into an executive session for 10 minutes to discuss the subject of the Executive Director's 2022 and 2023 employment contracts and other individual employee issues based upon the need to discuss personnel matters of non-elected personnel pursuant to K.S.A. 75-4319(b)(1). The open meeting will resume in this room at ____ AM.

Adjournment (Gunn)



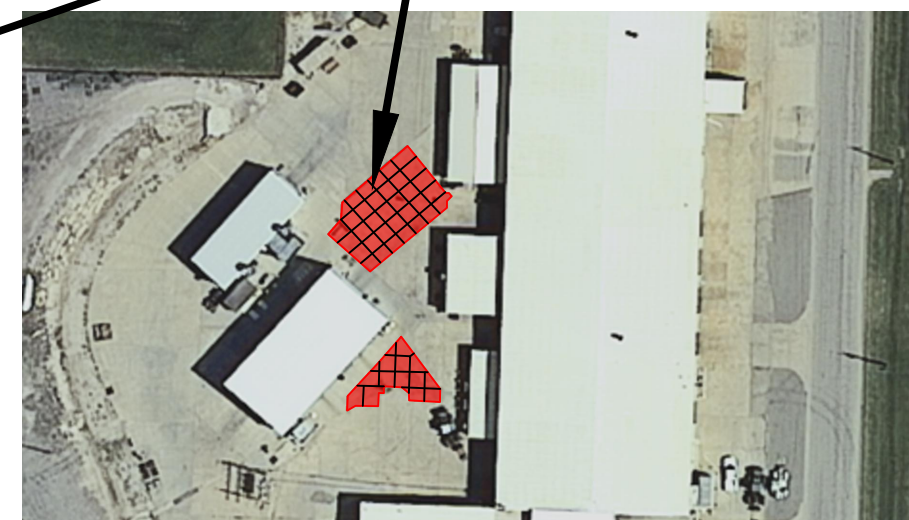
AIP 42 South 7500'
of Runway 17-35



Concourse Construction Area

Building 120 Concourse
Construction Boundary

Building 1021 Concrete
Repair Areas



Building 1021 Concrete Repairs

Drawing Number 2967-07-21



3237 ARNOLD, SALINA, KS 67401
(785-827-3914 FAX: 785-827-2221)

None : REVISIONS

KRB : DESIGNED BY

KRB : DRAWN BY

1" = 2000' : SCALE

7/21/21, 15:40 : DATE



**MINUTES OF THE REGULAR MEETING OF THE BOARD
OF DIRECTORS OF THE SALINA AIRPORT AUTHORITY
JUNE 16, 2021
HANGAR 600, ROOM 100**

Call to Order

The meeting was called to order at 8:00 AM by Chair Kristin Gunn. Chair Gunn confirmed that a quorum was present. Airport Administration Specialist Jazstyn Moyer noted the board meeting notice was published and distributed on Friday, June 11, 2021.

Attendance

Attendance was taken. Chair Gunn, Directors Eichelberger, Roberg, Buer and Weisel were present. Executive Director Tim Rogers; Director of Administration and Finance Shelli Swanson; Director of Facilities and Construction Kenny Bieker; Airport Administration Specialist Jazstyn Moyer; and Attorney Greg Bengtson was in attendance. Gina Reikhof, Gilmore & Bell and Bob Vidricksen, Salina County Commissioner attended via video conference. Mitch Robinson, Salina Community Economic Development Organization; Scott Hillegeist, SLN ATCT; David Arteberry, Stifel, Nicolaus & Company, Inc.; and Michael Bunn, based pilot were in attendance as guests.

Additions to the Agenda

Chair Gunn asked if there were any additions to the agenda. Executive Director Rogers stated no additions to the agenda.

Minutes

Chair Gunn asked if the board members had additions or corrections to the minutes of the May 19, 2021, regular board meeting. Director Buer moved, seconded by Director Weisel, to approve the minutes of the May 19, 2021, regular board. Motion passed unanimously.

Airport Activity and Financial Reports

Executive Director Rogers reported that the Salina Air Traffic Control Tower (ATCT) recorded 6,750 operations during May 2021, which was a 151% increase compared to the May 2020 total of 2,614. For year-to-date a total of 32,982 operations have occurred at the airport which is 100% more than the May year-to-date total of 16,456. May fuel flowage came in at 171,289 gallons which was a 90% increase compared to May 2020 total of 90,326 gallons. For year-to-date, a total of 771,768 gallons has been delivered to the Airport which is 5% more than the 2020 year-to-date total of 731,622 gallons. United/SkyWest flights enplaned 1,674 passengers, which was a 1,494% increase as compared to the May 2020 total of 105 enplaned passengers. Rogers reviewed the air service Key Performance Indicator's with the board which included departures and seats available, load factor, fare structure, completion factor, and arrivals within 14 minutes at Salina. Passenger enplanements are expected to continue an upward trend during the remainder of calendar year 2021.

Director of Administration and Finance Swanson reported on the financials for the month of May 2021. Total operating income arrived 8% over budget and is tracking nearly 9% ahead and \$92,320 more than the same period in 2020. Administrative expenses ended up 3% under budget at the

end of May while maintenance expenses arrived over budget by 31% bringing total operating costs over budget 9% or \$90,311. Swanson reported having reached a positive net income before depreciation of \$10,955 after a couple of deficit months due to the unprecedented increase in natural gas expense this past winter.

Both short and long-term leasing activity continues to remain strong, and once again seeing revenue in the commission category with the increase in rental car leasing activity at the Airport. During the month of May, the SAA entered into a 1-year lease agreement for 1-acre of ground located at the SAA's equipment yard on Airport Road with Waste Connections of Kansas, Inc.. This short-term agreement will generate \$320/month or \$3,840 for the term. Waste Connections began leasing this tract in April of 2019 and this represents their second one-year renewal. SAA staff executed a 17-day lease agreement with Bellawings Jet for the storage of a Global 7500 in Hangar 606. This short-term agreement will generate \$375/day or \$6,375 for the term. Lastly, SAA staff also entered into an agreement with Fort Riley for the leasing of 9,312 sq. ft. in Hangar 509 for a nine-day period. This lease will generate \$5,110 in revenue for leased hangar space and equipment rental.

Swanson commented on significant capital expenditures during the month of May. Chair Gunn directed staff to file the financials for audit.

Review of FAA and KDOT Airport Improvement Projects Scheduled for Calendar Years 2022 thru 2025

Rogers summarized the current schedule of airport improvement projects that will be funded by a combination of federal and state grant funds. The Runway 17/35 rehabilitation project will include the north 4,800 ft. which will be funded by a KDOT grant. The north 4,800 ft work is projected to be 80% KDOT funded, and 20% SAA funded. This rehabilitation will take place in April 2022 in approximately 24 days. The Runway 17/35 rehabilitation project will also include the south 7,500 ft. and will be funded by a multi-year FAA grant. The south 7,500 ft. work is set to begin in July 2022 with completion in August, approximately 55 days in total. The projected 2022 grant break down is 90% FAA funded and 10% SAA funded. The designed terminal parking lot rehabilitation and design of Pump House 305 rehabilitation are projects set to occur from 2023-2025 and will be funded by FAA grants.

Director Buer moved, seconded by Director Roberg, to accept a multi-year FAA Airport Improvement Program (AIP) Project No. 42 grant agreement for the Runway 17/35 rehabilitation project (South 7,500 ft.) and to authorize Chair Gunn and Attorney Bengtson to sign the agreement. Motion passed unanimously.

Consideration of SAA Resolution No. 21-03 Declaring the Airport Authority's Intent to Levy a One Mill Tax to Provide Matching Funds for Federal of State Grants

Rogers presented SAA Resolution No. 21-03 to the board. This resolution declared an intent to levy up to a 1-mil property tax is required by K.S.A 27-322(b). The declaration of intent does not commit the Airport Authority to a 1-mill tax levy for federal and state matching funds at this time. The declaration of intent allows for public comment before final action by the Airport Authority at the August 18, 2021, board meeting. A motion was made by Director Wiesel to accept SAA Resolution No. 21-03 declaring the airport authority's intent to levy a 1-mill tax to

provide matching funds for federal or state grants. Seconded by Director Eichelberger. Motion passed unanimously.

Consideration of SAA Resolution No. 21-04 Authorizing the Sale of Taxable General Obligation Bonds

Rogers presented SAA Resolution No. 21-04 to the board. This resolution authorizes SAA staff, bonds counsel, and financial advisors to proceed with offering for sale taxable general obligation bonds and to proceed with all actions necessary to sell the bonds. The proceeds from the sale of the bonds will be utilized to retire the 2019-1 taxable general obligation temporary notes (\$2,250,000) that funded the improvements to Hangars 959 and 509, currently leased to 1 Vision Aviation and LifeSave Transport. David Arteberry briefed the board on the schedule and noted the results will be presented at the July 21, 2021, board meeting. A motion was made by Director Wiesel to accept SAA Resolution No. 21-0 authorizing the sale of taxable general obligation bonds. Seconded by Director Buer. Motion passed unanimously.

Scheduled Air Service Development and Terminal Building Improvements Update

Rogers updated the board on the status of the proposed Transportation Services Agreement with SkyWest Airlines for nonstop service from Salina to Houston. Once SkyWest executes the service agreement, and prepare a schedule, the schedule will be posted to book flights. Currently, the flight is planned as a late afternoon arrival and departure.

Rogers briefed the board on the terminal building improvements. Updates to the concourse will include insulating the interior of the roof, a suspended ceiling, heating and cooling, sealing and resetting all windows to include thermal insulation, new seating, 4-plex outlets with USB connectors, carpet, a United/SkyWest podium at the end of the concourse, monitors, a market, and drinking fountains. The current holding area contains 41 seats while the new concourse will provide an additional 82 seats for a total of 123 seats. Construction is to begin mid-July and conclude at the end of August.

Review of Airport Authority Bank and Service Fees Paid During Q1, 2021

Rogers presented a bank fee analysis which included fees associated with deposits and transactions at Bennington State Bank, First Bank Kansas, Sunflower Bank, and UMB. The summary is for the period January 1 to March 31, 2021 (Q1, 2021). The Airport Authority's primary operating account is located at Sunflower Bank. The Airport Authority has a written agreement for service charges with Sunflower bank that adjust the rates and come to \$175/month or \$2,100 per year.

Staff Reports

Rogers requested a Study Session with the board to go over construction projects from 2021-2027. The study session will be Wednesday, June 30, 2021, at 8am in the M.J. Kennedy Air Terminal conference room.

T-hangar tenant, Michael Bunn, inquired about the 15-year bond financing for the box hangar project. His proposal was to put the box hangars on a 30-year bond instead to make the T-hangars more affordable upfront. David Arteberry explained that the 30-year bond is not feasible for this project and the best financial course of action is the current 15-year bond.

The ARFF Station suffered severe damage to its building and garage doors as all eight of its doors were taken off by the wind. The Rosenbauer ARFF truck was damaged in the storm and has been sent off for repairs. Staff is still able to maintain our ARFF index with the three remaining trucks. Lockton is coordinating claims with the Authority's insurance carriers for damage to the building and ARFF trucks.

Announcements

Rogers discussed the upcoming FOL activity coming up with Ft. Riley and NASA.

The box hangar project has been put on hold due to changes in steel prices and final FAA approvals. However, the public restroom project located to the north of the T-hangars is scheduled to be completed by the end of August 2021.

Rogers recognized Swanson as the President of the Kansas Association of Airports (KAA) and congratulated her on the successful KAA annual conference.

Upon a motion duly made, the meeting adjourned at 9:22 A.M.

Minutes approved at the July 21, 2021, Board Meeting.

Secretary

(SEAL)

**SALINA AIRPORT AUTHORITY
AIRPORT ACTIVITY REPORT
2021**

AIR TRAFFIC/ATCT

| | |
|--------------------------|---|
| June, 2021 | 7,142 Operations 809 Instrument Operations 468 Peak Day |
| June, 2020 | 5,846 Operations 696 Instrument Operations 467 Peak Day |
| January 2021 - June 2021 | 40,124 Operations |
| January 2020 - June 2020 | 22,302 Operations |
| January 2019 - June 2019 | 37,896 Operations |

FUEL FLOWAGE

| | |
|--------------------------|-----------------|
| June, 2021 | 159,725 Gallons |
| June, 2020 | 105,987 Gallons |
| January 2021 - June 2021 | 931,494 Gallons |
| January 2020 - June 2020 | 837,609 Gallons |
| January 2019 - June 2019 | 940,702 Gallons |

| KSU-S | Avflight Salina | Avflight | |
|--------|--------------------|---------------------------|---------------------------------|
| | | Military/Gov't Portion | Self-fuel Station Portion |
| 9,407 | 150,319 | 1,168 | 794 |
| 9,120 | 96,867 | 20,672 | 463 |
| 62,595 | 868,899 | 138,322 | 2,355 |
| 29,874 | 807,735 | 146,678 | 1,069 |
| 48,974 | 891,728 | 277,932 | 2,557 |

SkyWest Airlines

| ENPLANEMENTS | DEPLANEMENTS | TOTAL |
|--------------------------|------------------|------------------|
| June, 2021 | 1,979 Passengers | 1,938 Passengers |
| June, 2020 | 228 Passengers | 227 Passengers |
| January 2021 - June 2021 | 6,267 Passengers | |
| January 2020 - June 2020 | 4,603 Passengers | |
| January 2019 - June 2019 | 8,909 Passengers | |

ENPLANEMENTS - Charter Flights

| | |
|--------------------------|------------------|
| June, 2021 | 0 Passengers |
| June, 2020 | 110 Passengers |
| January 2021 - June 2021 | 862 Passengers |
| January 2020 - June 2020 | 4,059 Passengers |
| January 2019 - June 2019 | 584 Passengers |

TOTAL ENPLANEMENTS - Scheduled Flights & Charter Flights

| | |
|--------------------------|------------------|
| June, 2021 | 1,979 Passengers |
| June, 2020 | 338 Passengers |
| January 2021 - June 2021 | 7,129 Passengers |
| January 2020 - June 2020 | 8,662 Passengers |
| January 2019 - June 2019 | 9,493 Passengers |

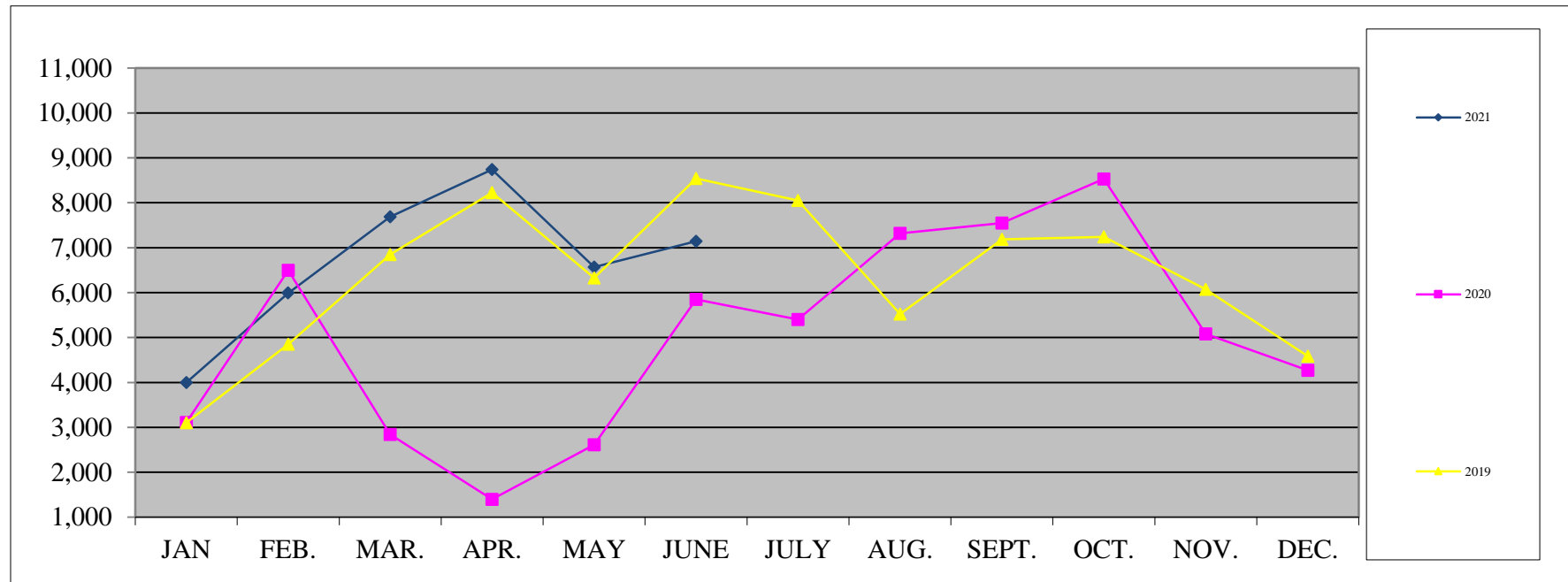
AIRPORT TRAFFIC RECORD

2020 - 2021

| | ITINERANT | | | | | LOCAL | | | |
|------------------------------|-----------------------------|---------------|---------------------|--------------|-----------------|---------------|--------------|---------------|------------------|
| | AC | AT | GA | MI | Total Itinerant | Civil | Military | Total Local | Total Operations |
| 2021 | | | | | | | | | |
| January, 21 | 131 | 1,074 | 540 | 161 | 1,906 | 1,968 | 122 | 2,090 | 3,996 |
| February, 21 | 109 | 1,966 | 533 | 218 | 2,826 | 2,863 | 300 | 3,163 | 5,989 |
| March, 21 | 113 | 2,286 | 743 | 340 | 3,482 | 3,804 | 402 | 4,206 | 7,688 |
| April, 21 | 120 | 2,534 | 743 | 196 | 3,593 | 4,966 | 180 | 5,146 | 8,739 |
| May, 21 | 132 | 1,767 | 847 | 272 | 3,018 | 3,274 | 278 | 3,552 | 6,570 |
| June, 21 | 141 | 2,327 | 876 | 154 | 3,498 | 3,522 | 122 | 3,644 | 7,142 |
| July, 21 | | | | | | | | | |
| August, 21 | | | | | | | | | |
| September, 21 | | | | | | | | | |
| October, 21 | | | | | | | | | |
| November, 21 | | | | | | | | | |
| December, 21 | | | | | | | | | |
| Totals January - June | 746 | 11,954 | 4,282 | 1,341 | 18,323 | 20,397 | 1,404 | 21,801 | 40,124 |
| 2020 | | | | | | | | | |
| January, 20 | 134 | 675 | 488 | 252 | 1,549 | 1,192 | 368 | 1,560 | 3,109 |
| February, 20 | 125 | 2,095 | 594 | 222 | 3,036 | 3,196 | 262 | 3,458 | 6,494 |
| March, 20 | 121 | 642 | 531 | 183 | 1,477 | 1,140 | 224 | 1,364 | 2,841 |
| April, 20 | 131 | 52 | 410 | 139 | 732 | 378 | 288 | 666 | 1,398 |
| May, 20 | 78 | 436 | 534 | 270 | 1,318 | 868 | 428 | 1,296 | 2,614 |
| June, 20 | 72 | 1,675 | 751 | 294 | 2,792 | 2,782 | 272 | 3,054 | 5,846 |
| July, 20 | | | | | | | | | |
| August, 20 | | | | | | | | | |
| September, 20 | | | | | | | | | |
| October, 20 | | | | | | | | | |
| November, 20 | | | | | | | | | |
| December, 20 | | | | | | | | | |
| Totals January - June | 661 | 5,575 | 3,308 | 1,360 | 10,904 | 9,556 | 1,842 | 11,398 | 22,302 |
| Difference | 85 | 6,379 | 974 | -19 | 7,419 | 10,841 | -438 | 10,403 | 17,822 |
| YTD % Change | 13% | 114% | 29% | -1% | 68% | 113% | -24% | 91% | 80% |
| Legend: | AC: Air Carrier | | AT: Air Taxi | | | | | | |
| | GA: General Aviation | | MI: Military | | | | | | |

AIR TRAFFIC

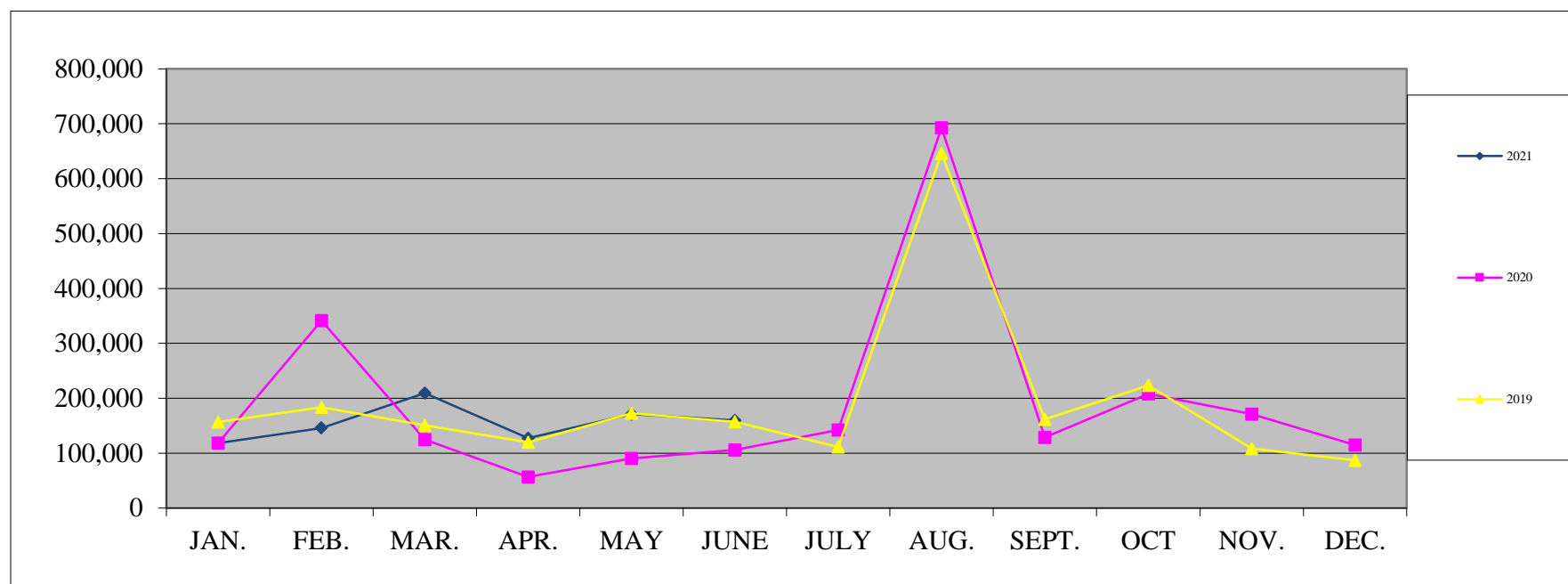
| | <u>JAN</u> | <u>FEB.</u> | <u>MAR.</u> | <u>APR.</u> | <u>MAY</u> | <u>JUNE</u> | <u>JULY</u> | <u>AUG.</u> | <u>SEPT.</u> | <u>OCT.</u> | <u>NOV.</u> | <u>DEC.</u> | <u>TOTAL</u> |
|-------------|------------|-------------|-------------|-------------|------------|---------------------|-------------|-------------|--------------|-------------|-------------|-------------|----------------------|
| 2021 | 3,996 | 5,989 | 7,688 | 8,739 | 6,570 | <u>7,142</u> | | | | | | | <u>40,124</u> |
| 2020 | 3,109 | 6,494 | 2,841 | 1,398 | 2,614 | 5,846 | 5,399 | 7,318 | 7,550 | 8,532 | 5,078 | 4,269 | 60,448 |
| 2019 | 3,102 | 4,852 | 6,848 | 8,225 | 6,328 | 8,541 | 8,051 | 5,520 | 7,187 | 7,240 | 6,072 | 4,587 | 76,553 |
| 2018 | 3,418 | 4,601 | 6,312 | 5,510 | 5,094 | 6,865 | 6,865 | 4,910 | 6,336 | 9,974 | 5,317 | 4,091 | 69,293 |
| 2017 | 3,539 | 6,598 | 5,329 | 5,340 | 4,253 | 4,338 | 3,613 | 4,717 | 7,081 | 6,177 | 6,062 | 4,094 | 61,141 |
| 2016 | 4,422 | 7,789 | 7,962 | 7,312 | 6,898 | 8,011 | 5,877 | 4,789 | 7,593 | 6,052 | 5,458 | 4,948 | 77,111 |
| 2015 | 6,918 | 7,133 | 8,557 | 8,870 | 8,022 | 7,268 | 8,089 | 5,426 | 8,846 | 11,367 | 8,753 | 7,101 | 96,350 |
| 2014 | 6,511 | 6,887 | 7,143 | 8,426 | 8,365 | 7,234 | 7,423 | 5,756 | 9,035 | 10,496 | 8,316 | 5,509 | 91,101 |
| 2013 | 5,341 | 7,146 | 7,440 | 7,349 | 7,336 | 8,291 | 6,696 | 6,694 | 8,755 | 10,136 | 7,946 | 7,001 | 90,131 |
| 2012 | 4,642 | 6,700 | 8,189 | 8,002 | 11,819 | 7,532 | 7,635 | 7,802 | 10,478 | 10,292 | 8,838 | 5,409 | 97,338 |
| 2011 | 3,088 | 3,880 | 4,632 | 5,671 | 5,418 | 6,379 | 5,639 | 4,804 | 9,355 | 9,249 | 6,138 | 4,954 | 69,207 |



FUEL FLOWAGE

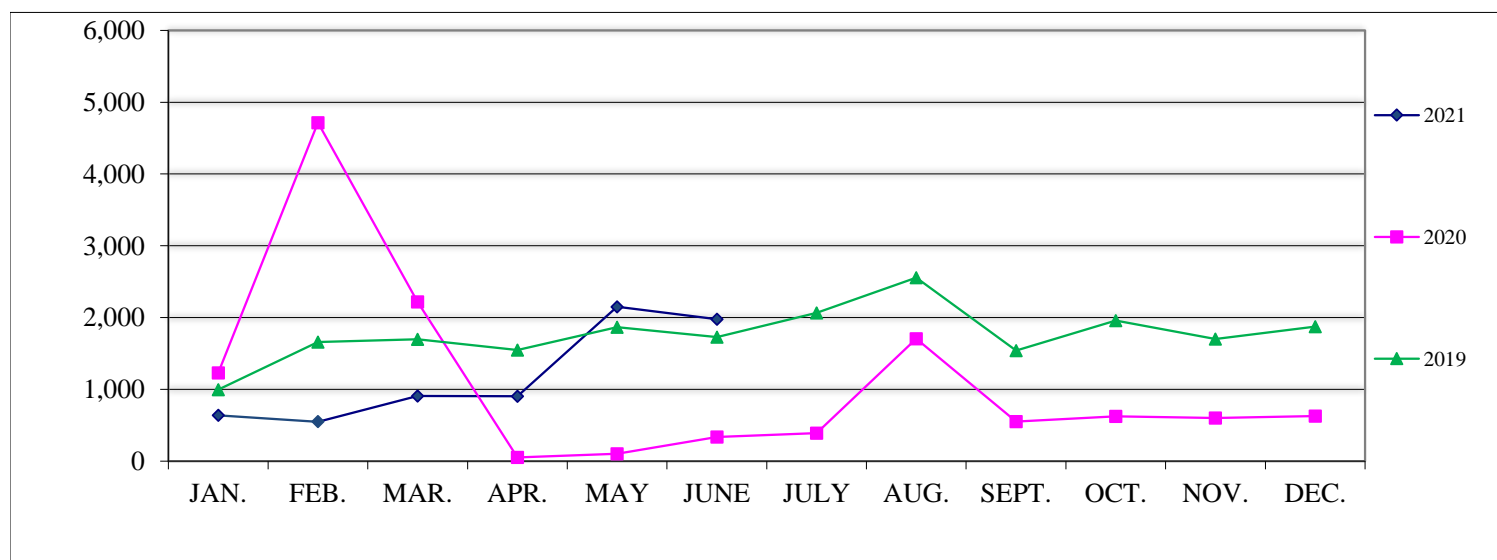
Gallons of Fuel Sold at SLN

| | <u>JAN.</u> | <u>FEB.</u> | <u>MAR.</u> | <u>APR.</u> | <u>MAY</u> | <u>JUNE</u> | <u>JULY</u> | <u>AUG.</u> | <u>SEPT.</u> | <u>OCT</u> | <u>NOV.</u> | <u>DEC.</u> | <u>TOTAL</u> |
|-------------|-------------|-------------|-------------|-------------|------------|----------------|-------------|-------------|--------------|------------|-------------|-------------|----------------|
| 2021 | 118,269 | 145,726 | 209,376 | 127,107 | 171,289 | 159,725 | | | | | | | 931,494 |
| 2020 | 118,337 | 341,329 | 124,865 | 56,765 | 90,326 | 105,987 | 142,234 | 692,613 | 128,710 | 208,081 | 170,893 | 114,869 | 2,295,009 |
| 2019 | 156,531 | 183,334 | 150,881 | 119,745 | 172,835 | 157,376 | 111,147 | 645,834 | 161,888 | 223,382 | 108,525 | 87,182 | 2,278,659 |
| 2018 | 74,807 | 186,507 | 172,561 | 154,513 | 131,941 | 367,663 | 288,977 | 303,273 | 348,454 | 161,563 | 125,129 | 99,437 | 2,414,825 |
| 2017 | 115,075 | 588,072 | 203,387 | 149,134 | 143,801 | 211,351 | 160,134 | 126,751 | 418,616 | 172,614 | 200,050 | 133,173 | 2,622,158 |
| 2016 | 80,221 | 136,763 | 130,990 | 94,673 | 153,410 | 132,964 | 208,846 | 375,330 | 137,906 | 126,983 | 100,764 | 182,062 | 1,860,912 |
| 2015 | 176,746 | 188,406 | 290,470 | 132,543 | 128,100 | 126,428 | 237,782 | 108,581 | 143,816 | 717,601 | 147,853 | 89,277 | 2,487,603 |
| 2014 | 115,573 | 135,651 | 112,694 | 95,549 | 110,387 | 282,468 | 103,108 | 83,757 | 91,423 | 652,207 | 90,948 | 97,295 | 1,971,061 |
| 2013 | 139,227 | 165,167 | 138,056 | 121,295 | 120,083 | 282,743 | 134,677 | 137,840 | 126,523 | 134,024 | 151,427 | 106,917 | 1,757,981 |
| 2012 | 136,995 | 163,253 | 303,472 | 142,770 | 307,541 | 365,938 | 162,584 | 169,534 | 163,515 | 149,404 | 287,619 | 241,424 | 2,594,049 |
| 2011 | 158,199 | 175,703 | 311,254 | 168,490 | 141,986 | 261,097 | 246,687 | 202,390 | 178,133 | 172,586 | 203,684 | 166,461 | 2,386,670 |



ENPLANEMENTS

| | <u>JAN.</u> | <u>FEB.</u> | <u>MAR.</u> | <u>APR.</u> | <u>MAY</u> | <u>JUNE</u> | <u>JULY</u> | <u>AUG.</u> | <u>SEPT.</u> | <u>OCT.</u> | <u>NOV.</u> | <u>DEC.</u> | <u>TOTAL</u> |
|-------------|-------------|-------------|-------------|-------------|------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|--------------|
| 2021 | 638 | 548 | 909 | 904 | 2,151 | 1,979 | | | | | | | 7,129 |
| 2020 | 1,232 | 4,716 | 2,219 | 52 | 105 | 338 | 392 | 1,705 | 552 | 624 | 602 | 628 | 13,165 |
| 2019 | 996 | 1,659 | 1,698 | 1,548 | 1,865 | 1,727 | 2,065 | 2,556 | 1,540 | 1,958 | 1,703 | 1,874 | 21,189 |
| 2018 | 414 | 715 | 370 | 783 | 1,387 | 1,751 | 1,623 | 5,553 | 2,095 | 2,230 | 1,756 | 1,622 | 20,299 |
| 2017 | 720 | 1,344 | 731 | 756 | 761 | 852 | 793 | 746 | 3,874 | 946 | 1,229 | 1,207 | 13,959 |
| 2016 | 36 | 0 | 0 | 0 | 0 | 104 | 372 | 910 | 637 | 558 | 574 | 692 | 3,883 |
| 2015 | 528 | 107 | 4,550 | 531 | 122 | 88 | 77 | 79 | 61 | 3,574 | 592 | 80 | 10,389 |
| 2014 | 145 | 109 | 140 | 135 | 175 | 403 | 282 | 223 | 178 | 431 | 157 | 178 | 2,556 |
| 2013 | 166 | 191 | 205 | 214 | 243 | 218 | 202 | 205 | 161 | 178 | 212 | 243 | 2,438 |
| 2012 | 237 | 249 | 247 | 216 | 287 | 213 | 174 | 198 | 151 | 187 | 229 | 335 | 2,723 |
| 2011 | 146 | 156 | 205 | 181 | 254 | 258 | 261 | 234 | 225 | 287 | 264 | 234 | 2,705 |



****Adjustment based on Nonscheduled/On-Demand Air Carrier Filings FAA Form 1800-31**

Salina Airport Authority
Statement of Net Position Prev Year Comparison
As of June 30, 2021

07/16/2021

| | Jun 30, 21 | May 31, 21 | \$ Change | Jun 30, 20 | \$ Change | % Change |
|--|---------------------|-------------------|-----------------|-------------------|-------------------|-------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Checking/Savings | | | | | | |
| Cash in Bank-Bond Funds | 52,173 | 52,173 | 0 | 210,400 | -158,227 | -75% |
| Cash in bank-Operating Funds | 2,088,914 | 1,797,165 | 291,749 | 580,499 | 1,508,415 | 260% |
| Cash in Bank - Mill Levy | 2,344,344 | 2,344,243 | 101 | 2,057,317 | 287,027 | 14% |
| Total Checking/Savings | 1 4,485,431 | 4,193,581 | 291,850 | 2,848,216 | 1,637,215 | 57% |
| Accounts Receivable | | | | | | |
| Accounts Receivable | 61,268 | 86,295 | -25,027 | 70,543 | -9,275 | -13% |
| Total Accounts Receivable | 61,268 | 86,295 | -25,027 | 70,543 | -9,275 | -13% |
| Other Current Assets | | | | | | |
| Agri Land Receivable | 66,760 | 66,760 | 0 | 56,000 | 10,760 | 19% |
| Mill Levy receivable | 196,494 | 196,494 | 0 | 258,580 | -62,086 | -24% |
| Other current assets | 168,007 | 179,778 | -11,771 | 162,085 | 5,922 | 4% |
| Undeposited Funds | 3,430 | 10,325 | -6,895 | 11,134 | -7,704 | -69% |
| Total Other Current Assets | 434,691 | 453,357 | -18,666 | 487,799 | -53,108 | -11% |
| Total Current Assets | 4,981,390 | 4,733,233 | 248,157 | 3,406,558 | 1,574,832 | 46% |
| Fixed Assets | | | | | | |
| Fixed assets at cost | 93,830,860 | 93,789,596 | 41,264 | 92,095,437 | 1,735,423 | 2% |
| Less accumulated depreciation | -51,868,343 | -51,631,003 | -237,340 | -48,824,153 | -3,044,190 | -6% |
| Total Fixed Assets | 41,962,517 | 42,158,593 | -196,076 | 43,271,284 | -1,308,767 | -3% |
| Other Assets | | | | | | |
| Deferred Outflow of Resources | 1,232,712 | 1,232,712 | 0 | 1,276,204 | -43,492 | -3% |
| Total Other Assets | 1,232,712 | 1,232,712 | 0 | 1,276,204 | -43,492 | -3% |
| TOTAL ASSETS | 2 48,176,619 | 48,124,538 | 52,081 | 47,954,046 | 222,573 | 0% |
| LIABILITIES & EQUITY | | | | | | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | | | | | | |
| Accounts payable | 111,157 | 75,587 | 35,570 | 70,373 | 40,784 | 58% |
| Total Accounts Payable | 111,157 | 75,587 | 35,570 | 70,373 | 40,784 | 58% |
| Credit Cards | | | | | | |
| Total Credit Cards | 0 | 1,264 | -1,264 | 1,864 | -1,864 | -100% |
| Other Current Liabilities | | | | | | |
| Accrued debt interest payable | 217,789 | 164,184 | 53,605 | 204,499 | 13,290 | 6% |
| Debt, current portion | 3,772,397 | 3,772,397 | 0 | 1,427,350 | 2,345,047 | 164% |
| Deferred Agri Land Revenue | 33,380 | 38,943 | -5,563 | 28,000 | 5,380 | 19% |
| Deferred Mill Levy revenue | 1,267,334 | 1,478,557 | -211,223 | 1,333,754 | -66,420 | -5% |
| Other current liabilities | 219,108 | 176,366 | 42,742 | 203,016 | 16,092 | 8% |
| Total Other Current Liabilities | 5,510,008 | 5,630,447 | -120,439 | 3,196,619 | 2,313,389 | 72% |
| Total Current Liabilities | 5,621,165 | 5,707,298 | -86,133 | 3,268,856 | 2,352,309 | 72% |
| Long Term Liabilities | | | | | | |
| Debt - Long Term | 23,523,853 | 23,523,853 | 0 | 22,412,102 | 1,111,751 | 5% |
| Deferred Inflows of Resources | 66,426 | 66,426 | 0 | 41,412 | 25,014 | 60% |
| Less current portion | -3,772,397 | -3,772,397 | 0 | -1,427,350 | -2,345,047 | -164% |
| Net OPEB Liability (KPERs) | 13,924 | 13,924 | 0 | 13,338 | 586 | 4% |
| Net Pension Liability | 715,670 | 715,670 | 0 | 632,856 | 82,814 | 13% |
| Security Deposits Returnable | 91,021 | 91,021 | 0 | 67,881 | 23,140 | 34% |
| Total Long Term Liabilities | 3 20,638,497 | 20,638,497 | 0 | 21,740,239 | -1,101,742 | -5% |
| Total Liabilities | 26,259,662 | 26,345,795 | -86,133 | 25,009,095 | 1,250,567 | 5% |
| Equity | | | | | | |
| Invested in Capital Assets net | 18,438,664 | 18,615,064 | -176,400 | 20,847,435 | -2,408,771 | -12% |
| Net assets, Designated | 90,000 | 90,000 | 0 | 90,000 | 0 | 0% |
| Net assets, Unrestricted | 2,668,519 | 2,492,119 | 176,400 | 1,565,350 | 1,103,169 | 70% |
| Net Income | 719,771 | 581,561 | 138,210 | 442,164 | 277,607 | 63% |
| Total Equity | 21,916,954 | 21,778,744 | 138,210 | 22,944,949 | -1,027,995 | -4% |
| TOTAL LIABILITIES & EQUITY | 48,176,616 | 48,124,539 | 52,077 | 47,954,044 | 222,572 | 0% |

Salina Airport Authority
Profit & Loss Budget Performance
June 2021

12:53 PM
07/16/2021
Accrual Basis

| | Jun 21 | Jan - Jun 21 | YTD Budget | \$ Over Budget | % of Budget | Annual Budget |
|------------------------------------|-----------|--------------|------------|----------------|-------------|---------------|
| Ordinary Income/Expense | | | | | | |
| Income | | | | | | |
| Airfield revenue | | | | | | |
| Fuel Flowage Fees | 13,658 | 79,132 | 92,500 | -13,368 | 86% | 185,000 |
| Hangar rent | 55,532 | 347,554 | 330,000 | 17,554 | 105% | 660,000 |
| Landing fees | 3,303 | 14,734 | 15,000 | -266 | 98% | 30,000 |
| Ramp rent | 5,373 | 31,918 | 28,668 | 3,250 | 111% | 57,335 |
| Total Airfield revenue | 4 77,866 | 473,338 | 466,168 | 7,170 | 102% | 932,335 |
| Building and land rent | | | | | | |
| Agri land rent | 5,563 | 33,380 | 33,380 | 0 | 100% | 66,760 |
| Building rents - Long Term | | | | | | |
| Short-term leasing | 31,245 | 207,772 | 152,100 | 55,672 | 137% | 304,200 |
| Building rents - Long Term - Other | 80,899 | 458,395 | 408,775 | 49,620 | 112% | 817,550 |
| Total Building rents - Long Term | 112,144 | 666,167 | 560,875 | 105,292 | 119% | 1,121,750 |
| Land rent | | | | | | |
| Basic Land Rent | 12,753 | 79,035 | 64,293 | 14,742 | 123% | 128,586 |
| Property tax - tenant share | 9,452 | 56,712 | 56,712 | 0 | 100% | 113,424 |
| Total Land rent | 22,205 | 135,747 | 121,005 | 14,742 | 112% | 242,010 |
| Tank rent | 1,167 | 7,002 | 6,750 | 252 | 104% | 13,500 |
| Total Building and land rent | 141,079 | 842,296 | 722,010 | 120,286 | 117% | 1,444,020 |
| Other revenue | | | | | | |
| Airport Marketing | 0 | 0 | 12,500 | -12,500 | 0% | 25,000 |
| Commissions | 1,961 | 6,627 | 10,530 | -3,903 | 63% | 21,060 |
| Other income | 6,851 | 30,738 | 38,500 | -7,762 | 80% | 77,000 |
| Total Other revenue | 8,812 | 37,365 | 61,530 | -24,165 | 61% | 123,060 |
| Total Income | 227,757 | 1,352,999 | 1,249,708 | 103,291 | 108% | 2,499,415 |
| Gross Income | 5 227,757 | 1,352,999 | 1,249,708 | 103,291 | 108% | 2,499,415 |
| Expense | | | | | | |
| Administrative expenses | | | | | | |
| A/E, consultants, brokers | 0 | 21,403 | 16,000 | 5,403 | 134% | 32,000 |
| Airport promotion | 8,545 | 64,329 | 50,000 | 14,329 | 129% | 100,000 |
| Bad Debt Expense | 0 | 107 | 2,500 | -2,393 | 4% | 5,000 |
| Computer/Network Admin. | 1,934 | 13,343 | 15,000 | -1,657 | 89% | 30,000 |
| Dues and subscriptions | 647 | 10,722 | 12,500 | -1,778 | 86% | 25,000 |
| Employee retirement | 6,217 | 40,185 | 42,673 | -2,488 | 94% | 85,345 |
| FICA and medicare tax expense | 4,249 | 30,326 | 32,920 | -2,594 | 92% | 65,840 |
| Industrial development | 2,375 | 14,250 | 21,750 | -7,500 | 66% | 43,500 |
| Insurance , property | 17,083 | 102,500 | 107,500 | -5,000 | 95% | 215,000 |
| Insurance, medical | 33,824 | 101,682 | 102,500 | -818 | 99% | 205,000 |
| Kansas unemployment tax | 2,270 | 4,220 | 500 | 3,720 | 844% | 1,000 |
| Legal and accounting | 1,881 | 26,859 | 18,500 | 8,359 | 145% | 37,000 |
| Office salaries | 37,943 | 245,277 | 258,031 | -12,754 | 95% | 516,062 |
| Office Supplies | 825 | 3,958 | 3,250 | 708 | 122% | 6,500 |
| Other administrative expense | 886 | 7,770 | 7,500 | 270 | 104% | 15,000 |
| Postage | 0 | 664 | 1,250 | -586 | 53% | 2,500 |
| Property tax expense | 14,238 | 85,427 | 85,427 | 0 | 100% | 170,854 |
| Special Events | 0 | 0 | 500 | -500 | 0% | 1,000 |
| Telephone | 2,040 | 11,692 | 8,000 | 3,692 | 146% | 16,000 |
| Training | -250 | 40 | 2,500 | -2,460 | 2% | 5,000 |
| Travel and meetings | 0 | 1,525 | 5,000 | -3,475 | 31% | 10,000 |
| Total Administrative expenses | 6 134,707 | 786,279 | 793,801 | -7,522 | 99% | 1,587,601 |

| | <u>Jun 21</u> | <u>Jan - Jun 21</u> | <u>YTD Budget</u> | <u>\$ Over Budget</u> | <u>% of Budget</u> | <u>Annual Budget</u> |
|--|-----------------------|-----------------------|------------------------|-----------------------|---------------------|------------------------|
| Maintenance expenses | | | | | | |
| Airfield maintenance | 2,474 | 27,318 | 25,000 | 2,318 | 109% | 50,000 |
| Airport Security | 0 | 577 | 1,250 | -673 | 46% | 2,500 |
| Building maintenance | 6,832 | 74,134 | 37,500 | 36,634 | 198% | 75,000 |
| Equipment fuel and repairs | 7,176 | 46,232 | 30,000 | 16,232 | 154% | 60,000 |
| Fire Services | 0 | 473 | 12,750 | -12,277 | 4% | 25,500 |
| Grounds maintenance | 5,086 | 9,640 | 3,750 | 5,890 | 257% | 7,500 |
| Maintenance salaries | 26,541 | 168,606 | 190,094 | -21,488 | 89% | 380,187 |
| Other maintenance expenses | 655 | 8,816 | 12,500 | -3,684 | 71% | 25,000 |
| Snow removal expense | 0 | 2,685 | 10,000 | -7,315 | 27% | 20,000 |
| Utilities | 19,384 | 196,348 | 110,000 | 86,348 | 178% | 220,000 |
| Total Maintenance expenses | <u>68,148</u> | <u>534,829</u> | <u>432,844</u> | <u>101,985</u> | <u>124%</u> | <u>865,687</u> |
| Total Expense | <u>7 202,855</u> | <u>1,321,108</u> | <u>1,226,645</u> | <u>94,463</u> | <u>108%</u> | <u>2,453,288</u> |
| Net Ordinary Income | 24,902 | 31,891 | 23,063 | 8,828 | 138% | 46,127 |
| Other Income/Expense | | | | | | |
| Other Income | | | | | | |
| Capital contributed | 0 | 1,041,311 | 262,500 | 778,811 | 397% | 525,000 |
| Gain on sale of assets | <u>8 193,390</u> | <u>193,240</u> | <u>10,000</u> | <u>183,240</u> | <u>1,932%</u> | <u>20,000</u> |
| Interest income | | | | | | |
| Interest income on deposits | <u>100</u> | <u>520</u> | <u>750</u> | <u>-230</u> | <u>69%</u> | <u>1,500</u> |
| Total Interest income | <u>100</u> | <u>520</u> | <u>750</u> | <u>-230</u> | <u>69%</u> | <u>1,500</u> |
| Mill levy income | <u>211,222</u> | <u>1,267,335</u> | <u>1,267,335</u> | <u>0</u> | <u>100%</u> | <u>2,534,669</u> |
| Total Other Income | <u>404,712</u> | <u>2,502,406</u> | <u>1,540,585</u> | <u>961,821</u> | <u>162%</u> | <u>3,081,169</u> |
| Other Expense | | | | | | |
| Debt interest expense net | | | | | | |
| Bond issue cost | 461 | 461 | 22,500 | -22,039 | 2% | 45,000 |
| Interest Expense on Debt | <u>53,605</u> | <u>321,630</u> | <u>321,625</u> | <u>5</u> | <u>100%</u> | <u>643,250</u> |
| Total Debt interest expense net | <u>54,066</u> | <u>322,091</u> | <u>344,125</u> | <u>-22,034</u> | <u>94%</u> | <u>688,250</u> |
| Depreciation expense | 237,340 | 1,424,041 | 1,424,041 | 0 | 100% | 2,848,082 |
| Other Non-Operating Expenses | <u>0</u> | <u>68,394</u> | <u>0</u> | <u>68,394</u> | <u>100%</u> | <u>1</u> |
| Total Other Expense | <u>291,406</u> | <u>1,814,526</u> | <u>1,768,166</u> | <u>46,360</u> | <u>103%</u> | <u>3,536,333</u> |
| Net Other Income | <u>113,306</u> | <u>687,880</u> | <u>-227,581</u> | <u>915,461</u> | <u>-302%</u> | <u>-455,164</u> |
| Net Income | <u><u>138,208</u></u> | <u><u>719,771</u></u> | <u><u>-204,518</u></u> | <u><u>924,289</u></u> | <u><u>-352%</u></u> | <u><u>-409,037</u></u> |

Salina Airport Authority
Profit & Loss Prev Year Comparison
January through June 2021

12:50 PM
07/16/2021
Accrual Basis

| | Jan - Jun 21 | Jan - Jun 20 | \$ Change | % Change |
|---|---------------------|---------------------|-------------------|----------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| Airfield revenue | | | | |
| Fuel Flowage Fees | 79,132.30 | 69,388.33 | 9,743.97 | 14.04% |
| Hangar rent | 347,554.22 | 248,896.93 | 98,657.29 | 39.64% |
| Landing fees | 14,733.50 | 26,228.65 | -11,495.15 | -43.83% |
| Ramp rent | 31,918.00 | 32,060.00 | -142.00 | -0.44% |
| Total Airfield revenue | 473,338.02 | 376,573.91 | 96,764.11 | 25.7% |
| Building and land rent | | | | |
| Agri land rent | 33,379.98 | 28,000.02 | 5,379.96 | 19.21% |
| Building rents - Long Term | | | | |
| Short-term leasing | 207,771.96 | 180,428.90 | 27,343.06 | 15.15% |
| Building rents - Long Term - Other | 458,395.19 | 407,097.03 | 51,298.16 | 12.6% |
| Total Building rents - Long Term | 666,167.15 | 587,525.93 | 78,641.22 | 13.39% |
| Land rent | | | | |
| Basic Land Rent | 79,035.44 | 57,518.99 | 21,516.45 | 37.41% |
| Property tax - tenant share | 56,712.00 | 61,949.52 | -5,237.52 | -8.45% |
| Total Land rent | 135,747.44 | 119,468.51 | 16,278.93 | 13.63% |
| Tank rent | 7,002.00 | 6,972.00 | 30.00 | 0.43% |
| Total Building and land rent | 842,296.57 | 741,966.46 | 100,330.11 | 13.52% |
| Other revenue | | | | |
| Airport Marketing | 0.00 | 51,947.50 | -51,947.50 | -100.0% |
| Commissions | 6,626.98 | 5,577.94 | 1,049.04 | 18.81% |
| Other income | 30,737.64 | 44,623.62 | -13,885.98 | -31.12% |
| Total Other revenue | 37,364.62 | 102,149.06 | -64,784.44 | -63.42% |
| Uncategorized Income | 0.00 | 0.00 | 0.00 | 0.0% |
| Total Income | 1,352,999.21 | 1,220,689.43 | 132,309.78 | 10.84% |
| Gross Profit | 1,352,999.21 | 1,220,689.43 | 132,309.78 | 10.84% |
| Expense | | | | |
| Administrative expenses | | | | |
| A/E, consultants, brokers | 21,402.80 | 0.00 | 21,402.80 | 100.0% |
| Airport promotion | | | | |
| Air Serv. Mktg - City | 0.00 | 3,410.54 | -3,410.54 | -100.0% |
| Air Serv. Mktg - County | 0.00 | 40,897.88 | -40,897.88 | -100.0% |
| Air Serv. Mktg - SAA | 62,193.01 | 45,790.84 | 16,402.17 | 35.82% |
| Airport promotion - Other | 2,135.93 | 3,232.13 | -1,096.20 | -33.92% |
| Total Airport promotion | 64,328.94 | 93,331.39 | -29,002.45 | -31.08% |
| Bad Debt Expense | 107.00 | 0.00 | 107.00 | 100.0% |
| Computer/Network Admin. | 13,343.46 | 19,000.23 | -5,656.77 | -29.77% |
| Dues and subscriptions | 10,721.82 | 12,376.08 | -1,654.26 | -13.37% |
| Employee retirement | 40,184.80 | 35,603.66 | 4,581.14 | 12.87% |
| FICA and medicare tax expense | 30,326.07 | 29,151.00 | 1,175.07 | 4.03% |
| Industrial development | 14,250.00 | 14,000.00 | 250.00 | 1.79% |
| Insurance , property | 102,499.98 | 84,955.34 | 17,544.64 | 20.65% |
| Insurance, medical | 101,682.18 | 83,529.87 | 18,152.31 | 21.73% |
| Kansas unemployment tax | 4,220.38 | 371.79 | 3,848.59 | 1,035.15% |
| Legal and accounting | 26,859.10 | 28,176.30 | -1,317.20 | -4.68% |
| Office salaries | 245,277.21 | 238,435.48 | 6,841.73 | 2.87% |
| Office Supplies | 3,957.82 | 2,950.55 | 1,007.27 | 34.14% |
| Other administrative expense | | | | |
| Merchant Processing Fees | 5,786.66 | 4,665.67 | 1,120.99 | 24.03% |
| Other administrative expense - Other | 1,983.46 | 2,075.41 | -91.95 | -4.43% |
| Total Other administrative expense | 7,770.12 | 6,741.08 | 1,029.04 | 15.27% |
| Postage | 664.34 | 548.35 | 115.99 | 21.15% |
| Property tax expense | 85,426.98 | 82,939.02 | 2,487.96 | 3.0% |
| Telephone | 11,691.59 | 9,812.23 | 1,879.36 | 19.15% |
| Training | 39.95 | 400.00 | -360.05 | -90.01% |
| Travel and meetings | 1,525.40 | 5,791.17 | -4,265.77 | -73.66% |
| Total Administrative expenses | 786,279.94 | 748,113.54 | 38,166.40 | 5.1% |

| | Jan - Jun 21 | Jan - Jun 20 | \$ Change | % Change |
|--|-------------------|-------------------|-------------------|---------------|
| Maintenance expenses | | | | |
| Airfield maintenance | 27,318.13 | 58,416.50 | -31,098.37 | -53.24% |
| Airport Security | 577.08 | 602.07 | -24.99 | -4.15% |
| Building maintenance | 74,133.64 | 37,495.02 | 36,638.62 | 97.72% |
| Equipment fuel and repairs | 46,231.93 | 35,147.48 | 11,084.45 | 31.54% |
| Fire Services | 473.07 | 2,814.88 | -2,341.81 | -83.19% |
| Grounds maintenance | 9,639.76 | 3,247.60 | 6,392.16 | 196.83% |
| Maintenance salaries | | | | |
| COVID-19 Compensation | 343.00 | 0.00 | 343.00 | 100.0% |
| Maintenance salaries - Other | 168,262.75 | 140,364.26 | 27,898.49 | 19.88% |
| Total Maintenance salaries | 168,605.75 | 140,364.26 | 28,241.49 | 20.12% |
| Other maintenance expenses | 8,815.83 | 11,171.10 | -2,355.27 | -21.08% |
| Snow removal expense | 2,684.74 | 2,413.14 | 271.60 | 11.26% |
| Utilities | 196,348.14 | 104,866.33 | 91,481.81 | 87.24% |
| Total Maintenance expenses | 534,828.07 | 396,538.38 | 138,289.69 | 34.87% |
| Uncategorized Expenses | 0.00 | 0.00 | 0.00 | 0.0% |
| Total Expense | 1,321,108.01 | 1,144,651.92 | 176,456.09 | 15.42% |
| Net Ordinary Income | 31,891.20 | 76,037.51 | -44,146.31 | -58.06% |
| Other Income/Expense | | | | |
| Other Income | | | | |
| Capital contributed | | | | |
| CARES Grant No. 41 - Operating | 183,669.53 | 438,388.58 | -254,719.05 | -58.1% |
| CRRSAA Grant No. 43 - Equipment | 270,402.57 | 0.00 | 270,402.57 | 100.0% |
| CRRSAA Grant No. 43 - Operating | 512,128.65 | 0.00 | 512,128.65 | 100.0% |
| Capital contributed - Other | 75,110.27 | 305,881.00 | -230,770.73 | -75.45% |
| Total Capital contributed | 1,041,311.02 | 744,269.58 | 297,041.44 | 39.91% |
| Gain on sale of assets | 193,240.00 | 0.00 | 193,240.00 | 100.0% |
| Interest income | | | | |
| Interest income on deposits | 520.36 | 1,208.61 | -688.25 | -56.95% |
| Total Interest income | 520.36 | 1,208.61 | -688.25 | -56.95% |
| Mill levy income | 1,267,334.52 | 1,335,042.71 | -67,708.19 | -5.07% |
| Total Other Income | 2,502,405.90 | 2,080,520.90 | 421,885.00 | 20.28% |
| Other Expense | | | | |
| Debt interest expense net | | | | |
| Bond issue cost | 461.00 | 205.20 | 255.80 | 124.66% |
| Interest Expense on Debt | 321,630.00 | 318,070.80 | 3,559.20 | 1.12% |
| Total Debt interest expense net | 322,091.00 | 318,276.00 | 3,815.00 | 1.2% |
| Depreciation expense | 1,424,041.02 | 1,396,118.70 | 27,922.32 | 2.0% |
| Other Non-Operating Expenses | 68,393.71 | 0.00 | 68,393.71 | 100.0% |
| Total Other Expense | 1,814,525.73 | 1,714,394.70 | 100,131.03 | 5.84% |
| Net Other Income | 687,880.17 | 366,126.20 | 321,753.97 | 87.88% |
| Net Income | 719,771.37 | 442,163.71 | 277,607.66 | 62.78% |

Salina Airport Authority
Capital Additions Budget vs. Actual
As of June 30, 2021

1:27 PM
07/16/2021
Accrual Basis

| | Jun 30, 21 | Jan - June, 21 | Annual Budget | +/- Annual Budget | % of Annual Budget |
|--------------------------------------|---------------|------------------|------------------|-------------------|--------------------|
| ASSETS | | | | | |
| Fixed Assets | | | | | |
| Fixed assets at cost | | | | | |
| Airfield | | | | | |
| AIP-42 Rwy 17/35 Rehab | | 232,240 | 470,000 | -237,760 | 49% |
| Airfield Improvements | 133 | 67,521 | 145,000 | -77,479 | 47% |
| GA Hangar Restroom Design | 12,000 | 6,455 | 8,250 | -1,795 | 78% |
| GA Hangars Design | | 42,089 | 40,000 | 2,089 | 105% |
| Total Airfield | 12,133 | 348,305 | 663,250 | -314,945 | 53% |
| Buildings & Improvements | | | | | |
| Building improvements | | | | | |
| Bldg. #614 Imps. | | 0 | 25,000 | -25,000 | 0% |
| Bldg. 724 Renovation | | 18,935 | 20,000 | -1,065 | 95% |
| Bldg. 824 Imps. | | 19,583 | 16,058 | 3,525 | 122% |
| Bldg. Imps. Other | 27,166 | 82,039 | 30,000 | 52,039 | 273% |
| Hangar 606 Mechanical Additions | 587 | 587 | 1 | 586 | 58,700% |
| Hangar 606 Rehabilitation | | 15,171 | 20,000 | -4,829 | 76% |
| Hangar 959 Rehabilitation | | 60,874 | 85,000 | -24,126 | 72% |
| Total Building improvements | 27,753 | 197,189 | 196,059 | 1,130 | 101% |
| FBO Improvements | | | | | |
| Avflight North | 0 | 0 | 22,500 | -22,500 | 0% |
| Total FBO Improvements | 0 | 0 | 22,500 | -22,500 | 0% |
| Terminal building improvements | | | | | |
| Concourse Imps. | 0 | 0 | 1 | -1 | 0% |
| Total Terminal building improvements | 0 | 0 | 1 | -1 | 0% |
| Total Buildings & Improvements | 27,753 | 197,189 | 218,560 | -21,371 | 90% |
| Equipment | | | | | |
| Airfield Equipment | | 20,340 | 105,000 | -84,660 | 19% |
| ARFF equipment | | 42,725 | 52,726 | -10,001 | 81% |
| Communications equipment | | 76,874 | 85,946 | -9,072 | 89% |
| Computer equipment | | 2,492 | 15,000 | -12,508 | 17% |
| Office equipment | | 18,517 | 20,000 | -1,483 | 93% |
| Other Equipment | | 0 | 10,000 | -10,000 | 0% |
| Shop equipment | | 158,189 | 563,126 | -404,937 | 28% |
| Terminal bldg equipment | | 7,025 | 7,500 | -475 | 94% |
| Vehicles | | 247,164 | 258,887 | -11,723 | 95% |
| Total Equipment | 0 | 573,326 | 1,118,185 | -544,859 | 51% |
| Land | | | | | |
| Airport Indust. Cent. Imps. | 0 | 0 | 15,000 | -15,000 | 0% |
| Rail Spur Imps. | 0 | 0 | 10,000 | -10,000 | 0% |
| Total Land | 0 | 0 | 25,000 | -25,000 | 0% |
| Total Fixed assets at cost | 39,886 | 1,118,820 | 2,024,995 | -906,175 | 55% |
| Total Fixed Assets | 39,886 | 1,118,820 | 2,024,995 | -906,175 | 55% |
| TOTAL ASSETS | 39,886 | 1,118,820 | 2,024,995 | -906,175 | 55% |

Salina Airport Authority

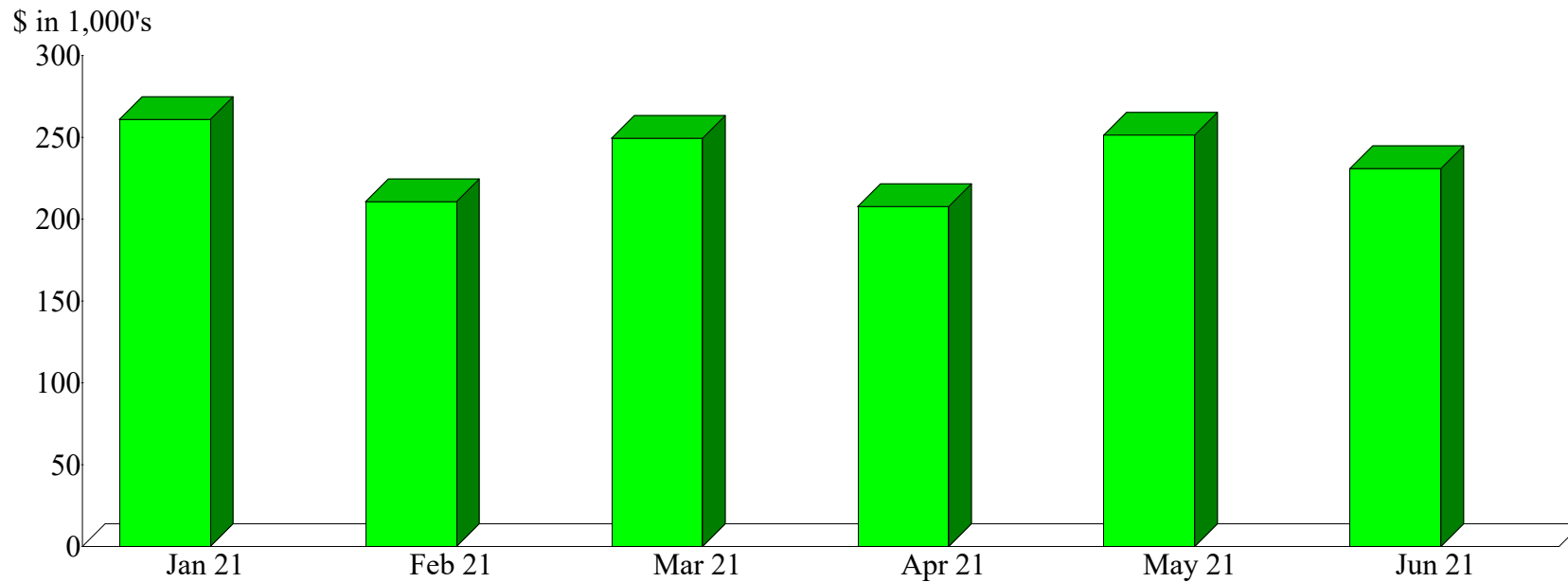
Significant Capital Expenditures Detail

June 2021

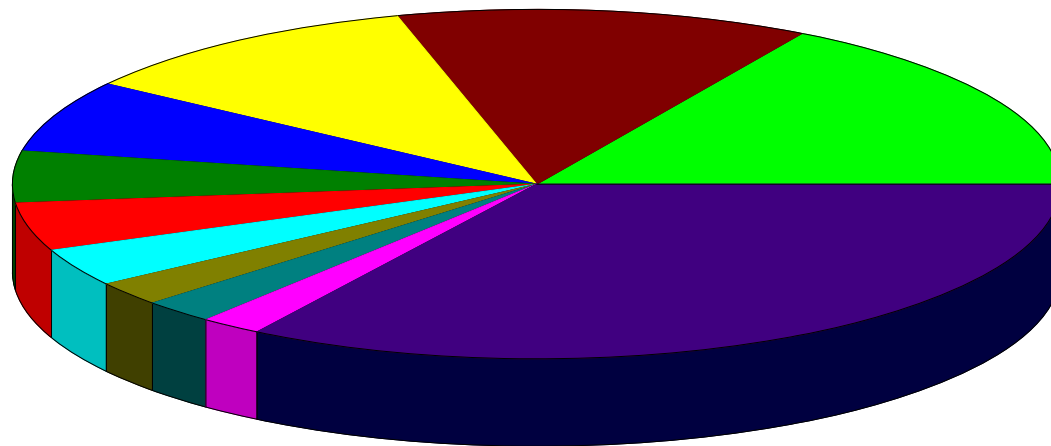
| Type | Date | Name | Memo | Amount |
|--|------------|---------------------------|--|------------------|
| Fixed assets at cost | | | | |
| Airfield | | | | |
| Airfield Improvements | | | | |
| Bill | 06/01/2021 | Salina Steel Supply, Inc. | Card Reader Holders | 132.72 |
| Total Airfield Improvements | | | | 132.72 |
| Fossett Plaza | | | | |
| Bill | 06/04/2021 | Helm Electric, LLC | Install new underground service and 2 ground mounted lights for Fossett P... | 6,565.00 |
| Total Fossett Plaza | | | | 6,565.00 |
| GA Hangars Design | | | | |
| Bill | 06/03/2021 | Hutton Corporation | GA Hangar Design Fee | 12,000.00 |
| Total GA Hangars Design | | | | 12,000.00 |
| Total Airfield | | | | 18,697.72 |
| Buildings & Improvements | | | | |
| Building improvements | | | | |
| Bldg. Imps. Other | | | | |
| Bill | 06/04/2021 | Helm Electric, LLC | Install 11 welder outlets at B313 | 7,200.00 |
| Bill | 06/09/2021 | Hutton Corporation | Bldg. 394, 2941 Centennial Avenue - Door and Siding Modifications (secur... | 11,317.00 |
| Bill | 06/30/2021 | Systems 4, LLC | ARFF station HVAC repairs (storm damage) | 8,059.00 |
| Bill | 06/30/2021 | Systems 4, LLC | ARFF Station - Repair sprinkler systems piping | 590.00 |
| Total Bldg. Imps. Other | | | | 27,166.00 |
| Hangar 606 Mechanical Additions | | | | |
| Bill | 06/29/2021 | Systems 4, LLC | Hangar 606 - Install waterline to icemaker | 587.00 |
| Total Hangar 606 Mechanical Additions | | | | 587.00 |
| Total Building improvements | | | | 27,753.00 |
| Total Buildings & Improvements | | | | 27,753.00 |
| Total Fixed assets at cost | | | | 46,450.72 |
| TOTAL | | | | 46,450.72 |

Sales by Month
January through June 2021

Dollar Sales



Sales Summary
January through June 2021

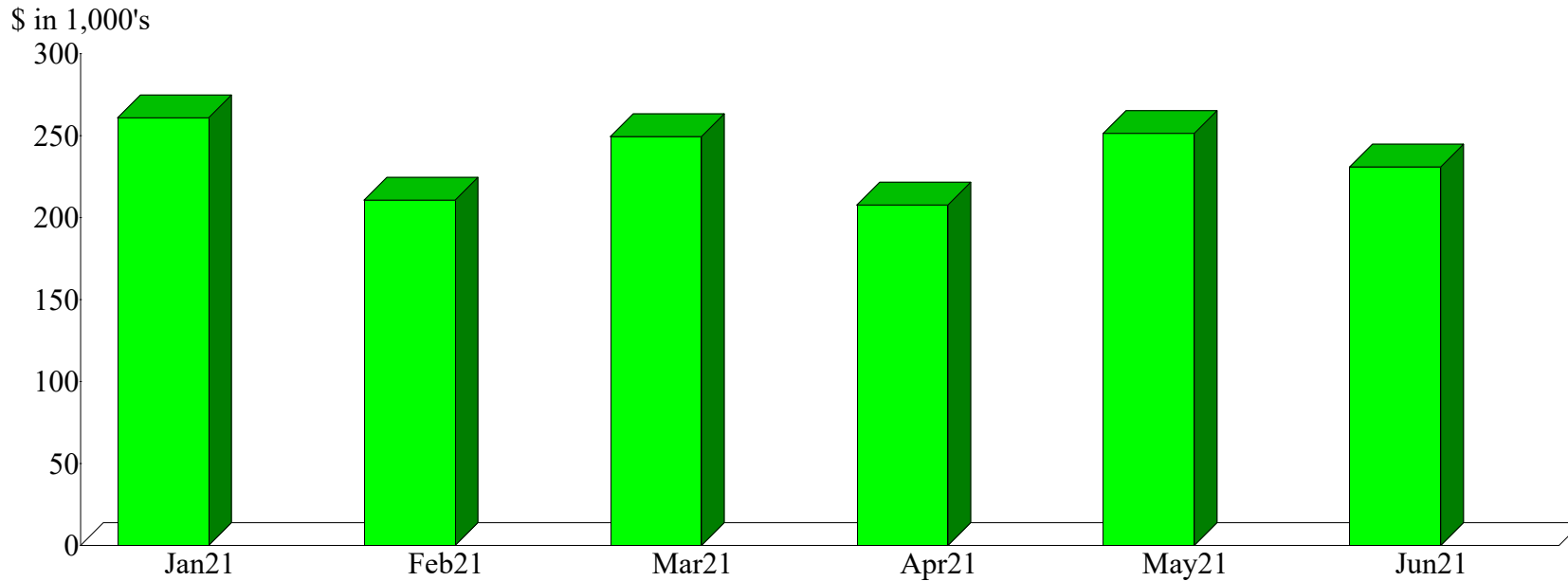


| | |
|-----------------------------------|----------------|
| Kansas Erosion Products, LLC. | 16.65% |
| 1 Vision Aviation, PLLC | 12.80 |
| Avflight Salina | 11.01 |
| SFC Global Supply Chain | 6.75 |
| Stryten Salina, LLC | 4.88 |
| Universal Forest Products (UFP) | 4.48 |
| Kansas State Polytechnic - Salina | 3.62 |
| Durham School Service, L.P. | 2.29 |
| AGCO Corporation | 2.27 |
| Federal Aviation Adminis. | 2.01 |
| Other | 33.25 |
| Total | \$1,411,112.39 |

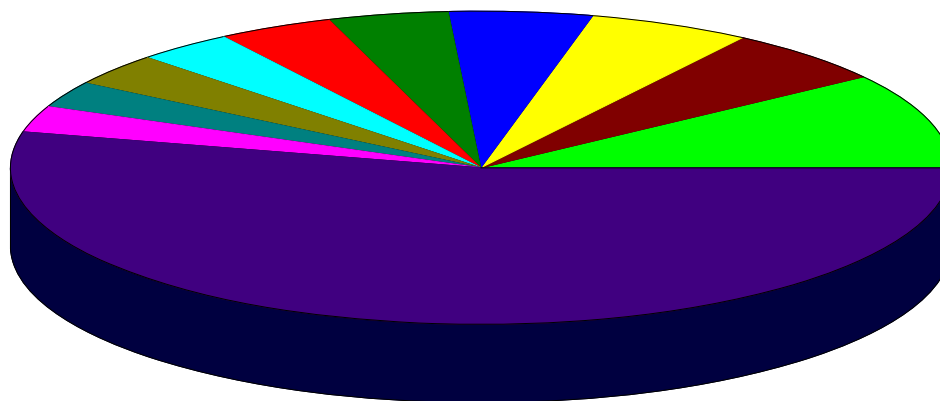
By Customer

Sales by Month
January through June 2021

Dollar Sales



Sales Summary
January through June 2021



| | |
|--|----------------|
| H-00959-1 (Hangar Facility H959 - 2044 S | 10.01% |
| B-01021 (Building #1021 located at 3600 | 5.87 |
| Utility Reimbursement (Utility Reimburse | 5.69 |
| FFF-Avflight Salina (Fuel Flowage Fee @ | 5.02 |
| B-00655-3 (Bldg. #655 (56,961 SF) - 2656 | 4.24 |
| B-00620-1 (Building #620 (30,000 SF) an | 4.06 |
| Insurance(CP) (Insurance Reimbursement) | 3.46 |
| B-00626-1 (Manufacturing facility #626 (| 3.44 |
| B-00655-4 (Bldg. #655 (33,992 SF) - 2656 | 2.77 |
| H-0600-4 (Hangar 600 - 2720 Arnold Court | 2.74 |
| Other | 52.71 |
| Total | \$1,411,112.39 |

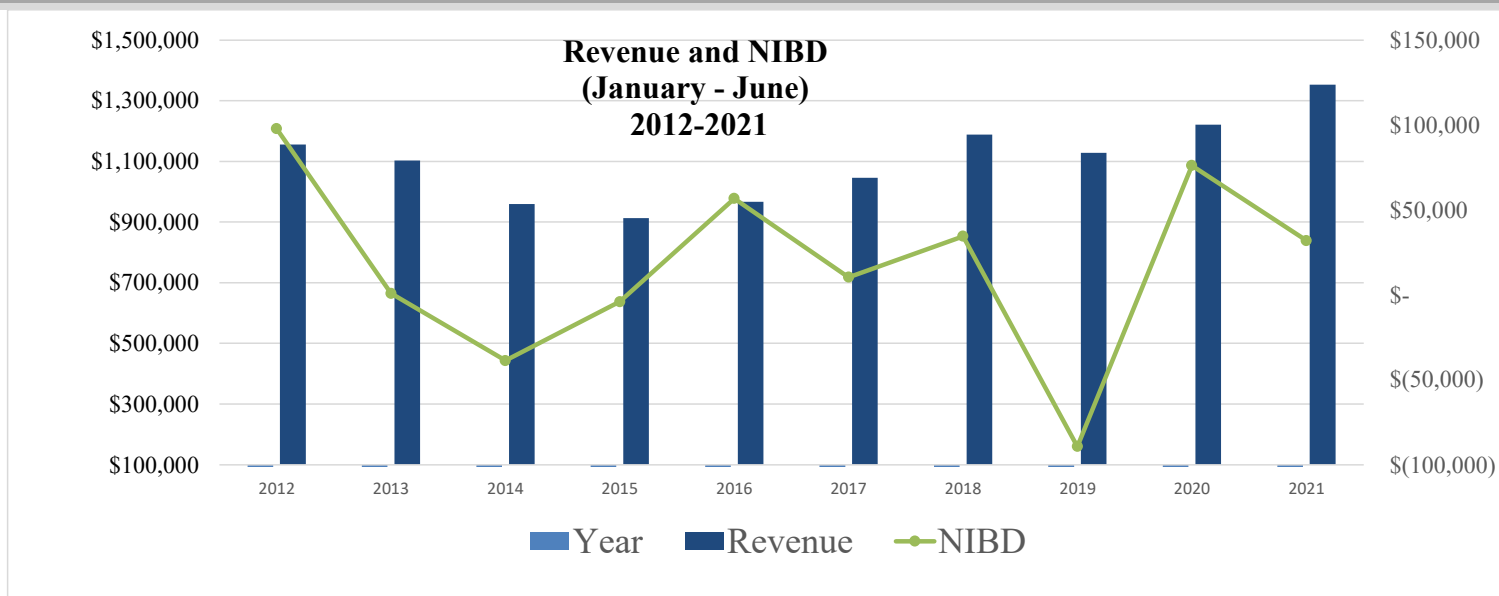
By Item

10-Year Operating Revenue and Expense Analysis

January - June

2012-2021

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------------------|------------------|--------------------|-------------------|------------------|------------------|------------------|--------------------|------------------|------------------|
| TOTAL REVENUES | | | | | | | | | | |
| OPERATING REVENUES | | | | | | | | | | |
| Airfield | \$ 313,558 | \$ 252,361 | \$ 278,180 | \$ 257,321 | \$ 292,985 | \$ 237,612 | \$ 253,513 | \$ 352,268 | \$ 307,186 | \$ 394,206 |
| Fuel flowage fees | 103,696 | 69,320 | 64,507 | 79,396 | 58,222 | 109,377 | 88,269 | 76,117 | 69,388 | 79,132 |
| Building and land rent | 699,352 | 744,875 | 594,919 | 541,427 | 563,152 | 634,949 | 696,793 | 642,555 | 741,966 | 842,296 |
| Other revenue | 38,712 | 35,604 | 22,115 | 34,657 | 52,318 | 63,476 | 150,053 | 57,158 | 102,149 | 37,365 |
| TOTAL OPERATING REVENUES | 1,155,318 | 1,102,160 | 959,721 | 912,801 | 966,677 | 1,045,414 | 1,188,628 | 1,128,098 | 1,220,689 | 1,352,999 |
| TOTAL EXPENSES | | | | | | | | | | |
| OPERATING EXPENSES | | | | | | | | | | |
| Administrative | 633,602 | 604,322 | 556,505 | 558,319 | 587,062 | 614,504 | 745,200 | 752,183 | 748,114 | 786,279 |
| Maintenance | 423,911 | 496,988 | 441,955 | 358,561 | 322,917 | 420,575 | 408,962 | 465,151 | 396,538 | 534,829 |
| TOTAL OPERATING EXPENSES | 1,057,513 | 1,101,310 | 998,460 | 916,880 | 909,979 | 1,035,079 | 1,154,162 | 1,217,334 | 1,144,652 | 1,321,108 |
| OPERATING INCOME BEFORE DEPRECIATION | \$ 97,805 | \$ 850 | \$ (38,739) | \$ (4,079) | \$ 56,698 | \$ 10,335 | \$ 34,466 | \$ (89,236) | \$ 76,037 | \$ 31,891 |





COMPREHENSIVE ANNUAL FINANCIAL REPORT

**SALINA AIRPORT AUTHORITY
A Component Unit of the
City of Salina, Kansas
For the Fiscal Years Ended December 31, 2020 and 2019**

Prepared by the Management
of the
Salina Airport Authority
www.salinaairport.com

CUSIP #794760XXX

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
of the
SALINA AIRPORT AUTHORITY**

**A Component Unit of the
City of Salina, Kansas**

For the Fiscal Years Ended December 31, 2020 and 2019



**SALINA AIRPORT AUTHORITY
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended December 31, 2020 and 2019**

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Kent Buer

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Manager of Operations David Sorell Business & Communications Manager Kasey L. Windhorst Board Attorney Greg A. Bengtson

July 9, 2021

Salina Airport Authority Board of Directors
3237 Arnold Ave.
Salina, KS 67401

To the Board of Directors of the Salina Airport Authority:

The Comprehensive Annual Financial Report of the Salina Airport Authority (the "Authority") for the fiscal years ended December 31, 2020 and 2019 is hereby submitted in accordance with the Kansas Statutes Annotated (K.S.A. 27-324). As required by the statute, the City of Salina will be furnished copies of the Authority's 2020 Comprehensive Annual Financial Report. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Executive Director of the Authority. To the best of our knowledge and belief, the data as presented is accurate in all material aspects, is presented in a manner designed to fairly set forth the fiscal position and results of the operation of the Authority as measured by its financial activity, and all disclosures necessary to enable the reader to gain maximum understanding are included in the report.

This Comprehensive Annual Financial Report is presented in accordance with generally accepted accounting principles (GAAP) and pursuant to K.S.A. 27-324, an audit of the books, accounts and financial statements has been completed by the Authority's independent certified public accountants, AdamsBrown, LLC. The independent audit is in accordance with the Kansas Municipal Audit and Accounting Guide. GAAP requires that management provide an overview and analysis to accompany the financial statements in the form of a Management Discussion and Analysis (MD&A). It is recommended that this letter of transmittal be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditor in the Financial Section of this report.

REPORTING ENTITY

The Salina Airport Authority is a body corporate and politic. The Authority was created by the City of Salina in April 1965 (Sec. 4-16, Salina City Code) pursuant to the authority granted by the City by the surplus property and public airport authority act of the State of Kansas (K.S.A. 27-315 et seq.) The Authority was created for the purpose of accepting as surplus property, portions of the former Schilling Air Force Base, which was closed by the United States Department of Defense in June 1965. By quitclaim deed the Authority received over 2,900 acres of land and numerous buildings for the purpose of operating and developing the Salina Regional Airport and the Salina Airport Industrial Center. The Authority is managed and controlled by a five-member Board of Directors appointed by the Salina City Commission.

The Board appoints the Executive Director, who is the chief executive officer of the Authority. The Executive Director hires the remaining employees of the Authority. The Executive Director and his staff of fourteen full-time and two part-time employees manage and operate the Salina Regional Airport and the Salina Airport Industrial Center.

The Salina Regional Airport is the only commercial service airport serving Salina/Saline County and the 24-county area, which comprises north central Kansas. The Airport also services the corporate, business, private aviation and flight training needs of industry, business and individuals in the area. The Airport is also used by Kansas State University at Salina (KSUS). The campus of KSUS is located adjacent to the Airport and is one of the nation's top five aviation programs. The college offers degrees in professional flight training, airframe and power plant maintenance, avionics technology and airport management.

The Salina Regional Airport and Airport Industrial Center is home for over 100 businesses and organizations. Over fifty of the businesses and organizations are tenants of the Authority. One of the primary functions of the Authority is to facilitate the continued growth of jobs and payroll at the Airport and Airport Industrial Center. The Authority works in partnership with the City of Salina, Saline County and the Salina Area Chamber of Commerce for the retention of existing business and industry and the recruitment of new business and industry.

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

The City serves as a 24-county regional trade center for north central Kansas. Many individuals and businesses within a 70-mile radius travel to the City to purchase consumer goods and services. This designation as a regional trade center is supported by the fact that the City had the third highest "trade pull factor" of all Kansas first class cities in a report published in December 2018 by the Kansas Department of Revenue Office of Research and Analysis. City trade pull factor is computed by dividing the per capita sales tax of a city by the statewide per capita sales tax.

Saline County is located in the center of one of the most productive agricultural areas in the United States. In 2012, 674 farms were located on 364,468 acres. Farm crops and livestock sales reached \$84.4 million according to the 2012 Census. According to the Kansas Department of Agriculture, the total economic impact of agriculture food and food processing sectors on the Saline County economy is over \$1 billion annually.

Salina is a city centered more on industry than agriculture. Currently, there are approximately 100 manufacturing and processing companies located in the City. The City, Saline County, the Chamber of Commerce, and the Salina Airport Authority have developed several economic incentives which can be offered as inducements to opening industrial facilities. These include property tax abatement for basic industry, the waiving of building permit and inspection fees, refunding of sales tax paid on machinery and equipment and providing training for employees through the Salina Area Technical College and the

Kansas State University at Salina. Additionally, a “build-to-suit-tenant” agreement is available on sites in the Airport Industrial Center that can provide 100% financing for land and building costs.

Additionally, Salina has launched a \$150 million downtown redevelopment project that broke ground in April of 2018. This redevelopment includes streetscape and utility improvements, the construction of a Homewood Suites hotel, Old Chicago restaurant and a new entertainment center/bowling alley. A river renewal project is also on the horizon.

The community has 1,200 acres of industrial sites available in North Salina, the South Industrial District, and the Airport Industrial Center. Sites range in size from 1-to 240 acres, and are available for aviation, manufacturing and distribution and warehouse businesses.

Economic Condition of the Airport and Airport Industrial Center

According to a report published in April 2020 by the Docking Institute of Fort Hays State University, as of December 31, 2020, over 100 businesses and organizations are located at the Salina Regional Airport and Airport Industrial Center.

The total level of economic activity generated by the private businesses, educational institutions, military units, public institutions, and other entities for 2020 was \$1,297,934,889. Combined, Airport and Airport Industrial Center economic activity contributed approximately 42.5% of the total economic activity in Saline County during 2020. The total employment associated with Airport and Airport Industrial Center economic activity was 7,005 jobs which equals 17.6% of the total employment in Saline County.

Future Economic Outlook

Despite the uncertainty of the impact of COVID-19 (*See Note M in the Notes to the Financial Statements*) the future economic outlook for both Salina and the Authority looks favorable. Continued growth in service, retail and manufacturing sectors is expected. Salina Regional Airport businesses including 1 Vision Aviation and Kansas State University at Salina continue to work on facility expansion plans. Salina Airport Industrial Center businesses including Schwan's Food Manufacturing Inc., Kansas Erosion Products, and the Federal Aviation Administration continue to work on facility expansions and improvements.

Salina Regional Airport continues to thrive as a forward operating location for aviation businesses, military and special operation missions. With its close proximity to the Smoky Hill Air National Guard Bombing Range, the Airport continues to host military units from around the country for training purposes.

The Salina Airport Authority in partnership with the Salina Area Chamber of Commerce, the Salina Community Economic Development Corporation the City of Salina and Saline County, continues to execute an economic development strategic plan that includes specific goals and tasks intended to result in job growth, increased primary jobs payroll, new capital investment and the leasing of available space at the Airport Industrial Center.

FINANCIAL CONTROLS

The Authority follows generally accepted accounting principles applicable to governmental unit enterprise funds. Accordingly, the financial statements are prepared on the accrual basis.

Management of the Authority is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

LONG-TERM FINANCIAL PLANNING

Increasing the Authority's unreserved, undesignated fund balance has been a priority of the organization. The Authority's Board of Directors has a stated plan of establishing the Authority's cash reserve fund equal to \$1.8 million. Having sufficient liquidity has allowed the Authority to respond to opportunities that arise quickly such as improvements to facilities and infrastructure to secure new businesses and industry to the Airport.

On May 6, 2020, the Authority accepted a \$1,836,078 Coronavirus Aid, Relief, and Economic Security (CARES) Act grant from the Federal Aviation Administration. The proceeds can be used for any lawful purposes for which airport revenues can be utilized. The grant funds can be used to reimburse for airport expenditures dating back to January 20, 2020. The Authority intends to use the funds to maintain the safe and secure operation of the Airport while managing through the effects of the pandemic.

Also, as part of the strategic plan of recruiting business and industry to fill available facilities vacated by three principal customers since 2012, the Authority has developed a systematic method of evaluating projects including definitive trigger points, lease pro-forma requirements, lease calculation methodology and other qualitative measures prior to capital improvement projects.

GFOA CERTIFICATE OF ACHIEVEMENT

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Salina Airport Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The support of the Authority's Board of Directors and Audit Committee has been instrumental in the preparation of this report. The Board has been actively involved in the preparation and review of this report and is committed to responsible and progressive financial reporting.

Also acknowledged is the assistance of the Authority's auditor, AdamsBrown, LLC, the Authority's accounting advisor, Larry Harris, Woods & Durham, Chartered., Saline County Clerk's Office, the Salina Area Chamber of Commerce, Debbie Pack, Director of Finance for the City of Salina, and the University of Kansas Institute for Public Policy and Business Research and the Kansas Department of Human Resources Labor Market Information Services, in the preparation of this report.

Respectfully submitted,



Timothy F. Rogers, A.A.E.
Executive Director
Salina Airport Authority



Michelle R. Swanson, C.M.
Director of Administration and Finance
Salina Airport Authority

cc: The City of Salina Board of Commissioners



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Salina Airport Authority
Kansas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

SALINA AIRPORT AUTHORITY

PRINCIPAL OFFICERS AS OF DECEMBER 31, 2020

BOARD OF DIRECTORS

Alan Eichelberger, Chairman

Kristin Gunn, Vice Chairman

Troy L. Vancil, Secretary

Brian Weisel, Treasurer

Kent Buer, Past Chairman

AUTHORITY'S COUNSEL

Greg A. Bengtson
Clark, Mize & Linville, Chartered
Salina, Kansas

AUTHORITY'S BOND COUNSEL

Gilmore & Bell
Kansas City, Missouri

AUTHORITY'S FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Inc.
Kansas City, Missouri

AUTHORITY'S AUDITOR

AdamsBrown, LLC
2006 Broadway, Suite 2A
P.O. Drawer J
Great Bend, KS 67530

SALINA AIRPORT AUTHORITY**Staff Members as of December 31, 2020****ADMINISTRATIVE STAFF**

| | |
|---------------------------|---|
| Timothy F. Rogers, A.A.E. | Executive Director |
| Michelle R. Swanson, C.M. | Director of Administration and Finance |
| Kenny Bieker | Director of Facilities and Construction |
| Kasey L. Windhorst | Business and Communications Manager |
| David Sorell | Operations Manager |
| Jazstyn Moyer | Airport Administration Specialist |

FACILITY MAINTENANCE and OPERATIONS

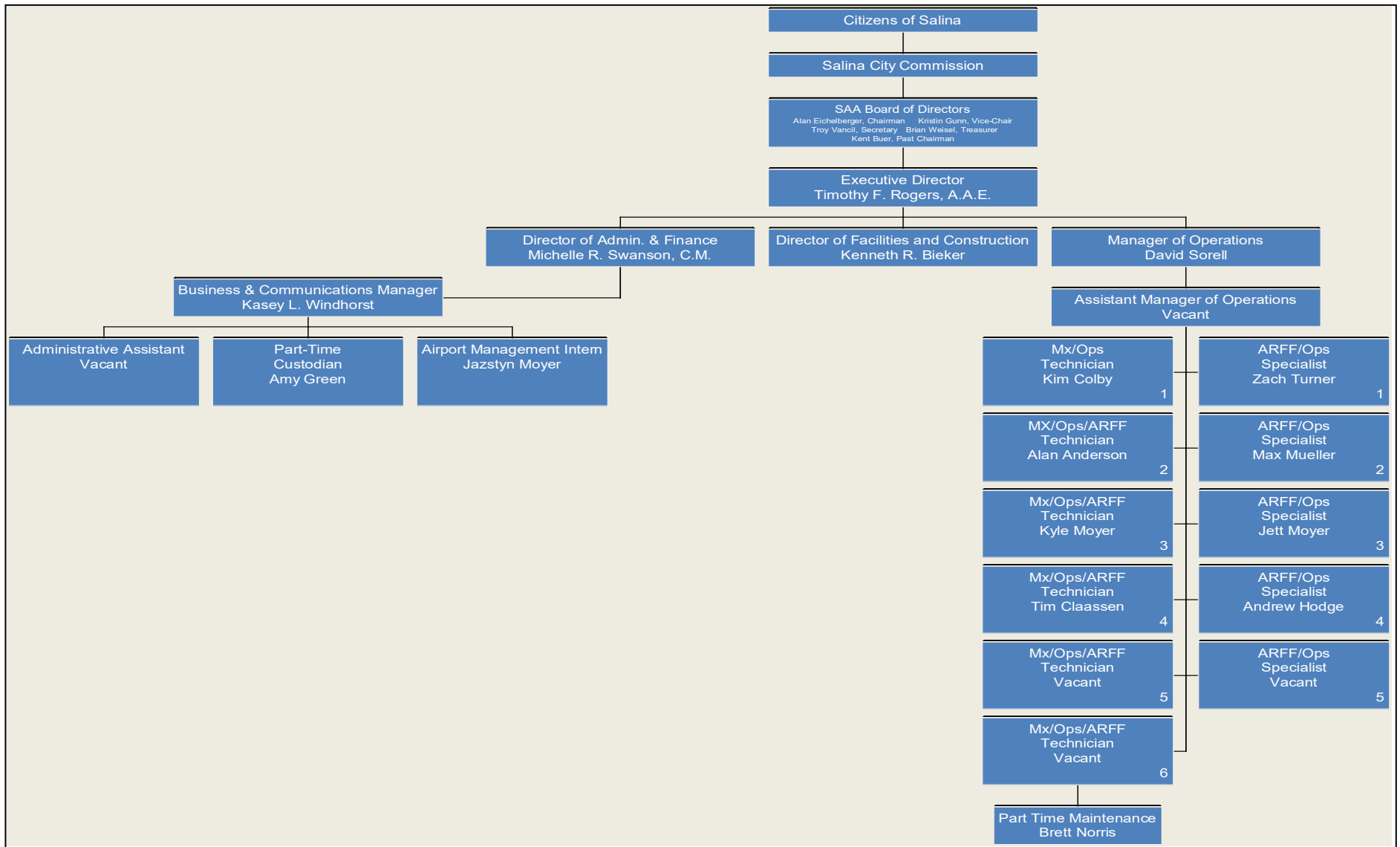
| | |
|------------|---------------|
| Kim Colby | Alan Anderson |
| Kyle Moyer | Tim Claassen |
| Amy Green | |

AIRCRAFT RESCUE AND FIREFIGHTING and SAFETY and SECURITY

| | |
|-------------|--------------|
| Zach Turner | Max Mueller |
| Jett Moyer | Andrew Hodge |

SALINA Airport Authority

December 2020



SALINAAirport *Authority*



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Salina Airport Authority
Salina, Kansas

We have audited the accompanying financial statements of the business-type activities of **Salina Airport Authority**, a component unit of the City of Salina, Kansas, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinions. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of **Salina Airport Authority**, as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise **Salina Airport Authority's** basic financial statements. The introductory section, supplemental information, statistical section, and single audit information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinions, supplemental information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2021, on our consideration of the **Salina Airport Authority's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

July 9, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Salina Airport Authority offers the readers of the Authority's audited financial statements this narrative overview and analysis of the financial activities of the Salina Airport Authority for the fiscal year ended December 31, 2020.

The Salina Air Traffic Control Tower (ATCT) ended 2020 having handled 60,448 aircraft operations. This represented a 21% decrease in total aircraft operations over the prior year which had seen a 10.5% increase over 2018 and a 13.3% YOY increase from 2017. Not unlike other airports across the country, air traffic was significantly hampered due to the COVID-19 pandemic. Categories of aircraft operations at Salina including air taxi and general aviation saw double-digit decreases as high as 31% as compared to 2019. However, military operations were up 42% for itinerant traffic and 10% for local traffic. Salina continued to host military training exercises for all branches of the armed forces and serves as an Airport of Embarkation/Debarcation (APOE/APOD) for Kansas' army military installation known as Fort Riley. The growth in the previous two years was a result of growth in both local and itinerant military traffic as well as air taxi and local civilian operations. This pre-COVID-19 air traffic growth coincides with two consecutive years of record enrollment in K-State's professional pilot program. K-State Salina's expanded professional pilot and helicopter flight training programs had assisted in the upward trend in air traffic in previous years as well as an overall increase in commercial business traffic. At the end of 2020, Salina Regional Airport remains ranked number two in terms of the busiest FAA contract towered airport in the state for air traffic operations and number one for fuel delivered. Salina's 2020 ATCT's national ranking for airport operations is 98 out of 256 federal contract towered airports.

Salina continues to remain strong as a mid-continent refueling stop and has earned the recognition as "America's Fuel Stop". At the end of 2020, world-class Fixed Based Operator (FBO), Avflight Corporation, completed its seventh year as the aircraft fueling at the Salina Regional Airport. Avflight provides fueling and ground services to the wide mix of air traffic that includes business jets, air carrier, military, and general aviation. Avflight is part of the Avfuel-branded FBO network of 700 independently owned FBOs around the globe. In addition, Salina continues to remain strong as a base of operations for military and civilian flight training. During 2020, despite COVID-19, Avflight still delivered 2.3 million gallons, representing a .72% increase over the 2019. Since Avflight's 2014 takeover of the fueling operation at SLN, fuel sales have seen 3 years with double digit year-over-year increases.

Commercial airline service is afforded to Salina through the Department of Transportation's (DOT) Essential Air Service Program (EAS). On December 21, 2017, the United States Department of Transportation (the Department) selected SkyWest Airlines, Inc. (SkyWest), to provide EAS at Salina, Kansas, using 50-passenger Canadair Regional Jet CRJ200 aircraft for a two-year contract term from April 1, 2018, through March 31, 2020, for SkyWest to provide Salina with 12 weekly round trips to Denver International Airport (DEN) and/or Chicago O'Hare International Airport (ORD). The service is branded as United Express.

From 2017 to 2018, the Airport saw an increase of 46.6% with the jump to 50-seat jet service, operated by SkyWest Airlines, to both United's Chicago and Denver hubs. Of significance is the fact that passenger enplanements exceeding 10,000 annually, allows the airport to receive \$1 million per year in Federal Aviation Administration entitlement dollars for eligible airport capital improvements.

From 2018 to 2019, the Salina Regional Airport's passenger enplanements continued the positive trend increasing 4.38% as a result of the SkyWest's performance and the market responding. Additionally, the airport continued to serve numerous aircraft as an APOE/APOD for Fort Riley as described above. As the home of the Army's 1st Infantry division, Fort Riley utilizes the infrastructure at the Airport for the deployment of service men and women and cargo to training venues and military missions throughout the world. In addition to an increase in military aircraft activity, the Airport has benefited from the increase in commercial airline charter operations as a result of serving as an APOE/APOD.

Right before the effects of the COVID-19 pandemic hit air travel, Salina's air service and passenger enplanements were reaching new heights. The passenger roundtrip enplanements of 2,712 for SkyWest service during the month of December 2019 was more than double the 1,168 of December 2018. On March 5, 2020, the tag with Hays, KS was removed and the Salina to Denver service became non-stop and the spring break week that followed was the record load factor week for the year. As the air travel reductions were realized around the globe as the pandemic threat continued, Salina's passenger numbers also dropped and the year ended 50.16% less than 2019.

The changes in the Authority's major airport activity indicators for the past three years are as follows:

| | 2020 | 2019 | 2018 |
|--|-----------|-----------|-----------|
| Enplanements - Scheduled Air Carrier & Charter Flights | 10,561 | 21,189 | 20,299 |
| % increase / (decrease) | -50.16% | 4.38% | 46.56% |
| Aircraft Operations - All Categories | 60,448 | 76,553 | 69,293 |
| % increase / (decrease) | -21.04% | 10.48% | 13.33% |
| Fuel Flowage - (gallons delivered) | 2,295,009 | 2,278,659 | 2,414,825 |
| % increase / (decrease) | 0.72% | -5.64% | -7.91% |

AIRPORT INDUSTRIAL CENTER ACTIVITY AND HIGHLIGHTS

The Authority owns over 1.2 million sq. ft. of manufacturing, warehouse and office space at the Airport Industrial Center. As further described herein, the building and land revenue generated by the Authority's leasing activity constitutes a significant portion of the annual operating revenue budget. During 2020, building rents equaled \$1,543,756 or 58.2% of operating revenue. At the end of 2020, the Authority had an occupancy rate of 80% in its building inventory, up from the 71% at the end of 2019. The Authority has made great strides in recent years in re-leasing a portion of the 484,003 sq. ft. of property vacated by Hawker Beechcraft Corporation (HBC) division in Salina in 2012.

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

Even with the uncertainty in the aviation industry and the COVID-19 pandemic the financial condition of the Authority improved during 2020. The Authority has effectively dealt with major cost increases in employee health benefits including medical insurance premiums, utility costs, commercial property insurance premiums and other operating expenses. In addition, the Authority has managed through the termination of four operating revenue leases from three principal tenants since 2012, representing nearly \$850,000 in annual operating revenue. Fortunately, since 2012, the Authority has added more than twenty new tenants, diversifying its tenant base and the operating revenues have steadily increased with

2020 reaching a historic high of nearly \$2.6 million with a net positive income before depreciation increasing in each of the last three years.

SUMMARY OF OPERATIONS HIGHLIGHTS

Significant items affecting the Summary of Operations and Changes in Net Position for 2020, 2019 and 2018 are as follows:

| | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|
| Operating revenues | \$ 2,652,346 | \$ 2,432,958 | \$ 2,499,892 |
| Operating expenses | (2,471,725) | (2,355,435) | (2,431,170) |
| Excess of revenues over expenses before depreciation | 180,621 | 77,523 | 68,722 |
| Depreciation | (3,016,267) | (2,898,650) | (2,761,019) |
| Loss before non-operating revenues and expenses | (2,835,646) | (2,821,127) | (2,692,297) |
| Non-operating revenues and (expenses), net | (570,774) | 1,497,105 | 1,520,944 |
| Loss before capital contributions | (3,406,420) | (1,324,022) | (1,171,353) |
| Capital contributions | 2,100,818 | 1,727,674 | 1,474,356 |
| Net position | | | |
| Increase in net position | (1,305,602) | 403,652 | 303,003 |
| Net position, beginning of period as previously reported | 22,502,785 | 22,099,133 | 21,808,184 |
| Cumulative change in accounting principle | - | - | (12,054) |
| Net position, beginning of year as restated | 22,502,785 | 22,099,133 | 21,796,130 |
| Net position, end of period | \$ 21,197,183 | \$ 22,502,785 | \$ 22,099,133 |

- Operating revenues have increased in recent years due to new tenants and releasing properties and diversifying the tenant base as mentioned previously with 2020 and 2019 revenues posting ten-year highs. Although fuel flowage fees derived from the delivery and sale of aviation fuel at the Airport dipped by 5.64% and 7.91% respectively for 2019 and 2018, this revenue stream jumped significantly when it increased 41% in 2017 where it reached the highest level in the previous seven years and in 2020, despite COVID-19 it increased by 2.9% over 2019. Military traffic at the

Airport continues to remain strong and the field at KSLN continues to have a steady stream of based training operations that generate hangar rent, fuel flowage and other rental revenue.

- The Authority's operating expenses increased by 4.9% in 2020 after a 3.12% YOY decrease in 2019. From 2011 to 2017, the Authority posted year-over-year decreases in operating expenses. After slipping to a vacancy rate of 58% in early 2012, the Authority loss of revenue attributable to the closure of Hawker Beechcraft, required significant cost-cutting measures. With the occupancy rate having improved by over 20% by the end 2020, the Authority was able to expend dollars on deferred airfield, building and equipment maintenance.
 - During 2012-2019, the Authority made a concerted effort to hold and reduce operating costs by reducing travel and meeting expense as well as reducing all dues and subscriptions and cancelling all non-essential items.
 - The 2020 increase in operating expenses was a result of increased leasing activity, building occupancy. Additionally, the Authority significantly increased cleaning and sanitization efforts due to the pandemic. This was even more critical with the Authority's level of short-term, transient leasing activity. Also, certain tenants requested an increased level of disinfecting requiring up to twice daily services.
- Depreciation expense increased due to very capital-intensive years with investment reaching \$3 million in 2020 and \$2.9 million in 2019.
- Capital grants and contributions during 2020 and 2019 totaled \$2,100,818 and \$1,727,674 respectively, with the significant projects including a Terminal Building Master Plan update, and rehabilitation of the Authority's largest aircraft hangar, Hangar 959, for a new Part 145 maintenance tenant. \$1.5 million of the 2020 capital grants included reimbursement for Airport operating expenses under the CARES Act grant as further discussion in the Notes to the Financial statements.
- Ad-valorem tax revenue (mill levy) received by the Authority as a local taxing entity increased 11.3.% from 2019 to 2020 and 1.4% from 2018 to 2019. Interest received on investments decreased by 87.9% from 2019 to 2020 as a result of bond proceeds on deposit during 2019 earning the majority of the investment income and the continued trend of historical lows in investment yields.

FINANCIAL POSITION SUMMARY

The changes in net position may serve over time as a useful indicator of a government's financial position. The Authority's assets exceeded liabilities by \$21,197,183 at the close of 2020. A condensed summary of the Authority's total net position at December 31st for the previous three years is shown on the next page.

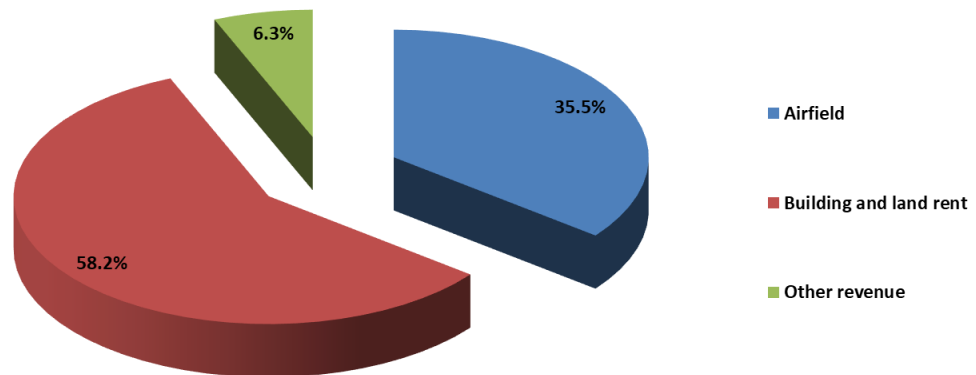
The Authority's net position reflects its heavy investment in capital assets including land, buildings, airfield infrastructure and machinery and equipment, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be

provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

| | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | |
| Current and other assets | \$ 2,662,550 | \$ 1,512,621 | \$ 407,891 |
| Capital assets | 42,261,174 | 44,110,767 | 43,860,869 |
| Deferred Outflows of Resources | 1,232,712 | 1,276,204 | 1,381,850 |
| Total Assets and Deferred Outflows of Resources | <u>\$ 46,156,436</u> | <u>\$ 46,899,592</u> | <u>\$ 45,650,610</u> |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | |
| Long-term debt outstanding | \$ 19,771,494 | \$ 20,984,752 | \$ 19,400,693 |
| Other liabilities | 5,121,333 | 3,370,643 | 4,082,418 |
| Total liabilities | <u>24,892,827</u> | <u>24,355,395</u> | <u>23,483,111</u> |
| Deferred Inflows of Resources | <u>66,426</u> | <u>41,412</u> | <u>68,366</u> |
| NET POSITION | | | |
| Net investment in capital assets | 18,935,971 | 21,698,665 | 22,491,023 |
| Unrestricted | <u>2,261,212</u> | <u>804,120</u> | <u>(391,890)</u> |
| Total net position | <u>21,197,183</u> | <u>22,502,785</u> | <u>22,099,133</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 46,156,436</u> | <u>\$ 46,899,592</u> | <u>\$ 45,650,610</u> |

REVENUES

The following chart shows the major sources and the percentage of total operating revenues for the year ended December 31, 2020:



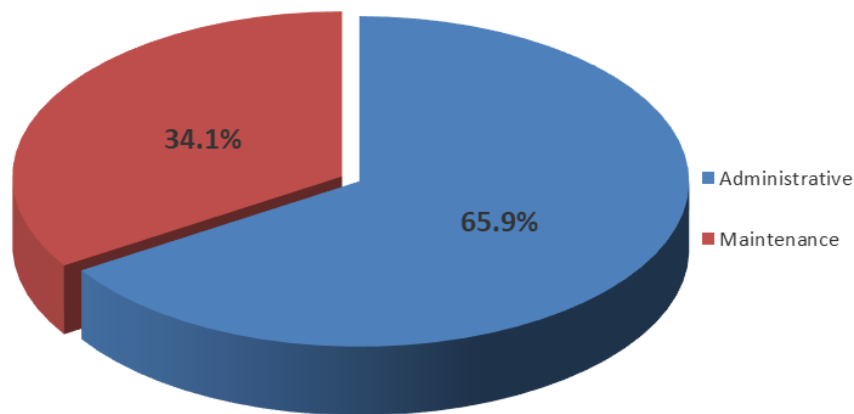
A summary of revenues for the past three years is shown below. Total revenue increased 9.3% from 2019 to 2020 following a slight decrease of .09% or \$4,341 from 2018 to 2019. 2020 marked a ten-year high in operating revenue. The positive trend in operating revenue is a result of the increase in building and land

rental attributable to increased occupancy rates. Other operating income has increased as a result of new sources of income including equipment rental to visiting military units and flight test activity.

| | 2020 | 2019 | 2018 |
|------------------------|--------------|--------------|--------------|
| Operating Revenue: | | | |
| Airfield | \$ 941,238 | \$ 927,921 | \$ 780,755 |
| Building and land rent | 1,543,756 | 1,349,788 | 1,383,282 |
| Other revenue | 167,352 | 155,249 | 335,855 |
| Total Operating | 2,652,346 | 2,432,958 | 2,499,892 |
| Non-Operating Income: | | | |
| Mill Levy | 2,639,481 | 2,371,463 | 2,338,967 |
| Interest Income | 2,161 | 17,954 | 3,745 |
| Gain on sale of assets | - | 21,263 | 5,375 |
| Total Non-Operating | 2,641,642 | 2,410,680 | 2,348,087 |
| TOTAL REVENUE | \$ 5,293,988 | \$ 4,843,638 | \$ 4,847,979 |

EXPENSES

The following chart shows the major expense categories and the percentage of total operating expenses for the year ended December 31, 2020:



A summary of expenses for the past three years is shown below. Total operating expenses increased 4.9% in 2020 after decreasing 3.12% in 2019 and following a 12.5% increase over the prior year in 2018. Prior to 2017 and increased building occupancy resulting in higher revenues, the Authority has taken significant steps to hold operating expenses down, including completing more facility maintenance projects in-house

and reducing administrative expenses such as travel and meetings. From 2011-2017, the Authority reduced operating expenses year-over-year for each of the six years.

| | 2020 | 2019 | 2018 |
|------------------------|---------------------|---------------------|---------------------|
| Operating Expenses | | | |
| Administrative | \$ 1,630,020 | \$ 1,524,897 | \$ 1,567,514 |
| Maintenance | 841,705 | 830,538 | 863,656 |
| Total Operating | <u>2,471,725</u> | <u>2,355,435</u> | <u>2,431,170</u> |
| Non-Operating Expenses | | | |
| Interest Expense | 771,821 | 840,390 | 827,143 |
| Bond Issue Costs | 44,885 | 73,185 | - |
| Loss on Sale of Assets | 2,395,710 | - | - |
| Total Non-Operating | <u>3,212,416</u> | <u>913,575</u> | <u>827,143</u> |
| TOTAL EXPENSES | <u>\$ 5,684,141</u> | <u>\$ 3,269,010</u> | <u>\$ 3,258,313</u> |

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Capital grants and contributions during 2020 totaled \$2,100,818 which included funding through the Federal Aviation Administration's Airport Improvement Program to provide 90% grant funding for the Authority's Terminal Building Master Plan Update. In addition, the Authority received \$250,000 in funding support for the pavement rehabilitation of the Hangar 959 ramp and improvements to Rwy. 17/35.

The Authority acquired \$1,501,297 in capital assets during 2020. Significant items included the rehabilitation of the Authority's largest aircraft hangar, Hangar 959 and several airport and industrial center building improvement projects. Additional information on the Authority's capital assets can be found in Note III (C) in the notes to the financial statements and within the Supplemental Section of this report.

Capital asset acquisitions exceeding \$1,000 are capitalized at cost and are depreciated over their useful lives, with the exception of land. The Authority's capital assets are financed using Federal and State grants with matching Authority funds, debt issuance and Authority revenues. Additional information can be found in Note I (E) in the notes to the financial statements.

DEBT ADMINISTRATION

The outstanding long-term debt of the Authority was \$23,543,891 net of unamortized bond discounts at December 31, 2020. This debt consists of general obligation bonds and temporary notes and City of Salina special assessments. Maturities range from 2021 through 2031. Both principal and interest are payable from the Authority's mill levy revenue. Details of the Authority's debt can be found in Note III (D) in the notes to the financial statements.

REQUEST FOR INFORMATION

This Management's Discussion and Analysis is designed to provide detailed information on the Authority's operations and the financial results of those operations to all those with an interest in the Authority's financial affairs. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Administration and Finance by e-mail: shellis@salair.org or in writing to, Salina Airport Authority, 3237 Arnold Ave., Salina, KS 67401.

Respectfully submitted,



Timothy F. Rogers, A.A.E.
Executive Director



Michelle R. Swanson, C.M.
Director of Administration and Finance

SALINA AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
December 31, 2020 and December 31, 2019

| <u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u> | <u>December 31</u> | |
|---|-----------------------------|-----------------------------|
| | <u>2020</u> | <u>2019</u> |
| CURRENT ASSETS | | |
| Cash | \$ 2,255,880 | \$ 655,020 |
| Accounts receivable, net of allowance for uncollectibles | 390,970 | 848,249 |
| Prepaid expenses | 15,700 | 9,352 |
| Total Current Assets | <u>2,662,550</u> | <u>1,512,621</u> |
| NON-CURRENT ASSETS | | |
| Capital Assets | | |
| Land | 9,874,567 | 10,166,124 |
| Buildings, improvements and equipment, net of depreciation | 32,181,015 | 33,812,426 |
| Construction in progress | 205,592 | 132,217 |
| Total Non-Current Assets | <u>42,261,174</u> | <u>44,110,767</u> |
| TOTAL ASSETS | <u>44,923,724</u> | <u>45,623,388</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred KPERS pension funds | 214,164 | 131,923 |
| Deferred KPERS OPEB | 4,727 | 4,220 |
| Deferred advanced refunding | 1,013,821 | 1,140,061 |
| Total Deferred Outflows of Resources | <u>1,232,712</u> | <u>1,276,204</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u><u>\$ 46,156,436</u></u> | <u><u>\$ 46,899,592</u></u> |

The accompanying notes are an integral part of these financial statements.

SALINA AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
December 31, 2020 and December 31, 2019
(continued)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND
NET POSITION

| | <u>December 31</u> | |
|--|----------------------|----------------------|
| | <u>2020</u> | <u>2019</u> |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 125,641 | \$ 867,149 |
| Accrued payroll and expenses | - | 402 |
| Accrued property tax | 40,159 | 55,154 |
| Accrued special assessments | 1,282 | 1,282 |
| Unearned rental and marketing income | 105,228 | 49,208 |
| Accrued interest | 211,244 | 227,145 |
| Current portion of compensated absences | 51,799 | 39,195 |
| Current maturities of long-term debt | 3,772,397 | 1,427,350 |
| | <hr/> | <hr/> |
| Total Current Liabilities | 4,307,750 | 2,666,885 |
| | <hr/> | <hr/> |
| NON-CURRENT LIABILITIES | | |
| Bonds and notes payable, less current maturities | 19,771,494 | 20,984,752 |
| Net pension liability | 715,670 | 632,856 |
| Net OPEB liability | 13,924 | 13,338 |
| Security deposits returnable | 83,989 | 57,564 |
| | <hr/> | <hr/> |
| Total Non-Current Liabilities | 20,585,077 | 21,688,510 |
| | <hr/> | <hr/> |
| Total Liabilities | 24,892,827 | 24,355,395 |
| | <hr/> | <hr/> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred KPERS pension funds | 58,465 | 36,718 |
| Deferred KPERS OPEB | 7,961 | 4,694 |
| | <hr/> | <hr/> |
| Total Deferred Inflows of Resources | 66,426 | 41,412 |
| | <hr/> | <hr/> |
| NET POSITION | | |
| Net investment in capital assets | 18,717,283 | 21,698,665 |
| Unrestricted | 2,479,900 | 804,120 |
| | <hr/> | <hr/> |
| Net Position | 21,197,183 | 22,502,785 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 46,156,436</u> | <u>\$ 46,899,592</u> |

The accompanying notes are an integral part of these financial statements.

SALINA AIRPORT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES and CHANGES IN NET POSITION
 For the Years Ended December 31, 2020 and December 31, 2019

| | <u>January 1 to December 31</u> | |
|---|---------------------------------|----------------------|
| | <u>2020</u> | <u>2019</u> |
| Operating Revenues | | |
| Airfield | \$ 941,238 | \$ 927,921 |
| Building and land rent | 1,543,756 | 1,349,788 |
| Other revenue | <u>167,352</u> | <u>155,249</u> |
| Total Operating Revenues | <u>2,652,346</u> | <u>2,432,958</u> |
| Operating Expenses | | |
| Administrative | 1,630,020 | 1,524,897 |
| Maintenance | <u>841,705</u> | <u>830,538</u> |
| Total Operating Expenses | <u>2,471,725</u> | <u>2,355,435</u> |
| Revenues over Expenses before Depreciation | 180,621 | 77,523 |
| Depreciation | <u>(3,016,267)</u> | <u>(2,898,650)</u> |
| Operating Loss Before Non-Operating Revenues and Expenses | <u>(2,835,646)</u> | <u>(2,821,127)</u> |
| Non-Operating Revenues and (Expenses) | | |
| Mill levy | 2,639,481 | 2,371,463 |
| Interest on investments | 2,161 | 17,954 |
| Interest expense | (771,821) | (840,390) |
| Bond issue costs | (44,885) | (73,185) |
| Gain (loss) on sale of assets | <u>(2,395,710)</u> | <u>21,263</u> |
| Total Non-Operating Revenues and (Expenses) | <u>(570,774)</u> | <u>1,497,105</u> |
| Loss before Capital Contributions | (3,406,420) | (1,324,022) |
| Capital Contributions | <u>2,100,818</u> | <u>1,727,674</u> |
| Net Position | | |
| Increase (decrease) in net position | (1,305,602) | 403,652 |
| Net position, beginning of year | <u>22,502,785</u> | <u>22,099,133</u> |
| Net position, end of year | <u>\$ 21,197,183</u> | <u>\$ 22,502,785</u> |

The accompanying notes are an integral part of these financial statements.

SALINA AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
(DIRECT METHOD)

For the Years Ended December 31, 2020 and December 31, 2019

| | <u>January 1 to December 31</u> | |
|--|-----------------------------------|---------------------------------|
| | <u>2020</u> | <u>2019</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from providing services | \$ 3,109,625 | \$ 1,730,112 |
| Cash paid to employees for services | (854,885) | (841,568) |
| Cash paid to suppliers for goods and services | (2,133,137) | (1,616,484) |
| Net Cash Provided (Used) by Operating Activities | <u>121,603</u> | <u>(727,940)</u> |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of property, plant and equipment | (1,501,297) | (3,182,404) |
| Acquisition of land subsequently donated (net) | (2,061,088) | - |
| Proceeds from capital grants | 2,100,818 | 1,727,674 |
| Proceeds from property tax | 2,639,481 | 2,371,463 |
| Proceeds from sale of capital assets | - | 55,120 |
| Principal payments on debt | (1,428,211) | (5,337,744) |
| Proceeds of new borrowing | 2,560,000 | 6,380,000 |
| Bond issuance costs | (44,885) | (73,185) |
| Interest paid on long-term debt | <u>(787,723)</u> | <u>(831,307)</u> |
| Net Cash Provided by Capital and Related Financing Activities | <u>1,477,095</u> | <u>1,109,617</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received on deposits | <u>2,161</u> | <u>17,954</u> |
| INCREASE IN CASH | 1,600,859 | 399,631 |
| CASH BALANCE - January 1 | <u>655,021</u> | <u>255,390</u> |
| CASH BALANCE - December 31 | <u><u>\$ 2,255,880</u></u> | <u><u>\$ 655,021</u></u> |

The accompanying notes are an integral part of these financial statements.

SALINA AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
(DIRECT METHOD)

(continued)

For the Years Ended December 31, 2020 and December 31, 2019

RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

| | <u>January 1 to December 31</u> | |
|--|---------------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| OPERATING LOSS | \$ (2,835,646) | \$ (2,821,127) |
| ADJUSTMENTS RECONCILING OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | |
| Depreciation | 3,016,267 | 2,898,650 |
| Decrease (Increase) in operating assets | | |
| Accounts receivable | 457,279 | (702,846) |
| Prepaid expenses | (6,347) | (2,255) |
| Change in deferred outflows of resources | 43,492 | 105,646 |
| Increase (Decrease) in operating liabilities | | |
| Accounts payable (operations) | (741,507) | (219,629) |
| Accrued payroll expenses | (402) | (40,728) |
| Accrued property tax and special assessments | (14,996) | (13,447) |
| Current portion of compensated absences | 12,604 | 39,195 |
| Unearned rental income | 56,020 | 17,233 |
| Security deposits | 26,425 | 8,884 |
| Net pension liability | 83,400 | 29,438 |
| Change in deferred inflows of resources | 25,014 | (26,954) |
| Total Adjustments | <u>2,957,249</u> | <u>2,093,187</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 121,603</u> | <u>\$ (727,940)</u> |

The accompanying notes are an integral part of these financial statements.

Salina Airport Authority
NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Salina Airport Authority (Authority) was established by the City of Salina, pursuant to Chapter 27, Article 3, of the Kansas Statutes Annotated for the purpose of acquiring surplus federal government property, specifically the former Schilling Air Force Base, located near the City of Salina. The Authority operates, maintains, and develops the Salina Regional Airport and the Salina Airport Industrial Center. The Authority is controlled by a five-member Board of Directors appointed by the Salina City Commission and, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, the Authority is considered to be a component unit of the City of Salina. The Authority is discreetly presented in the City's financial statements.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) for state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments in the United States of America.

The Authority consists of a single enterprise fund. Enterprise funds are classified as proprietary funds by the GASB and are accounted for using a total economic resource measurement focus. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Authority is that the costs of providing services on a continuing basis be recovered through user fees and rents. The financial statements are prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized as earned and expenses as incurred.

Revenues from airlines, fuel flowage fees, building and land rents, and rental car commissions are reported as operating revenues. Transactions, which are capital, financing or investing related, and the sale of assets, related to economic development, are reported as non-operating revenues. All expenses related to operating the Airport and Industrial Center are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

C. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures that can affect these financial statements. Actual results could differ from those estimates.

D. Property Taxes

The Authority has the ability by statute to levy up to three mills with approval from the governing body of the City for operational purposes. An additional one mill may be levied in order to match grants, subject to a notice and protest period. These mills do not apply to the Authority's ability to levy unlimited taxes for the repayment of its general obligation debt.

E. Pending Accounting Pronouncements

The Authority is preparing to implement the following Statements of Governmental Accounting Standards, established by the Governmental Accounting Standards Board (GASB) on or before the required implementation date. Management is currently evaluating the effect that the standards will have on the financial statements.

- GASB Statement No. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 92, Omnibus 2020
- GASB Statement No. 93, Replacement of Interbank Offered Rates
- GASB Implementation Guide 2019-1, Implementation Guidance Update-2019
- GASB Implementation Guide 2019-3, Leases

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position.

1. Cash and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. The Authority held no investments during these years.

2. Receivables

Accounts Receivable. The Authority records revenues when services are provided. All receivables are shown net of an allowance for uncollectibles.

3. Inventories

The Authority maintains no significant inventory of office and maintenance supplies. These items are expensed as purchased and no inventory is recorded in these financial statements.

The Authority uses the consumption approach in valuing inventories of Avgas sold for retail. That is, the purchase is recorded as a current asset on the cost basis and the expenditure is deferred until the inventory is consumed under the weighted average cost method.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Capital Contributions

Airport Improvement Program - Certain expenditures for airport capital improvements are significantly funded through the Federal Aviation Administration's Airport Improvement Program (AIP) and the Kansas Department of Transportation's Airport Improvement Program (KAIP), with certain matching funds of the Authority. Capital funding provided under the AIP grant programs are considered earned as the related allowable expenditures are incurred. Grants received under the AIP programs are reported in the Statement of Revenues, Expenses and Changes in Net Position, as non-operating revenues and expenses as capital contributions.

Defense Reutilization Marketing Office Program - The Authority is a participant in the Defense Reutilization Marketing Office (DRMO) program. The DRMO entity disposes of United States military surplus property. The property is first offered for reutilization with the Department of Defense, transferred to other federal agencies or donated to state and local governments.

The Authority's policy is to record capital assets having a cost (or by implication fair value) in excess of \$1,000 at acquisition. The Authority's capitalization policy with respect to capital assets is to expense capital assets costing \$1,000 or less. Freight or other expenses necessary to put the asset into service equal to or greater than \$1,000, are capitalized.

The Authority estimates the United States military donated items to have a value equal to 20% of cost. Items having an original cost by the military of less than \$5,000 will be valued at \$1 with memo of original cost. Items having an original cost of more than \$5,000 will be valued at 20% of original cost rounded to the nearest \$1,000 with a memo to the file of the original cost.

The Authority keeps record of the military donated assets having an original cost by the military of \$5,000 or less in order to meet the tracking requirement and will treat as a consumable because the Authority believes the fair value of these is less than \$1,000 each.

If the Authority receives reliable written information indicating this procedure has produced a value significantly different from fair value, an adjustment to that value will be made.

Donated DRMO property with a value in excess of \$1,000 is reported in the Statement of Revenues, Expenses and Changes in Net Position, as non-operating revenues and expenses as capital contributions.

The Federal Aviation Administration, as the oversight agency, requires that the Airport track all the contributed property and the property must be held for at least one year prior to disposition.

6. Capital Assets

Capital assets purchased or constructed are recorded at cost. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not included in capital assets cost. Capital assets donated to the Authority are recorded at their estimated acquisition value at the date of donation. Donated assets include property and equipment transferred to the Authority from the United States of America, September 9, 1966 and recorded at acquisition value at that date. The Authority maintains a capitalization threshold of \$1,000.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------|--------------|
| Buildings | 5 – 50 |
| Equipment | 5 – 10 |
| Vehicles | 7 – 10 |
| Airfield | 10 – 30 |

7. Compensated Absences

Substantially all full-time employees receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated for various categories of absence is generally based on length of service. Liabilities relating to these absences are recognized as incurred and included in accrued expenses. Per the Authority's compensation policy, the paid time off is not able to accrue beyond a one year period, therefore all such liabilities are recorded as current.

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority currently reports deferred charges on early retirement on debt refunding. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Authority also reports a collective deferred outflow of resources related to pensions and deferred outflows for OPEB, which is described further in Note IV A and Note IV G, respectively.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that

applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports a collective deferred inflow of resources related to pensions and OPEB, which is described further in Note IV A and Note IV G, respectively.

9. Net Position

In proprietary fund financial statements net position is classified into three components:

- Net investment in capital assets - consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consisting of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Authority first utilizes restricted resources to finance qualifying activities.
- Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Cash-Basis Law (KSA 10-1113)

The Authority was in compliance with this law at all times during the year.

B. Depository Security (KSA 9-1402)

The Authority's funds were adequately secured at all times during the year.

III. DETAILED NOTES

A. Deposits

As of December 31, 2020 and 2019, the Authority had cash and cash equivalents as listed below:

| | <u>December 31,</u> | |
|---|---------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Gross Cash Balances | | |
| Cash | \$ 2,106,496 | \$ 390,336 |
| Less deposits in transit and petty cash | (11,665) | (2,831) |
| Add uncleared checks | <u>34,959</u> | <u>67,192</u> |
| Bank Balance | 2,129,790 | 454,697 |
| Less FDIC Coverage | <u>537,548</u> | <u>446,327</u> |
| Balances Securable by Collateral | <u>\$ 1,592,242</u> | <u>\$ 8,370</u> |
| Security Provided by Depositories | <u>\$ 2,001,818</u> | <u>\$ 831,279</u> |

The Authority had the following investments and maturities.

December, 31, 2020

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturities less than 1 year</u> | <u>Rating U.S.</u> |
|----------------------------------|-------------------|--|--------------------|
| Kansas Municipal Investment Pool | \$ 149,384 | \$ 149,384 | AAAf/S1+ |

December 31, 2019

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturities less than 1 year</u> | <u>Rating U.S.</u> |
|----------------------------------|-------------------|--|--------------------|
| Kansas Municipal Investment Pool | \$ 264,683 | \$ 264,683 | N/A |

The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In

addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

The Authority's policies relating to deposits and investments are governed by various Kansas Statutes (KSA). Those statutes specify the type of deposits and investments as well as the securing of those deposits and investments.

Interest rate risk – In accordance with Kansas Statute 12-1675, the Authority manages its exposure to interest rate fluctuations by limiting all time investments to maturities of less than two years.

Credit risk – State law limits the amount of credit risk by restricting governments to specific investment types as listed in KSA 12-1675. The Authority's policy is to place idle funds in certificates of deposit, United States obligations, and the Kansas Municipal Investment Pool (KMIP). The KMIP was rated AAAsf/S1+ by Standard & Poor's as of the date of this report. The KMIP is permitted to invest in fully collateralized certificates of deposit, certain obligations of the United States, certain repurchase/reverse repurchase agreements, and other types of investments. Maturity information released by the KMIP showed that the investment pool consisted of investment with a maturity date of 365 days or less.

Custodial credit risk deposits– The Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Kansas Statutes 9-1402 and 9-1405 require that governments obtain security for all deposits. The Authority manages its custodial credit risk by requiring the financial institutions to grant a security interest in securities held by third-party custodial banks. Monies in the Kansas Municipal Investment Pool are not required to have pledged securities.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area and monies in the Kansas Municipal Investment Pool are diverse according to the policies of the investment pool. 100% of the Authority's investments is in KMIP, which results in a concentration of credit risk.

B. Receivables

Receivables as of year-end, including the applicable allowance for uncollectible accounts, are as follows:

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|-------------------|-------------------|
| Receivables | | |
| Accounts | \$ 178,682 | \$ 99,749 |
| Grants | 213,788 | 750,000 |
| Less: allowance for uncollectibles | (1,500) | (1,500) |
| Total | <u>\$ 390,970</u> | <u>\$ 848,249</u> |

C. Capital Assets

The following is a summary of the changes in capital assets during the current and preceding year:

| | <u>Balance January 1, 2020</u> | <u>Additions</u> | <u>Dispositions</u> | <u>Reclassify</u> | <u>Balance December 31, 2020</u> |
|--|--|-----------------------|---------------------|-------------------|--|
| Capital Assets | | | | | |
| Non-Depreciable | | | | | |
| Land | \$ 10,166,124 | \$ 43,066 | \$ (334,623) | \$ - | \$ 9,874,567 |
| Construction in progress | 132,218 | 186,591 | - | (113,217) | 205,592 |
| Total Non-Depreciable | <u>10,298,342</u> | <u>229,657</u> | <u>(334,623)</u> | <u>(113,217)</u> | <u>10,080,159</u> |
| Depreciable | | | | | |
| Buildings and improvements | 29,839,596 | 682,393 | - | - | 30,521,989 |
| Airfield and improvements | 45,808,087 | 382,089 | - | 113,217 | 46,303,393 |
| Equipment | 5,592,776 | 207,158 | - | - | 5,799,934 |
| Total Depreciable | <u>81,240,459</u> | <u>1,271,640</u> | <u>-</u> | <u>113,217</u> | <u>82,625,316</u> |
| Total Non-Depreciable & Depreciable | <u>\$ 91,538,801</u> | <u>\$ 1,501,297</u> | <u>\$ (334,623)</u> | <u>\$ -</u> | <u>\$ 92,705,475</u> |
| Accumulated depreciation | | | | | |
| Buildings and improvements | \$ (15,394,873) | \$ (1,137,497) | \$ - | \$ - | \$ (16,532,370) |
| Airfield and improvements | (28,024,512) | (1,631,324) | - | - | (29,655,836) |
| Equipment | (4,008,649) | (247,446) | - | - | (4,256,095) |
| Total Accumulated Depreciation | <u>(47,428,034)</u> | <u>(3,016,267)</u> | <u>-</u> | <u>-</u> | <u>(50,444,301)</u> |
| Total Capital Assets | <u>\$ 44,110,767</u> | <u>\$ (1,514,970)</u> | <u>\$ (334,623)</u> | <u>\$ -</u> | <u>\$ 42,261,174</u> |

| | Balance January 1, 2019 | Additions | Dispositions | Reclassify | Balance December 31, 2019 |
|--|--|---------------------|---------------------|-------------------|--|
| Capital Assets | | | | | |
| Non-Depreciable | | | | | |
| Land | \$ 9,965,118 | \$ 201,006 | \$ - | \$ - | \$ 10,166,124 |
| Construction in progress | 8,921 | 123,297 | - | - | 132,218 |
| Total Non-Depreciable | 9,974,039 | 324,303 | - | - | 10,298,342 |
| Depreciable | | | | | |
| Buildings and improvements | 27,378,551 | 2,461,045 | - | - | 29,839,596 |
| Airfield and improvements | 45,799,412 | 8,675 | - | - | 45,808,087 |
| Equipment | 5,247,679 | 388,382 | (43,285) | - | 5,592,776 |
| Total Depreciable | 78,425,642 | 2,858,102 | (43,285) | - | 81,240,459 |
| Total Non-Depreciable & Depreciable | \$ 88,399,681 | \$ 3,182,405 | \$ (43,285) | \$ - | \$ 91,538,801 |
| Accumulated depreciation | | | | | |
| Buildings and improvements | \$ (14,342,161) | \$ (1,052,712) | \$ - | \$ - | \$ (15,394,873) |
| Airfield and improvements | (26,418,799) | (1,605,713) | - | - | (28,024,512) |
| Equipment | (3,777,852) | (240,225) | 9,428 | - | (4,008,649) |
| Total Accumulated Depreciation | (44,538,812) | (2,898,650) | 9,428 | - | (47,428,034) |
| Total Capital Assets | \$ 43,860,869 | \$ 283,755 | \$ (33,857) | \$ - | \$ 44,110,767 |

D. Long-Term Liabilities

Following is a summary of changes in long-term liabilities during the current and preceding year:

| | Balance January 1, 2020 | Additions | Reductions | Balance December 31, 2020 | Current Maturities December 31, 2020 |
|---|--|---------------------|---------------------|--|---|
| Long-term Liabilities | | | | | |
| Current portion of compensated absences | \$ 39,195 | \$ 18,661 | \$ 6,057 | \$ 51,799 | \$ 51,799 |
| General obligation bonds | 22,425,000 | 2,100,000 | 1,425,000 | 23,100,000 | 3,730,000 |
| Less unamortized discount | (17,703) | - | (861) | (18,564) | - |
| Lease purchase agreement | - | 460,000 | - | 460,000 | 39,942 |
| Net pension liability and OPEB | 646,194 | 83,400 | - | 729,594 | - |
| Special assessment debt | 4,805 | - | 2,350 | 2,455 | 2,455 |
| Security deposits returnable | 57,564 | 36,341 | 9,916 | 83,989 | - |
| Total Long-Term Liabilities | \$ 23,155,055 | \$ 2,698,402 | \$ 1,442,462 | \$ 24,409,273 | \$ 3,824,196 |
| Current Maturities | (1,466,515) | | | (3,824,196) | |
| Long Term Liability Net | \$ 21,688,540 | | | \$ 20,585,077 | |

| | Balance January 1, 2019 | Additions | Reductions | Balance December 31, 2019 | Current Maturities December 31, 2019 |
|---|-------------------------------|---------------------|---------------------|---------------------------------|---|
| Long-term Liabilities | | | | | |
| Current portion of compensated absences | \$ 39,027 | \$ 8,114 | \$ 7,946 | \$ 39,195 | \$ 39,195 |
| General obligation bonds | 21,427,000 | 6,380,000 | 5,382,000 | 22,425,000 | 1,425,000 |
| Less unamortized discount | (64,208) | - | (46,505) | (17,703) | - |
| Net pension liability and OPEB | 616,756 | 29,438 | - | 646,194 | - |
| Special assessment debt | 7,054 | - | 2,249 | 4,805 | 2,350 |
| Security deposits returnable | 48,680 | 8,884 | - | 57,564 | - |
| Total Long-Term Liabilities | <u>\$ 22,074,309</u> | <u>\$ 6,426,436</u> | <u>\$ 5,345,690</u> | <u>\$ 23,155,055</u> | <u>\$ 1,466,545</u> |
| Current Maturities | (2,008,181) | | | (1,466,545) | |
| Long Term Liability Net | <u>\$ 20,066,128</u> | | | <u>\$ 21,688,510</u> | |

The following is a detailed listing of the Authority's long-term debt including general obligation bonds, lease purchase agreements, and special assessment debt at December 31, 2020:

| | <u>Original Issue</u> | <u>Interest Rates</u> | <u>Bonds Outstanding</u> |
|--|-----------------------|-----------------------|--------------------------|
| General Obligation Debt | | | |
| General Obligation 2015-A, due 2025 | \$ 3,075,000 | 2.67% | \$ 600,000 |
| General Obligation 2017-A, due 2030 | 10,255,000 | 3.04% | 10,010,000 |
| General Obligation 2017-B due 2031 | 4,835,000 | 3.02% | 4,760,000 |
| General Obligation 2019-A due 2029 | 675,000 | 2.775% | 615,000 |
| General Obligation 2019-B due 2023 | 3,455,000 | 2.915% | 2,765,000 |
| General Obligation Temporary Notes 2019-1 due 2021 | 2,250,000 | 2.50% | 2,250,000 |
| General Obligation Temporary Notes 2020-1 due 2023 | 2,100,000 | 0.48% | 2,100,000 |
| Plus unamortized bond premium | | | 23,116 |
| Less unamortized bond discount | | | (41,680) |
| Total General Obligation Debt | | | <u>23,081,436</u> |
| Taxable Lease Purchase Agreement | | | |
| Bldg. 824 Capital Lease, due 2030 | 460,000 | 3.30% | 460,000 |
| Special Assessment Debt | | | |
| Hangar 600 Sanitary Sewer, due 2021 | 27,599 | 4.47% | <u>2,455</u> |
| Total Long Term Debt | | | <u>\$ 23,543,891</u> |
| Interest Expense in 2020 is as follows: | | | |
| General Obligation Bonds | | | \$ 646,227 |
| Special Assessment Debt | | | 215 |
| Amortization of Bond Discount, Premium & Deferred Refundings | | | <u>125,379</u> |
| Total Debt Interest Expense | | | <u>\$ 771,821</u> |

Annual debt service requirements to maturity for general obligation bonds and temporary notes to be paid with tax levies and rental revenues:

| Bonds | | | |
|--------------------|---------------------------|----------------------------|----------------------|
| <u>Year</u> | <u>Outstanding</u> | <u>Interest Due</u> | <u>Total</u> |
| 2021 | 3,730,000 | 615,917 | 4,345,917 |
| 2022 | 1,525,000 | 518,748 | 2,043,748 |
| 2023 | 3,665,000 | 478,020 | 4,143,020 |
| 2024 | 1,615,000 | 424,235 | 2,039,235 |
| 2025 | 1,660,000 | 381,540 | 2,041,540 |
| 2026-2030 | 8,995,000 | 1,145,810 | 10,140,810 |
| 2031 | 1,910,000 | 57,300 | 1,967,300 |
| | <u>\$ 23,100,000</u> | <u>\$ 3,621,570</u> | <u>\$ 26,721,570</u> |

The Authority's outstanding 2019-1 and 2020-1 temporary notes will be refinanced in 2021 and 2023 respectively, with Authority issued general obligation bonds.

Annual debt service requirement to maturity for Special Assessment Debt to be paid from rental revenue:

Special Assessment

| <u>Year</u> | <u>Principal</u> | <u>Interest Due</u> | <u>Total</u> |
|--------------------|-------------------------|----------------------------|---------------------|
| 2021 | 2,455 | 110 | 2,565 |

Annual debt service requirements to maturity for a taxable lease purchase agreement will be paid with building and land rental revenues:

Taxable Lease Purchase Agreement

| Lease Purchase | | | |
|-----------------------|---------------------------|----------------------------|---------------------|
| <u>Year</u> | <u>Outstanding</u> | <u>Interest Due</u> | <u>Total</u> |
| 2021 | 39,942 | 14,386 | 54,328 |
| 2022 | 40,800 | 13,528 | 54,328 |
| 2023 | 42,157 | 12,171 | 54,328 |
| 2024 | 43,560 | 10,768 | 54,328 |
| 2025 | 45,009 | 9,319 | 54,328 |
| 2026-2030 | 248,532 | 23,106 | 271,638 |
| | <u>\$ 460,000</u> | <u>\$ 83,278</u> | <u>\$ 543,278</u> |

E. Capital Contributions

Since its inception, the Authority has received capital contributions through Federal and State grants as follows:

| | Inception to Date | 2020 | 2019 |
|--------------|----------------------|---------------------|---------------------|
| Federal | \$ 35,281,155 | \$ 1,760,718 | \$ 801,196 |
| State | 2,465,849 | 250,000 | 750,000 |
| Total | \$ 37,747,004 | \$ 2,010,718 | \$ 1,551,196 |

The Authority has designated \$90,000 to be used as an insurance increase reserve or to accelerate future debt service payments. As of December 31, 2020, the reserve had been funded but not used.

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Description of Pension Plan. The Authority participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

Public employees, which includes:

- State/School employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the Authority are included in the Local employees group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Members with ten or more years of credited service may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2020.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

| 2020 | | |
|-----------------|------------------------------------|---|
| | <u>Actuarial Employer Rate</u> | <u>Statutory Employer Capped Rate</u> |
| Local employees | 8.61% | 8.61% |

| 2019 | | |
|-----------------|------------------------------------|---|
| | <u>Actuarial Employer Rate</u> | <u>Statutory Employer Capped Rate</u> |
| Local employees | 8.89% | 8.89% |

Member contribution rates as a percentage of eligible compensation for the fiscal year 2020 are 6.00% for Local employees. Contributions to the pension plan for the Authority were \$75,190 and \$83,638 for the years ended December 31, 2020 and 2019, respectively.

Employer Allocations. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the Authority's share of the collective pension amounts as of December 31, 2020 and 2019, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2020 and 2019.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2020, the Authority's proportion for the Local employees group was 0.041281%, which was a decrease of .0040% from its proportion measured at June 30, 2019.

Net Pension Liability. At December 31, 2020 and 2019, the Authority reported a liability of \$715,670 and \$632,856, respectively, for its total proportionate share of the net pension liability.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020, using the following actuarial assumptions:

| <u>Assumptions</u> | <u>Rate</u> |
|--|-------------------------------------|
| Price Inflation | 2.75% |
| Salary increases, including wage increases | 3.25% to 11.75% including inflation |
| Long-term rate of return, net of investment expense, and including price inflation | 7.50% |

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the three year period January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

| <u>Asset class</u> | <u>Long-term target allocation</u> | <u>Long-term expected real rate of return</u> |
|------------------------|--|---|
| U.S. Equities | 23.50% | 5.20% |
| Non-U.S. Equities | 23.50 | 6.40 |
| Private Equity | 8.00 | 9.50 |
| Private Real Estate | 11.00 | 4.45 |
| Yield Driven | 8.00 | 4.70 |
| Real Return | 11.00 | 3.25 |
| Fixed Income | 11.00 | 1.55 |
| Short Term Investments | 4.00 | 0.25 |
| Total | 100.00% | |

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

| 2020 | | |
|------------------------|--------------------------|------------------------|
| 1% Decrease (6.50%) | Discount Rate (7.50%) | 1% Increase (8.50%) |
| \$ 1,007,234 | \$ 715,670 | \$ 470,540 |
| 2019 | | |
| 1% Decrease (6.75%) | Discount Rate (7.75%) | 1% Increase (8.75%) |
| \$ 945,184 | \$ 632,856 | \$ 371,600 |

Pension Expense. For the years ended December 31, 2020 and 2019, the Authority recognized pension expense of \$89,686 and \$73,753 respectively, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions:

| | 2020 Deferred outflows of resources | 2020 Deferred inflows of resources | 2019 Deferred outflows of resources | 2019 Deferred inflows of resources |
|--|---|--|---|--|
| Differences between actual and expected experience | \$ 11,950 | \$ 9,201 | \$ 1,385 | \$ 15,938 |
| Net differences between projected and actual earnings on investments | 83,502 | - | 14,890 | - |
| Changes in proportion | 40,138 | 49,264 | 19,342 | 1,283 |
| Contributions made after measurement date | 35,467 | - | 36,310 | - |
| Changes in assumptions | 43,107 | - | 59,996 | 19,497 |
| Total | <u>\$ 214,164</u> | <u>\$ 58,465</u> | <u>\$ 131,923</u> | <u>\$ 36,718</u> |

The \$35,467 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended</u> <u>Dec. 31</u> | <u>Deferred</u> <u>Outflows (Inflows)</u> <u>of Resources</u> |
|-------------------------------------|---|
| 2021 | \$ 30,148 |
| 2022 | 38,269 |
| 2023 | 30,520 |
| 2024 | 21,279 |
| 2025 | 15 |
| Total | <u>\$ 120,231</u> |

B. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust and are not available to the claims of the Authority's general creditors.

C. Flexible Benefit Plan (I.R.C. Section 125)

The Authority has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All Authority employees working more than 20 hours per week are eligible to participate in the Plan beginning after thirty days of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include various insurance and disability benefits.

D. Risk Management

The Authority is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There has been no significant reduction in the Authority's insurance coverage from the previous year. In addition, there have not been settlements in excess of the Authority's coverage in any of the prior three years.

E. Contingent Liabilities

The Authority receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the Authority at December 31, 2020 and 2019.

F. Other Postemployment Benefits (OPEB)

As a component unit of the City of Salina, the Authority participates in the City's defined benefit health care plan that is administered by the City. The Employee Benefit Plan (the Plan) provides medical and dental benefits to eligible early retirees and their spouses. K.S.A 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan. As a component unit of the primary government, the Authority is not required to make contributions to the plan.

The OPEB cost, actuarial valuations of the ongoing plan and net OPEB obligations for the Authority as a sub-group of the plan, are calculated and recorded in the City's Comprehensive Annual Financial Report.

G. Other Postemployment Healthcare Benefits (KPERS)

Plan Description. The Authority participates in the KPERS Long-Term Disability plan, a single-employer defined benefit other postemployment benefit (OPEB) plan (the Plan), which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-4925. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits. Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees covered by benefit terms. At June 30, the measurement date, the valuation date, the following members were covered by the benefit terms:

| | 2020 | 2019 |
|------------------|-----------|-----------|
| Active members | 14 | 15 |
| Disabled members | - | - |
| Total | <u>14</u> | <u>15</u> |

Total OPEB Liability. The Authority's total KPERS OPEB liability of \$13,924 and \$13,338 for December 31, 2020 and 2019 respectively, which was measured as of June 30, 2020 and 2019 and was determined by an actuarial valuation as of December 31, 2019 and 2018, which was rolled forward to June 30, 2020 and 2019, using the following actuarial assumptions:

| Valuation date | December 31, 2019 | December 31, 2018 |
|--|-------------------|-------------------|
| Actuarial cost method | Entry age normal | Entry age normal |
| Inflation | 2.75% | 2.75% |
| Salary increases | 3.50% | 3.50% |
| Discount rate (based on 20 year municipal bond rate with an average rating of AA/Aa or better, obtained through the Bond Buyer General Obligation 20-Bond Municipal Index) | 2.21% | 3.50% |

The discount rate was based on the bond buyer general obligation 20-bond municipal index.

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2020.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period of January 1, 2016 through December 31, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2019 KPERS pension valuation.

The changes in the total OPEB liability are as follows:

| | Total OPEB Liability |
|--|-------------------------|
| Balance 1/1/2020 | \$ 13,338 |
| Service cost | 3,430 |
| Interest | 587 |
| Benefit paid | - |
| Effect of economic/demographic gains or losses | [4,295] |
| Changes in assumptions | 864 |
| Balance 12/31/2020 | <u>\$ 13,924</u> |

Sensitivity of the total KPERS OPEB liability to changes in the discount rate. The following presented the total KPERS OPEB liability of the Authority, as well as what the Authority's total KPERS OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

| 2020 | | | |
|----------------------|------------------------|--------------------------|------------------------|
| | 1% Decrease (1.21%) | Discount Rate (2.21%) | 1% Increase (3.21%) |
| Total OPEB Liability | \$ 14,114 | \$ 13,924 | \$ 13,610 |

| 2019 | | | |
|----------------------|------------------------|--------------------------|------------------------|
| | 1% Decrease (2.50%) | Discount Rate (3.50%) | 1% Increase (4.50%) |
| Total OPEB Liability | \$ 13,693 | \$ 13,338 | \$ 12,901 |

Sensitivity of the total KPERS OPEB liability to changes in the healthcare cost trend rates. The following presented the total KPERS OPEB liability of the Authority calculated using the current healthcare cost trend rates as well as what the Authority's total KPERS OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is provided as it is a required disclosure under GASB 75.

| 2020 | | | |
|----------------------|-------------|--------------------------------|-------------|
| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
| Total OPEB Liability | \$ 13,924 | \$ 13,924 | \$ 13,924 |

| 2019 | | | |
|----------------------|-------------|--------------------------------|-------------|
| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
| Total OPEB Liability | \$ 13,338 | \$ 13,338 | \$ 13,338 |

For the year ended December 31, 2020 and 2019, the Authority recognized OPEB expense of \$586 and \$2,212, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources. The Authority reported deferred outflows and inflows related to other postemployment benefits from the following sources:

| 2020 | | |
|--|--|---|
| | Deferred Inflows of <u>Resources</u> | Deferred Outflows of <u>Resources</u> |
| Differences between expected and actual experience | \$ 7,813 | \$ - |
| Changes of assumptions | 148 | 897 |
| Contributions made after measurement date | - | 3,830 |
| Total | <u>\$ 7,961</u> | <u>\$ 4,727</u> |

| 2019 | | |
|--|--|---|
| | Deferred Inflows of <u>Resources</u> | Deferred Outflows of <u>Resources</u> |
| Differences between expected and actual experience | \$ 4,521 | \$ - |
| Changes of assumptions | 173 | 136 |
| Contributions made after measurement date | - | 4,084 |
| Total | <u>\$ 4,694</u> | <u>\$ 4,220</u> |

The \$3,830 was reported as deferred outflows of resources related to OPEB resulting from Authority contributions respectively, subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

| Year Ended December 31, | |
|----------------------------|------------|
| 2021 | \$ [925] |
| 2022 | [925] |
| 2023 | [925] |
| 2024 | [925] |
| 2025 | [925] |
| Thereafter | [2,439] |
| Total | \$ [7,064] |

H. Environmental Matter

The U.S. Department of Defense transferred property located at the former Schilling Air Force Base (the Base or Site) to the Authority on or about September 9, 1966. The property is now known to contain areas of extensive soil and groundwater contamination, which is a result of the use and disposal of chlorinated solvents during military operations at the Base from 1942 until Base closure in 1965. The U.S. Department of Defense is responsible for the investigation and remediation of contamination caused by military activities at current and former military bases. The U.S. Army Corps of Engineers (Corps) is the lead agency for the Department at formerly used defense sites. The Corps has investigated the soil and groundwater contamination at the Site under the regulatory oversight of the U.S. Environmental Protection Agency (EPA) and the Kansas Department of Health and Environment (KDHE). The Site is not designated as a National Priority List Superfund site, but investigation and remediation are required to be in compliance with the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).

Potential liability for contamination under CERCLA extends broadly to parties associated with the release or presence of hazardous substances, including not only those entities involved with contaminant use and disposal, but in some cases other current and former owners and operators of contaminated sites. As a current owner of extensive amounts of property at the Site, the Authority is potentially liable under CERCLA, although the Authority believes that it has meritorious defenses to such liability.

The Authority is considered to be a Potentially Responsible Party (PRP) for the Site, primarily due to its status as a property owner. The Authority, City of Salina, Unified School District No. 305 and the Kansas Board of Regents (Kansas State University Polytechnic Campus), (collectively Salina Public Entities) currently own over 90% of the nearly 4,000 acres of the Base property. No third party has asserted any claim for bodily injury or property damage.

Beginning in August 2007, the Salina Public Entities initiated settlement negotiations with the U.S. Federal Government. The negotiation objectives at that time included transferring the responsibility for completing the cleanup from the U.S. to the Salina Public Entities. The local objective was to reach a settlement agreement with the U.S. that provides the Salina Public Entities sufficient funds to complete cleanup operations over a 30-year period.

During calendar year 2008, the Salina Public Entities, by and through its environmental consultant, prepared a detailed Cost to Complete Estimate (CTC). The CTC preparation included consultation with the EPA and KDHE. The Salina Public Entities' CTC was completed in June of 2008 and submitted to the Corps.

Subsequently, on January 23, 2009, the Salina Public Entities delivered a demand letter to the Corps. The letter demanded that settlement negotiations begin immediately with the U.S. Department of Justice. On May 14, 2009 the Authority was notified that the Corps referred the Base demand letter to the U.S. Department of Justice on May 12, 2009.

The Salina Public Entities delivered on or about May 10, 2010, a settlement offer and a draft of a lawsuit complaint to the attorney for the U.S. Department of Justice. The Salina Public Entities planned to file suit against the U.S. if the matter was not settled by the end of May, 2010. The Salina Public Entities did not intend to cut off settlement negotiations by the filing of suit, and that was communicated to the U.S. No remedial action plan or record of decision had been adopted by the EPA or KDHE at that time.

On or about May 27, 2010, the Salina Public Entities filed their Complaint against the United States of America, the United States Department of Defense and Secretary of Defense, Robert M. Gates, in his official capacity (collectively, "Defendants"). On or about September 22, 2010, the Salina Public Entities filed their First Amended Complaint in four counts: Count I Citizen Suit Claim Pursuant to 42 U.S.C. § 9659(a)(2), Count II Citizen Suit Claim Pursuant to 42 U.S.C. § 9659(a)(1), Count III Claim for Recovery of Response Costs Pursuant to 42 U.S.C. § 9607(a) and Count IV Claim for Declaratory Judgment Pursuant to 42 U.S.C. § 9613(g)(2).

On or about October 6, 2010, Defendants filed a motion to dismiss and to strike, primarily with respect to the citizen suit claims. On or about March 25, 2011, the presiding judge (Judge Murguia) entered his Memorandum and Order. The Judge granted the Defendants' motion to dismiss Counts I and II (citizen suit claims) for lack of subject matter jurisdiction. He also granted the Defendants' motion to dismiss the Salina Public Entities' requests for attorney fees, with the exception of non-litigation attorney fees. He denied the Defendants' motion to strike the Salina Public Entities' allegations of a conflict of interest. The Salina Public Entities' claims under Counts III and IV for response costs under CERCLA § 9607(a) were not affected by the Judge's rulings. The Salina Public Entities disagreed with most of the Judge's rulings and, if necessary, planned to take an interlocutory appeal to the Tenth Circuit to contest the rulings.

On or about April 22, 2011, Defendants filed their Answer to First Amended Complaint and Counterclaim against the Salina Public Entities. Count I of the Counterclaim alleged a claim for contribution under CERCLA, 42 U.S.C. § 9613(f)(1). Count II of the Counterclaim alleged a claim for cost recovery under CERCLA, 42 U.S.C. § 9607(a)(1). Count II alleged costs incurred by the U.S. Environmental Protection Agency of approximately \$1,838,241 as of September 30, 2007, and alleged costs incurred by the Corps of approximately \$14,915,228 as

of April 17, 2009. The Salina Public Entities intended to vigorously contest the claims brought against them and to assert, among other defenses, the third-party defense under 42 U.S.C. § 9607(b)(3).

The parties agreed on a mediation to discuss settlement. The mediation sessions occurred in October 2011, and the mediation discussions continued for over a year. The parties agreed upon a partial settlement. The partial settlement included payment by the U.S. in exchange for performance by the Salina Public Entities of a remedial investigation/feasibility study (RI/FS) through entry of a Corrective Action Decision by KDHE (the "Work"). The cost estimate of the Work was less than \$10,000,000. The agreement was that the U.S. would pay 90% of the cost of the Work with the Salina Public Entities responsible for payment of the remaining 10%. It was anticipated that the agreed share of the Salina Public Entities would be paid by the City of Salina. Also, the claims and counterclaims in the lawsuit were dismissed without prejudice with provisions tolling any and all statutes of limitation. No party was obligated under the settlement agreement to implement the Corrective Action Decision upon its entry by KDHE, and the parties were to either negotiate an agreement to implement such Corrective Action Decision or refile their claims in court. The Salina Public Entities entered into a Consent Agreement and Final Order ("CAFO") with KDHE, conditioned upon the U.S.'s payment to the City. On May 2, 2013, the U.S. District Court for the District of Kansas entered its Consent Decree. *City of Salina, Kansas, et al. v. United States of America, et al.*, Case No. 10-CV-2298 CM/DJW. The Court's Consent Decree approved the settlement among the parties. The U.S. wire transferred \$8,426,700 to the account of the City, and the City added the share of the Salina Public Entities in the amount of \$936,300 to the account.

The Remedial Investigation (RI) portion of the CAFO scope of work was completed on or about June 18, 2018. The Feasibility Study (FS) portion of the CAFO scope of work was completed on or about November 29, 2018.

KDHE's draft final Corrective Action Decision (CAD) was published on or about April 8, 2019. KDHE held a public hearing for the draft final CAD on or about May 1, 2019. Final comments concerning the draft final CAD were due on or about May 8, 2019.

KDHE published a final Corrective Action Decision (CAD) on or about July 29, 2019. The KDHE CAD detailed the scope of work and estimated cost for the cleanup of DoD-caused contamination at the former Schilling AFB.

The Salina Public Entities participated in three (3) mediation sessions with the U.S. Department of Justice (DOJ) and the U.S. Army Corps of Engineers (USACE) on November 19 – 21, 2019; December 10 – 11, 2019; and January 14 – 15, 2020 to determine payment by the United States in exchange for performance by the Salina Public Entities of the KDHE CAD. Special environmental legal counsel for the Salina Public Entities completed negotiations with the DOJ of a Consent Decree that embodies the settlement terms established during the three (3) mediation sessions. The Consent Decree provides for the lump sum payment of \$65,900,000 to the Salina Public Entities to fund the completion of the work prescribed in the KDHE CAD. On November 23, 2020, the U.S. District Court for the District of Kansas approved the Consent Decree, which will provide the Salina Public Entities with funding from the United States for the Remedial Design (RD) and Remedial Action (RA) work detailed in the KDHE CAD.

The Court approved Consent Decree provides the Salina Public Entities the funds necessary to undertake the cleanup of the former Schilling AFB environmental contamination without requiring local matching funds.

The project will be administered by means of the November 3, 2020 Former Schilling Air Force Base Site Environmental Project Management Agreement approved by the Salina Public Entities' respective governing boards. The management agreement provides for the administrative structure necessary to enable the Salina Public Entities to collectively complete the cleanup activities detailed in the KDHE CAD.

On January 6, 2021, the U.S. Treasury transferred \$65,900,000 to the City of Salina's "Former SAFB Environmental Project Fund" established by City ordinance for the purpose of segregating the settlement proceeds from all other City funds.

In March 2021, KDHE approved an amended CAFO that reaffirms the CAD scope of work for final Remedial Design (RD) and Remedial Action (RA). The final RD and RA work will be funded by funds on deposit in the Former SAFB Environmental Project Fund.

Based on the terms of the Court-approved Consent Decree and presently known information concerning total estimated costs for the project, the Authority does not expect but acknowledges the potential for future financial liability. At this time, however, that potential liability is regarded by the Authority as sufficiently contingent that no reasonable estimate of the potential liability can be made. Therefore, no liability related to the matter has been recorded.

I. Rental Income Under Operating Leases

A significant portion of the operating revenue of the Authority is generated through the leasing of airport and building space to airport fixed base operators and others on a fixed fee as well as a contingent rental basis. Ownership risks are retained by the Authority, and accordingly, such leases are treated as operating leases.

The following is a schedule of minimum future rentals on non-cancellable operating leases to be received in each of the next five years and thereafter:

| <u>Years Ending</u> | |
|----------------------------|----------------------------|
| <u>December 31,</u> | |
| 2021 | \$ 1,666,829 |
| 2022 | 1,355,901 |
| 2023 | 973,556 |
| 2024 | 581,417 |
| 2025 | 322,942 |
| 2026 | 170,568 |
| Later Years | <u>1,310,776</u> |
| Total | <u>\$ 6,381,989</u> |

J. Major Customers

The Authority received significant operating revenue from Avflight Salina, Kansas Erosion Products, LLC., 1 Vision Aviation, Exide Battery, and the United States Special Operations Command. Rent from these five tenants equals 43.02% of operating revenue for the year ended December 31, 2020. Additionally, for the year ended December 31, 2019, the Authority's top five tenants, Kansas Erosion, LLC., Avflight Salina, Exide Battery, Wal-Mart Stores, Inc., and SFC Global Chain Supply, provided 41.49% of operating revenue.

K. Non-Operating Revenue and (Expense)

Net non-operating revenue and expense consisted of the following for the years ended December 31, 2020 and 2019:

| | <u>December 31,</u> | |
|-------------------------------|----------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Mill levy | \$ 2,639,481 | \$ 2,371,463 |
| Interest income | 2,161 | 17,954 |
| Gain (loss) on sale of assets | <u>(2,395,710)</u> | <u>21,263</u> |
| Total | <u>245,932</u> | <u>2,410,680</u> |
| Interest expense | | |
| General obligation bonds | (646,227) | (644,163) |
| Special assessment debt | (215) | (411) |
| Bond issuance costs | (44,885) | (73,185) |
| Amortization of bond discount | <u>(125,379)</u> | <u>(195,816)</u> |
| Total | <u>(816,706)</u> | <u>(913,575)</u> |
| Net non-operating revenue | <u>\$ (570,774)</u> | <u>\$ 1,497,105</u> |

L. Commitments Under Operating Lease

The Authority has entered into a certain non-cancellable operating lease agreement which will expire in 2024, for the rental of office and computer equipment. During 2020 the Authority paid \$12,128 in rentals and \$9,592 in 2019. Minimum rentals, on an annual basis hereafter are as follows:

| <u>Years Ending</u> <u>December 31</u> | |
|---|------------------|
| 2021 | \$ 12,128 |
| 2022 | 12,128 |
| 2023 | 12,128 |
| 2024 | 2,536 |
| Total | <u>\$ 38,920</u> |

M. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These had no effect on the reported changes in net position.

N. Risks and Uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin.

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Authority’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Related to the COVID-19 pandemic, the Authority received a \$1,836,078 grant under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), and in March 2021 was awarded a \$1,005,444 grant under the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (“CRRSAA Act”). In June 2021, the Authority applied for and received a notice of award for a \$1,078,987 American Rescue Plan Act of 2021 (“ARPA”). The aforementioned COVID-19 relief grants provide funding for costs related to airport operations, personnel, cleaning, sanitizing, janitorial services, combating the spread of pathogens at the airport, and debt service payments.

SALINA AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Kansas Public Employees Retirement System
December 31, 2020

| Measurement Date | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Proportion of the net pension liability | 0.041281% | 0.045289% | 0.043452% | 0.041662% | 0.037666% | 0.041581% |
| Proportionate share of the collective net pension liability | \$ 715,670 | \$ 632,856 | \$ 605,630 | \$ 603,456 | \$ 582,704 | \$ 545,977 |
| Covered payroll from the period July 1 - June 30 ^ | \$ 778,919 | \$ 830,413 | \$ 777,734 | \$ 708,538 | \$ 645,485 | \$ 694,613 |
| Net pension liability as a percentage of covered-employee payroll | 91.88% | 76.21% | 77.87% | 85.17% | 90.27% | 78.60% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.30% | 69.88% | 68.88% | 67.12% | 65.10% | 64.95% |

*Information reported above is as of the KPERS measurement date of June 30. GASB 68 requires a presentation of 10 years. As of June 30, 2020 only six years of information was available.

^ Covered payroll is measured as of the measurement date ending June 30.

SALINA AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Kansas Public Employees Retirement System
Last Ten Fiscal Years

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required employer contribution | \$ 75,190 | \$ 83,638 | \$ 78,940 | \$ 66,198 | \$ 61,622 | \$ 70,005 | \$ 68,904 | \$ 66,865 | \$ 66,766 | \$ 63,035 |
| Contributions in relation to the contractually required contribution | <u>(75,190)</u> | <u>(83,638)</u> | <u>(78,940)</u> | <u>(66,198)</u> | <u>(61,622)</u> | <u>(70,005)</u> | <u>(68,904)</u> | <u>(66,865)</u> | <u>(66,766)</u> | <u>(63,035)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll^ | 782,417 | 847,208 | 840,466 | 758,750 | 652,874 | 672,878 | 709,510 | 747,901 | 800,522 | 814,408 |
| Contributions as a percentage of covered-employee payroll | 9.61% | 9.87% | 9.39% | 8.72% | 9.44% | 10.40% | 9.71% | 8.94% | 8.34% | 7.74% |

^ Covered payroll is measured as of the fiscal year ended December 31.

SALINA AIRPORT AUTHORITY
SCHEDULE OF CHANGES IN THE SALINA AIRPORT AUTHORITY'S
DEATH AND DISABILITY TOTAL OPEB LIABILITY AND RELATED RATIOS
December 31, 2020

| Measurement Date | <u>2020</u> June 30, 2020 | <u>2019</u> June 30, 2019 | <u>2018</u> June 30, 2018 |
|--|------------------------------|------------------------------|------------------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 3,430 | \$ 2,843 | \$ 2,825 |
| Interest Cost | 587 | 541 | 533 |
| Effect of Economic/Demographic Gains or Losses | (4,295) | (1,324) | (4,199) |
| Effect of Assumption Changes or Inputs | 864 | 152 | (87) |
| Benefit Payments | - | - | - |
| Net Change in Total Liability - Beginning of Year | 586 | 2,212 | (928) |
| Total OPEB Liability - Beginning of Year | 13,338 | 11,126 | 12,054 |
| Total OPEB Liability - End of Year | <u>\$ 13,924</u> | <u>\$ 13,338</u> | <u>\$ 11,126</u> |
| Covered-Employee Payroll | <u>\$ 801,486</u> | <u>\$ 826,640</u> | <u>\$ 706,882</u> |
| Total OPEB liability as a percentage of covered employee payroll | 1.74% | 1.61% | 1.57% |
| Actuarially determined contribution | <u>\$ 3,831</u> | <u>\$ 4,219</u> | <u>\$ 2,137</u> |
| Actual contribution | <u>\$ 3,831</u> | <u>\$ 4,219</u> | <u>\$ 2,137</u> |
| Contributions as a percentage of covered payroll | 0.48% | 0.51% | 0.30% |

Notes to Schedule

Changes of Assumptions and Other Inputs

Changes of assumptions and other inputs reflect the effects of changes in the discount rate from 3.58% on June 30, 2017, 3.87% on June 30, 2018, 3.5% on June 30, 2019, and 2.21% on June 30, 2020

*GASB 75 requires presentation of ten years. Until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

SALINA AIRPORT AUTHORITY
SCHEDULES OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the Years Ended December 31, 2020 and December 31, 2019

| | January 1 to December 31 | |
|-------------------------------|--------------------------|-------------------------|
| | <u>2020</u> | <u>2019</u> |
| Operating Revenues | | |
| Airfield | | |
| Fuel flowage fees | \$ 190,668 | \$ 185,249 |
| Hangar rent | 634,594 | 652,894 |
| Landing fees | 55,856 | 35,693 |
| Ramp rent | 60,120 | 54,085 |
| Total Airfield | <u>941,238</u> | <u>927,921</u> |
| Building and Land Rents | | |
| Agri land rent | 67,683 | 72,673 |
| Building rents | 1,221,999 | 1,045,990 |
| Land rents | 240,100 | 217,490 |
| Tank rent | 13,974 | 13,635 |
| Total Building and Land Rents | <u>1,543,756</u> | <u>1,349,788</u> |
| Other revenue | | |
| Airport Marketing | 60,420 | 68,380 |
| Commissions | 14,999 | 33,977 |
| Other income | 91,933 | 52,892 |
| Total Other Revenue | <u>167,352</u> | <u>155,249</u> |
| Total Operating Revenue | <u>\$ 2,652,346</u> | <u>\$ 2,432,958</u> |

SALINA AIRPORT AUTHORITY
SCHEDULES OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the Years Ended December 31, 2020 and December 31, 2019
(continued)

| | January 1 to December 31 | |
|---------------------------------|--------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Operating Expenses | | |
| Administrative | | |
| A/E, consultants, brokers | \$ 15,830 | \$ 33,401 |
| Airport promotion | 194,563 | 159,176 |
| Bad debt expense | 54,847 | 2,709 |
| Computer network administration | 42,730 | 20,523 |
| Dues and subscriptions | 26,388 | 25,432 |
| Employee retirement | 100,855 | 62,632 |
| FICA and medicare | 56,065 | 59,373 |
| Industrial development | 28,000 | 31,071 |
| Insurance, property | 174,784 | 172,412 |
| Insurance, medical | 172,253 | 188,029 |
| Kansas unemployment tax | 802 | 818 |
| Legal and accounting | 32,810 | 47,346 |
| Office salaries | 546,022 | 519,382 |
| Office supplies | 6,647 | 9,588 |
| Other administrative | 14,607 | 11,192 |
| Postage | 1,648 | 2,077 |
| Property taxes | 130,562 | 142,350 |
| Special events | - | 2,084 |
| Telephone | 16,729 | 20,617 |
| Training | 4,405 | 2,235 |
| Travel and meetings | 9,473 | 12,450 |
| | <hr/> | <hr/> |
| Total Administrative Expenses | <u>\$ 1,630,020</u> | <u>\$ 1,524,897</u> |

(continued)

SALINA AIRPORT AUTHORITY
SCHEDULES OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the Years Ended December 31, 2020 and December 31, 2019
(continued)

| | January 1 to December 31 | |
|---|--------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Maintenance Expenses | | |
| Airfield maintenance | \$ 70,644 | \$ 26,315 |
| Airport security | 666 | 3,892 |
| Building maintenance | 118,472 | 76,461 |
| Equipment fuel and repairs | 72,011 | 85,199 |
| Fire services | 21,936 | 16,108 |
| Grounds maintenance | 10,960 | 6,405 |
| Maintenance salaries | 299,035 | 323,608 |
| Other maintenance expenses | 23,084 | 13,382 |
| Snow removal expense | 4,599 | 22,581 |
| Utilities | 220,298 | 256,587 |
| | <u>841,705</u> | <u>830,538</u> |
| Total Maintenance Expenses | | |
| | <u>2,471,725</u> | <u>2,355,435</u> |
| Total Operating Expenses | | |
| Surplus of Revenues over Expenses before Depeciation | 180,621 | 77,523 |
| Depreciation | <u>(3,016,267)</u> | <u>(2,898,650)</u> |
| Operating Loss Before Non-Operating Revenues and Expenses | <u>(2,835,646)</u> | <u>(2,821,127)</u> |
| Non-Operating Revenues and (Expenses) | | |
| Mill levy | 2,639,481 | 2,371,463 |
| Interest income | 2,161 | 17,954 |
| Interest expense | (771,821) | (840,390) |
| Bond issue costs | (44,885) | (73,185) |
| Gain on sale of assets | <u>(2,395,710)</u> | <u>21,263</u> |
| Total Non-Operating Revenue (Expense) | <u>(570,774)</u> | <u>1,497,105</u> |
| Loss Before Capital Contributions | (3,406,420) | (1,324,022) |
| Capital Contributions | <u>2,100,818</u> | <u>1,727,674</u> |
| Net Position | | |
| Increase in net position | (1,305,602) | 403,652 |
| Net position, beginning of year | 22,502,785 | 22,099,133 |
| Net Position, end of year | <u>\$21,197,183</u> | <u>\$22,502,785</u> |

SALINA AIRPORT AUTHORITY
CAPITAL EXPENDITURES
January 1 to December 31

| | <u>2020</u> |
|---|----------------------------|
| AIRFIELD IMPROVEMENTS | |
| Runway 17/35 Improvements | \$ 227,316 |
| AIP-40 Terminal Building Master Plan | 104,096 |
| Airfield Improvements - Apron Repairs | 38,725 |
| 2.5" Mill/Inlay Intersection of Txy A & D | 7,684 |
| 2 Gate Openers (Gate C1 & Gate H2) | 4,268 |
| Total Airfield Improvements | <u>382,089</u> |
| BUILDINGS | |
| Building 824 Rehab | 413,874 |
| Hangar 959 Satellite Calibration Site | 13,500 |
| Hangar 959 Improvements | 45,857 |
| Building 655 Unit A & B Improvements | 71,583 |
| Building 724 Overhead Door Improvements | 3,295 |
| QT Pod Model M4000 Self-Serve Fueling Terminal | 15,758 |
| Hangar 409 HVAC Improvements | 4,372 |
| Tank 785 Sateleite Calibration Site | 14,500 |
| Hangar 606 Duro-last Roofing System | 67,996 |
| Hangar 504 Sanitary Sewer Line Improvements | 19,235 |
| Building 1021 HVAC Improvements | 5,423 |
| Storage Igloo - 1029 & 1059 Electrical Improvements | 7,000 |
| Total Building Improvements | <u>682,393</u> |
| EQUIPMENT | |
| Lenovo ThinkPad Laptop | 2,275 |
| Fingerprint Digital Scanner and CPU | 5,699 |
| Computer Replacements (6 desktops, 3 laptops) | 16,604 |
| UHF & VHF Radio System for Ops Vehicle | 2,554 |
| (2) Graco Linelazer 5900 Airfield Paint Machine | 16,500 |
| (2) Grasshopper Zero-Turn Mowers | 25,897 |
| FIRELITE Skid Unit Pump for ARFF 5 | 10,185 |
| Trademan Package (2) 1/2 ton service truck | 7,844 |
| 3/4 Ton Truck Welder and Accessories | 5,029 |
| Dumping Hopper - Forklift | 1,699 |
| Bobcat Skid Sterr Loader & Attachments | 75,030 |
| Vacuum Truck Pickup Head Assembly | 12,992 |
| 2017 Ford Explorer (Operations Vehicle) | 24,850 |
| Total Equipment Additions | <u>207,158</u> |
| CONSTRUCTION IN PROGRESS | |
| Rwy 17/35 Rehab Design and Length Analysis | <u>186,591</u> |
| LAND | |
| Former Schilling Air Force Base environmental project | <u>43,066</u> |
| TOTAL CAPITAL EXPENDITURES | <u><u>\$ 1,501,297</u></u> |

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2015-A
December 31, 2020

| | |
|----------------------|-------------------|
| Date of issue: | August 28, 2015 |
| Amount of issue: | \$ 3,075,000 |
| Interest rate: | 2.672% |
| Maturity date: | September 1, 2025 |
| Principal paid: | \$ 2,475,000 |
| Outstanding balance: | \$ 600,000 |

Schedule of Bond Interest and Principal Payments

| Due in <u>Year</u> | Bond <u>Interest</u> | Bond <u>Principal</u> |
|-----------------------|-------------------------|--------------------------|
| 2021 | 18,368 | 170,000 |
| 2022 | 13,693 | 175,000 |
| 2023 | 8,443 | 80,000 |
| 2024 | 6,043 | 85,000 |
| 2025 | 3,195 | 90,000 |
| | \$ 49,740 | \$ 600,000 |

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2017-A
December 31, 2020

| | |
|----------------------|-------------------|
| Date of issue: | July 12, 2017 |
| Amount of issue: | \$ 10,255,000 |
| Interest rate: | 3.0353% |
| Maturity date: | September 1, 2030 |
| Principal paid: | \$ 245,000 |
| Outstanding balance: | \$ 10,010,000 |

Schedule of Bond Interest and Principal Payments

| Due in <u>Year</u> | Bond <u>Interest</u> | Bond <u>Principal</u> |
|-----------------------|-------------------------|--------------------------|
| 2021 | 291,958 | 75,000 |
| 2022 | 290,308 | 515,000 |
| 2023 | 278,463 | 525,000 |
| 2024 | 265,600 | 1,440,000 |
| 2025 | 228,160 | 1,475,000 |
| 2026-2030 | 573,425 | 5,980,000 |
| | \$ 1,927,914 | \$ 10,010,000 |

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2017-B
December 31, 2020

| | |
|----------------------|-------------------|
| Date of issue: | July 17, 2017 |
| Amount of issue: | \$ 4,835,000 |
| Interest rate: | 3.015% |
| Maturity date: | September 1, 2031 |
| Principal paid: | \$ 75,000 |
| Outstanding balance: | \$ 4,760,000 |

Schedule of Bond Interest and Principal Payments

| Due in <u>Year</u> | Bond <u>Interest</u> | Bond <u>Principal</u> |
|-----------------------|-------------------------|--------------------------|
| 2021 | 142,300 | 25,000 |
| 2022 | 141,800 | 25,000 |
| 2023 | 141,300 | 25,000 |
| 2024 | 140,550 | 25,000 |
| 2025 | 139,800 | 25,000 |
| 2026-2031 | 607,650 | 4,635,000 |
| | \$ 1,313,400 | \$ 4,760,000 |

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BOND TEMPORARY NOTES
SERIES 2019-1
December 31, 2020

| | |
|----------------------|-------------------|
| Date of issue: | August 14, 2019 |
| Amount of issue: | \$ 2,250,000 |
| Interest rate: | 2.500% |
| Maturity date: | September 1, 2021 |
| Principal paid: | \$ - |
| Outstanding balance: | \$ 2,250,000 |

Schedule of Bond Interest and Principal Payments

| Due in <u>Year</u> | Bond <u>Interest</u> | Bond <u>Principal</u> |
|-----------------------|-------------------------|--------------------------|
| 2021 | 56,250 | 2,250,000 |
| | <u>\$ 56,250</u> | <u>\$ 2,250,000</u> |

SALINA AIRPORT AUTHORITY
GENERAL OBLIGATION BONDS
SERIES 2019-A
December 31, 2020

| | |
|----------------------|-------------------|
| Date of issue: | July 10, 2019 |
| Amount of issue: | \$ 675,000 |
| Interest rate: | 2.775% |
| Maturity date: | September 1, 2029 |
| Principal paid: | \$ 60,000 |
| Outstanding balance: | \$ 615,000 |

Schedule of Bond Interest and Principal Payments

| Due in <u>Year</u> | Bond <u>Interest</u> | Bond <u>Principal</u> |
|-----------------------|-------------------------|--------------------------|
| 2021 | 16,483 | 60,000 |
| 2022 | 15,163 | 65,000 |
| 2023 | 13,635 | 65,000 |
| 2024 | 12,043 | 65,000 |
| 2025 | 10,385 | 70,000 |
| 2026-2029 | 22,035 | 290,000 |
| | \$ 89,744 | \$ 615,000 |

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2019-B
December 31, 2020

| | |
|----------------------|-------------------|
| Date of issue: | July 10, 2019 |
| Amount of issue: | \$ 3,455,000 |
| Interest rate: | 2.915% |
| Maturity date: | September 1, 2023 |
| Principal paid: | \$ 690,000 |
| Outstanding balance: | \$ 2,765,000 |

Schedule of Bond Interest and Principal Payments

| Due in <u>Year</u> | Bond <u>Interest</u> | Bond <u>Principal</u> |
|-----------------------|-------------------------|--------------------------|
| 2021 | 80,480 | 1,150,000 |
| 2022 | 47,705 | 745,000 |
| 2023 | 26,100 | 870,000 |
| | \$ 154,285 | \$ 2,765,000 |

SALINA AIRPORT AUTHORITY
 GENERAL OBLIGATION BOND TEMPORARY NOTES
 SERIES 2020-1
 December 31, 2020

| | |
|----------------------|-------------------|
| Date of issue: | September 1, 2020 |
| Amount of issue: | \$ 2,100,000 |
| Interest rate: | 0.480% |
| Maturity date: | September 1, 2023 |
| Principal paid: | \$ - |
| Outstanding balance: | \$ 2,100,000 |

Schedule of Bond Interest and Principal Payments

| Due in <u>Year</u> | Bond <u>Interest</u> | Bond <u>Principal</u> |
|-----------------------|-------------------------|--------------------------|
| 2021 | 10,080 | - |
| 2022 | 10,080 | - |
| 2023 | 10,080 | 2,100,000 |
| | \$ 30,240 | \$ 2,100,000 |

SALINA AIRPORT AUTHORITY
TAXABLE LEASE PURCHASE AGREEMENT
2020
December 31, 2020

| | |
|----------------------|-------------------|
| Date of issue: | August 12, 2020 |
| Amount of issue: | \$ 460,000 |
| Interest rate: | 3.300% |
| Maturity date: | September 1, 2030 |
| Principal paid: | \$ - |
| Outstanding balance: | \$ 460,000 |

Schedule of Bond Interest and Principal Payments

| <u>Due in</u> <u>Year</u> | <u>Bond</u> <u>Interest</u> | <u>Bond</u> <u>Principal</u> |
|------------------------------|--------------------------------|---------------------------------|
| 2021 | 14,385 | 39,942 |
| 2022 | 13,528 | 40,800 |
| 2023 | 12,171 | 42,157 |
| 2024 | 10,768 | 43,560 |
| 2025 | 9,318 | 45,009 |
| 2026-2030 | 23,108 | 248,531 |
| | \$ 83,278 | \$ 460,000 |

SALINA AIRPORT AUTHORITY
SPECIAL ASSESSMENT DEBT-SANITARY SEWER EXTENSION
HANGAR 600
December 31, 2020

| | |
|----------------------|-------------------|
| Date of loan: | April 23, 2007 |
| Amount of loan: | \$ 27,599 |
| Interest rate: | 4.47% |
| Maturity date: | December 20, 2021 |
| Principal paid: | \$ 25,144 |
| Outstanding balance: | \$ 2,455 |

Schedule of Loan Interest and Principal Payments

| Due in <u>Year</u> | Loan <u>Interest</u> | Loan <u>Principal</u> |
|-----------------------|-------------------------|--------------------------|
| 2021 | 110 | 2,455 |
| | \$ 110 | \$ 2,455 |
| | 110 | 2,455 |

SALINA AIRPORT AUTHORITY
INSURANCE IN FORCE
December 31, 2020

| <u>Insurance Policy</u> | <u>Type of Coverage</u> | <u>Amount of Coverage</u> |
|---|--|---------------------------|
| Old Republic Insurance Company Pol. #0CAV04369404 | Worker's compensation and employer's liability | \$ 1,000,000 |
| Old Republic Insurance Company Pol. #PR00262106 | Bodily Injury & liability | \$ 2,000,000 |
| | Hangar keepers | \$ 1,000,000 |
| Affiliated FM | | |
| Pol. #ERP4509814-01 | Deluxe property-building, contents, stock, personal property of others, EDP equipment, business income (rents) | \$ 70,000,000 |
| | Extra expense | \$ 1,000,000 |
| | Data processing media | \$ 500,000 |
| Cincinnati Insurance Companies Pol. #ENP0563029 | Vehicles & equipment | |
| | Bodily injury/property damage | \$ 1,000,000 |
| | Medical payments | \$ 5,000 |
| | Uninsured motorists | \$ 1,000,000 |
| | Underinsured motorist | \$ 1,000,000 |
| Cincinnati Insurance Companies Pol. #ENP0563029 | Inland marine - equipment | \$ 1,585,851 |
| Hartford Fire Insurance Company Pol. #37FA0293328-20 | Crime policy Employee theft, forgery, alteration, computer fraud, faithful performance | \$ 250,000 |
| Indian Harbor Insurance Company Pol. #G71465974 002 | Public officials and employment practices liability | |
| | Each claim | \$ 2,000,000 |
| | Aggregate limit | \$ 2,000,000 |
| Great American Alliance Ins. Co. Pol. # KST7882933-26 | Underground storage tank liability | |
| | Each incident | \$ 1,000,000 |
| | Aggregate limit | \$ 1,000,000 |
| | Defense expense limit each incident | \$ 100,000 |

STATISTICAL Table of Contents

This part of the Salina Airport Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Financial Trends 71-75

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Debt Capacity 76-77

This schedule presents information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Revenue Capacity 78-79

These schedules contain information to help the reader assess the government's revenue source.

Operating Information 80

This schedule contains service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Demographic and Economic Information 81-84

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

SALINA AIRPORT AUTHORITY
TOTAL ANNUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION HISTORY
FOR YEARS ENDED DECEMBER 31,

| | 2011 | 2012 | 2013 | 2014 |
|---|---------------|---------------|---------------|---------------|
| TOTAL REVENUES | | | | |
| OPERATING REVENUES | | | | |
| Airfield | \$ 613,721 | \$ 548,193 | \$ 411,522 | \$ 572,681 |
| Fuel flowage fees | 167,569 | 189,370 | 128,277 | 150,110 |
| Building and land rent | 1,491,710 | 1,365,853 | 1,474,057 | 1,136,063 |
| Other revenue | 33,965 | 56,752 | 53,902 | 50,499 |
| TOTAL OPERATING REVENUES | 2,306,965 | 2,160,168 | 2,067,758 | 1,909,353 |
| TOTAL EXPENSES | | | | |
| OPERATING EXPENSES | | | | |
| Administrative | 1,385,079 | 1,245,267 | 1,232,833 | 1,198,445 |
| Maintenance | 771,450 | 869,091 | 872,877 | 860,760 |
| TOTAL OPERATING EXPENSES | 2,156,529 | 2,114,358 | 2,105,710 | 2,059,205 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | 150,436 | 45,810 | (37,952) | (149,852) |
| DEPRECIATION | 2,407,566 | 2,514,587 | 2,588,107 | 2,588,599 |
| OPERATING LOSS | (2,257,130) | (2,468,777) | (2,626,059) | (2,738,451) |
| NON-OPERATING INCOME AND (EXPENSES) | | | | |
| Mill levy | 1,795,660 | 1,767,338 | 1,788,284 | 1,993,889 |
| Interest on investments and financing lease | 9,856 | 1,500 | 676 | 437 |
| Interest expense | (973,928) | (1,175,063) | (1,120,831) | (1,087,440) |
| Bond Issue Costs | (103,580) | - | - | - |
| Gain (loss) on sale of assets | 19,039 | - | 51,853 | 50,904 |
| TOTAL NON-OPERATING INCOME AND (EXPENSES) | 747,047 | 593,775 | 719,982 | 957,790 |
| LOSS BEFORE CAPITAL CONTRIBUTIONS | (1,510,083) | (1,875,002) | (1,906,077) | (1,780,661) |
| CAPITAL CONTRIBUTIONS | 457,227 | 1,779,827 | 623,029 | 799,762 |
| INCREASE (DECREASE) IN NET POSITION | (1,052,856) | (95,175) | (1,283,048) | (980,899) |
| NET POSITION AT YEAR END COMPOSED OF: | | | | |
| Net investment in capital assets | 22,065,440 | 25,339,916 | 24,818,560 | 24,510,104 |
| Restricted | - | - | - | - |
| Unrestricted | 4,541,202 | 1,171,551 | 409,859 | (262,584) |
| | \$ 26,606,642 | \$ 26,511,467 | \$ 25,228,419 | \$ 24,247,520 |

SALINA AIRPORT AUTHORITY
TOTAL ANNUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION HISTORY
FOR YEARS ENDED DECEMBER 31,

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 529,973 | \$ 530,889 | \$ 510,263 | \$ 586,108 | \$ 742,672 | \$ 750,570 |
| 189,532 | 145,280 | 202,728 | 194,647 | 185,249 | 190,668 |
| 1,068,335 | 1,174,553 | 1,310,833 | 1,383,282 | 1,349,788 | 1,543,756 |
| 88,663 | 106,144 | 189,476 | 335,855 | 155,249 | 167,352 |
| 1,876,503 | 1,956,866 | 2,213,300 | 2,499,892 | 2,432,958 | 2,652,346 |
| 1,253,045 | 1,183,681 | 1,264,135 | 1,567,514 | 1,524,897 | 1,630,020 |
| 698,173 | 714,188 | 896,488 | 863,656 | 830,538 | 841,705 |
| 1,951,218 | 1,897,869 | 2,160,623 | 2,431,170 | 2,355,435 | 2,471,725 |
| (74,715) | 58,997 | 52,677 | 68,722 | 77,523 | 180,621 |
| 2,584,667 | 2,569,109 | 2,593,092 | 2,761,019 | 2,898,650 | 3,016,267 |
| (2,659,382) | (2,510,112) | (2,540,415) | (2,692,297) | (2,821,127) | (2,835,646) |
| 2,028,074 | 2,017,013 | 2,043,302 | 2,338,967 | 2,371,463 | 2,639,481 |
| 286 | 3,387 | 974 | 3,745 | 17,954 | 2,161 |
| (1,109,013) | (964,113) | (573,533) | (827,143) | (840,390) | (771,821) |
| - | (8,329) | (147,664) | - | (73,185) | (44,885) |
| 48,289 | 6,903 | 22,081 | 5,375 | 21,263 | (2,395,710) |
| 967,636 | 1,054,861 | 1,345,160 | 1,520,944 | 1,497,105 | (570,774) |
| (1,691,746) | (1,455,251) | (1,195,255) | (1,171,353) | (1,324,022) | (3,406,420) |
| 217,112 | 943,219 | 1,280,204 | 1,474,356 | 1,727,674 | 2,100,818 |
| (1,474,634) | (512,032) | 84,949 | 303,003 | 403,652 | (1,305,602) |
| 22,516,034 | 21,862,166 | 19,753,708 | 22,491,023 | 21,698,665 | 18,935,971 |
| (280,767) | (138,931) | 2,054,476 | (391,890) | 804,120 | 2,261,212 |
| \$ 22,235,267 | \$ 21,723,235 | \$ 21,808,184 | \$ 22,099,133 | \$ 22,502,785 | \$ 21,197,183 |

SALINA AIRPORT AUTHORITY
CHANGES IN CASH AND CASH EQUIVALENTS HISTORY
FOR YEARS ENDED DECEMBER 31,

| | 2011 | 2012 | 2013 | 2014 |
|---|---------------------|---------------------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from providing services | \$ 2,466,747 | \$ 2,091,754 | \$ 2,162,181 | \$ 1,849,824 |
| Cash paid to employees for services | (812,393) | (784,733) | (766,300) | (731,571) |
| Cash paid to suppliers for goods and services | (1,315,871) | (1,345,746) | (1,469,899) | (1,170,505) |
| NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES | 338,483 | (38,725) | (74,018) | (52,252) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of property, plant and equipment | (1,962,366) | (4,789,419) | (1,238,629) | (1,348,143) |
| Acquisition of land subsequently donated (net) | | | | |
| Proceeds from capital grants | 443,681 | 1,755,598 | 623,029 | 799,762 |
| Change in grants receivable | - | - | - | - |
| Proceeds from property tax | 1,795,660 | 1,767,338 | 1,788,284 | 1,993,889 |
| Proceeds from sale of capital assets | 19,039 | - | 218,361 | 81,652 |
| Principal payments on debt | (12,756,306) | (1,154,007) | (959,134) | (972,729) |
| Proceeds of new borrowing | 14,060,137 | - | - | - |
| Deferred advanced refunding | - | - | - | - |
| Bond defeasance and issue costs paid | (103,580) | - | - | - |
| Interest paid on long-term debt | (754,537) | (1,190,236) | (1,131,523) | (1,099,052) |
| NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES | 741,728 | (3,610,726) | (699,612) | (544,621) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received on deposits | 9,856 | 1,500 | 676 | 437 |
| NET INCREASE (DECREASE) IN CASH | 1,090,067 | (3,647,951) | (772,954) | (596,436) |
| CASH, beginning of year | 4,218,016 | 5,308,083 | 1,660,132 | 887,178 |
| CASH, end of year | \$ 5,308,083 | \$ 1,660,132 | \$ 887,178 | \$ 290,742 |

SALINA AIRPORT AUTHORITY
CHANGES IN CASH AND CASH EQUIVALENTS HISTORY
FOR YEARS ENDED DECEMBER 31,

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 1,922,061 | \$ 1,868,694 | \$ 2,162,372 | \$ 2,621,123 | \$ 1,730,112 | \$ 3,109,625 |
| (698,148) | (724,184) | (821,501) | (845,650) | (841,568) | (854,885) |
| (1,292,263) | (1,124,098) | (1,249,957) | (578,006) | (1,616,484) | (2,133,137) |
| (68,350) | 20,412 | 90,914 | 1,197,467 | (727,940) | 121,603 |
| (301,637) | (1,489,872) | (2,073,730) | (2,851,457) | (3,182,404) | (1,501,297) |
| 92,414 | 943,219 | 1,280,204 | 1,474,356 | 1,727,674 | 2,100,818 |
| - | (573,638) | 573,638 | - | - | - |
| 2,028,074 | 2,017,013 | 2,043,302 | 2,338,967 | 2,371,463 | 2,639,481 |
| 48,289 | 20,489 | 32,990 | 5,375 | 55,120 | - |
| (1,007,271) | (1,095,956) | (1,253,283) | (2,646,876) | (5,337,744) | (1,428,211) |
| 722,161 | 657,000 | 2,831,470 | - | 6,380,000 | 2,560,000 |
| - | - | (1,391,470) | - | - | - |
| (43,159) | (8,329) | (147,664) | - | (73,185) | (44,885) |
| (1,042,465) | (972,452) | (613,911) | (879,978) | (831,307) | (787,723) |
| 496,406 | (502,526) | 1,281,546 | (2,559,613) | 1,109,617 | 1,477,095 |
| 286 | 3,387 | 974 | 3,745 | 17,954 | 2,161 |
| 428,342 | (478,727) | 1,373,434 | (1,358,401) | 399,631 | 1,600,859 |
| 290,742 | 719,084 | 240,357 | 1,613,791 | 255,390 | 655,021 |
| \$ 719,084 | \$ 240,357 | \$ 1,613,791 | \$ 255,390 | \$ 655,021 | \$ 2,255,880 |

Salina Airport Authority

CAPITAL EXPENDITURE HISTORY

Ten Years Ended December 31, 2020

| <u>Fiscal Year</u> | <u>Equipment</u> | <u>Building Additions</u> | <u>Land</u> | <u>Airfield</u> | <u>Construction in Progress</u> | <u>Total Capital Expenditures</u> |
|-------------------------------|-------------------------|--------------------------------------|--------------------|------------------------|--|--|
| 2011 | 52,504 | 112,417 | 368,557 | 195,933 | 1,349,037 | 2,078,448 |
| 2012 | 217,548 | 2,911,756 | 306,847 | 2,225,668 | 244,851 | 5,906,670 |
| 2013 | 37,532 | 172,219 | 94,514 | 540,392 | 429,468 | 1,274,125 |
| 2014 | 76,670 | 361,842 | 44,405 | 490,653 | 371,219 | 1,344,789 |
| 2015 | 144,676 | 57,048 | 20,379 | 30,131 | 71,623 | 323,857 |
| 2016 | 105,467 | 321,854 | 14,062 | 23,799 | 1,024,688 | 1,489,870 |
| 2017 | 226,478 | 140,422 | 30,617 | 385,751 | 1,290,462 | 2,073,730 |
| 2018 | 983,492 | 114,367 | 77,012 | 1,793,701 | 8,921 | 2,977,493 |
| 2019 | 388,382 | 2,461,044 | 201,006 | 8,675 | 123,297 | 3,182,404 |
| 2020 | 207,158 | 682,393 | 43,066 | 382,089 | 186,591 | 1,501,297 |

Source: Salina Airport Authority Records

Salina Airport Authority
General Obligation Debt Service Coverage
 Ten Fiscal Years Ended December 31, 2020

| Fiscal Year | November Assessed Valuation | Motor Vehicle Valuation | Valuation Total | Capacity of Valuation Total | General Obligation Debt | Revenue Bond Debt | Special Assessment Debt | Financing Leases / Other Loans Payable | Temporary Notes | Total Debt | Remaining Capacity | Percentage of Personal Income | Total Debt Per Capita |
|-------------|-----------------------------|-------------------------|-----------------|-----------------------------|-------------------------|-------------------|-------------------------|--|-----------------|------------|--------------------|-------------------------------|-----------------------|
| 2011 | 402,354,576 | 47,406,062 | 449,760,638 | 44,976,064 | 25,808,985 | - | 125,014 | 245,558 | - | 26,179,557 | 19,167,079 | 1.20% | 475 |
| 2012 | 403,850,282 | 47,553,744 | 451,404,026 | 45,140,403 | 24,756,769 | - | 103,947 | 202,617 | - | 25,063,333 | 20,383,634 | 1.12% | 449 |
| 2013 | 405,107,476 | 48,882,411 | 453,989,887 | 45,398,989 | 23,880,661 | - | 66,746 | 156,791 | - | 24,104,198 | 21,518,328 | 1.05% | 431 |
| 2014 | 407,454,378 | 48,865,900 | 456,320,278 | 45,632,028 | 22,974,555 | - | 48,949 | 107,966 | - | 23,131,470 | 22,657,473 | 0.99% | 415 |
| 2015 | 416,174,805 | 50,350,566 | 466,525,371 | 46,652,537 | 22,791,329 | - | 30,465 | 55,696 | - | 22,877,490 | 23,861,208 | 0.93% | 410 |
| 2016 | 425,040,911 | 51,833,505 | 476,874,416 | 47,687,442 | 21,770,268 | - | 11,268 | - | 657,000 | 22,438,536 | 25,260,174 | 0.89% | 407 |
| 2017 | 430,490,209 | 50,970,796 | 481,461,005 | 48,146,101 | 21,910,515 | - | 9,207 | - | 2,097,000 | 24,016,722 | 24,138,586 | 0.92% | 439 |
| 2018 | 434,451,245 | 53,336,676 | 487,787,921 | 48,778,792 | 20,705,792 | - | 7,054 | - | 657,000 | 21,369,846 | 27,416,000 | 0.95% | 393 |
| 2019 | 454,467,318 | 54,687,311 | 509,154,629 | 50,915,463 | 20,157,297 | - | 4,805 | - | 2,250,000 | 22,412,102 | 28,508,166 | 0.96% | 413 |
| 2020 | 456,352,518 | 54,589,132 | 510,941,650 | 51,094,165 | 18,750,000 | | 2,455 | 460,000 | 4,350,000 | 23,562,455 | 27,994,165 | N/A | 437 |

Note: Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.
 The special assessment and financing lease/other loans payable debt figures are shown for informational purposes only and not required by statute to be included in the remaining capacity calculation.
 See the Schedule of Demographic and Economic Statistics on page 83 for personal income and population data.

N/A = Data not yet available

Salina Airport Authority

LOCAL GOVERNMENT MILL LEVY RATES, DIRECT AND OVERLAPPING

Ten Years Ended December 31, 2020

| <u>Fiscal Year</u> | <u>Saline County</u> | <u>City of Salina</u> | <u>Unified School Dist. #305</u> | <u>Salina Airport Authority</u> | <u>Salina Public Library</u> | <u>State of Kansas</u> | <u>Other Special Taxing Districts</u> | <u>Total</u> |
|---------------------------|-----------------------------|------------------------------|---|--|-------------------------------------|-------------------------------|--|---------------------|
| 2011 | 32.576 | 26.272 | 58.82 | 4.007 | 5.292 | 1.5 | 1.179 | 129.646 |
| 2012 | 34.823 | 26.19 | 58.649 | 4.007 | 5.452 | 1.5 | 1.176 | 131.797 |
| 2013 | 37.895 | 26.927 | 58.116 | 4.504 | 5.761 | 1.5 | 1.176 | 135.879 |
| 2014 | 38.047 | 27.080 | 55.605 | 4.486 | 6.034 | 1.5 | 1.285 | 134.037 |
| 2015 | 38.275 | 27.311 | 56.12 | 4.396 | 5.895 | 1.5 | 1.502 | 134.999 |
| 2016 | 37.508 | 27.603 | 55.743 | 4.396 | 5.893 | 1.5 | 1.51 | 134.153 |
| 2017 | 37.321 | 26.129 | 56.501 | 4.992 | 5.989 | 1.5 | 1.475 | 133.907 |
| 2018 | 38.437 | 28.394 | 57.522 | 4.998 | 6.014 | 1.5 | 1.476 | 138.341 |
| 2019 | 41.097 | 29.720 | 55.508 | 5.372 | 5.913 | 1.5 | 1.198 | 140.308 |
| 2020 | 40.606 | 30.650 | 55.454 | 5.037 | 5.88 | 1.5 | 1.206 | 140.333 |

Note:

Funds generated from the Salina Airport Authority's 2020 mill levy become available during calendar year 2021 and are budgeted accordingly.

**Salina Airport Authority
Principal Customers
Current and Ten Years Ago**

| Company | 2020 | | | 2010 | | |
|---|----------------------------|--------------------|--|----------------------------|--------------------|--|
| | <u>Income</u> | <u>Rank</u> | <u>Percentage of Total Income</u> | <u>Income</u> | <u>Rank</u> | <u>Percentage of Total Income</u> |
| Avflight Salina | 334,206 | 1 | 12.60% | | | |
| Kansas Erosion Products, LLC. | 323,505 | 2 | 12.20% | | | |
| 1 Vision Aviation | 197,535 | 3 | 7.45% | | | |
| Exide | 145,120 | 4 | 5.47% | | | |
| USSOCOM (Jaded Thunder) | 140,675 | 5 | 5.30% | | | |
| SFC Global Chain Supply | 136,686 | 6 | 5.15% | 86,112 | 9 | 3.22% |
| Universal Forest Products (UFP) | 125,023 | 7 | 4.71% | | | |
| Kansas State Polytechnic-Salina | 77,447 | 8 | 2.92% | 170,396 | 5 | 6.38% |
| Nellis AFB | 68,465 | 9 | 2.58% | | | |
| Stryten Salina, LLC | 39,880 | 10 | 1.50% | | | |
| Kansas Military Board (RSMS, Salina, KS) | | | | 414,192 | 1 | 15.51% |
| Hawker Beechcraft Corp. | | | | 254,800 | 2 | 9.54% |
| Learjet Inc. | | | | 216,000 | 3 | 8.09% |
| JRM Enterprises, Inc, d/b/a America Jet (formerly Moore's Midway Aviation) | | | | 179,872 | 4 | 6.73% |
| CAV Aerospace, Inc. | | | | 169,127 | 6 | 6.33% |
| Kansas Military Board | | | | 166,856 | 7 | 6.25% |
| Flower Aviation | | | | 145,195 | 8 | 5.43% |
| Two Rivers Vending | | | | 53,534 | 10 | 2.00% |
| | <u><u>\$ 1,588,542</u></u> | | <u><u>59.89%</u></u> | <u><u>\$ 1,856,084</u></u> | | <u><u>66.26%</u></u> |

Source: Salina Airport Authority Records

Salina Airport Authority
MILL LEVY REVENUE
 Ten Years Ended December 31, 2020

| <u>Fiscal Year</u> | <u>Mil Levy Revenue</u> |
|---------------------------|--------------------------------|
| 2011 | 1,795,660 |
| 2012 | 1,767,338 |
| 2013 | 1,788,284 |
| 2014 | 1,993,889 |
| 2015 | 2,028,074 |
| 2016 | 2,017,013 |
| 2017 | 2,043,302 |
| 2018 | 2,338,967 |
| 2019 | 2,371,463 |
| 2020 | 2,639,481 |

Source: Salina Airport Authority Records

Salina Airport Authority

AIR TRAFFIC, FUEL FLOWAGE AND ENPLANEMENT TRENDS

Ten Years Ended December 31, 2020

| <u>Fiscal Year</u> | <u>Air Traffic Operations</u> | <u>Fuel Flowage Gallons</u> | Passenger Enplanements | | <u>Total Enplanements</u> |
|-------------------------------|--|--|---|---|--------------------------------------|
| | | | <u>Scheduled Air Carrier</u> | <u>Non-Scheduled Air Carrier</u> | |
| 2011 | 69,207 | 2,386,670 | 2,705 | 212 | 2,917 |
| 2012 | 97,338 | 2,594,049 | 2,546 | 980 | 3,526 |
| 2013 | 90,131 | 1,757,980 | 2,361 | 468 | 2,829 |
| 2014 | 91,101 | 1,971,061 | 2,138 | 418 | 2,556 |
| 2015 | 96,350 | 2,487,603 | 1,124 | 8,955 | 10,079 |
| 2016 | 77,111 | 1,860,912 | 3,257 | 710 | 3,967 |
| 2017 | 61,141 | 2,622,158 | 8,877 | 4,973 | 13,850 |
| 2018 | 69,293 | 2,414,825 | 14,642 | 5,657 | 20,299 |
| 2019 | 76,553 | 2,278,659 | 19,710 | 1,479 | 21,189 |
| ¹ 2020 | 60,448 | 2,295,009 | 6,331 | 4,230 | 10,561 |

Note:

One air traffic operation equals one aircraft takeoff and landing

Sources:

Salina Airport Authority Records

Federal Aviation Administration Office of Airport Planning and Program

¹ Non-scheduled air carrier data is estimated as data not available from FAA until July of the following calendar year

Salina Airport Authority
Principal Employers
 Current Year and Nine Years Prior

| Employer | 2020 | | | 2010 | | |
|------------------------------------|-------------------------|--------------------|---|-------------------------|--------------------|---|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Salina Regional Health Center | 1,800 | 1 | 6.3% | 2,093 | 2 | 7.9% |
| Schwan's Global Supply Chain, Inc. | 1,200 | 3 | 4.2% | 1,850 | 1 | 7.0% |
| Unified School District No. 305 | 1,500 | 2 | 5.2% | 935 | 3 | 3.5% |
| Great Plains Manufacturing | 1,175 | 4 | 4.1% | 650 | 5 | 2.5% |
| Exide Technologies | | | | 800 | 4 | 3.0% |
| City of Salina | 425 | 6 | 1.5% | 493 | 7 | 1.9% |
| Salina Vortex | 385 | 7 | 1.4% | | | |
| REV Group | 200 | 10 | 7.0% | | | |
| Wal-Mart | 250 | 8 | 0.87% | | | |
| Signify | | | | 600 | 6 | 2.3% |
| Raytheon Aircraft | | | | 357 | 8 | 1.4% |
| Eldorado National | | | | 255 | 9 | 1.0% |
| OCCK | | | | 263 | 10 | 1.0% |
| Stryten Manufacturing | 640 | 5 | 2.2% | | | |
| Blue Beacon International | 230 | 9 | 0.80% | | | |
| Total | 7,805 | | 33.6% | 8,296 | | 31.5% |

Source: Salina Area Chamber of Commerce

Salina Regional Airport and Salina Airport Industrial Center

Airport/Industrial Center Information

As of December 31, 2020

| | | | |
|---|---|------------------|------------------|
| Airport Code | SLN | | |
| Location: | 3 miles Southwest of City of Salina | | |
| Elevation | 1,288 ft. | | |
| Tower: | Midwest ATC 0700 - 2300 -365 | | |
| FBO: | AVFlight | | |
| | | 2010 | 2020 |
| Acreage +/- | Airport | 2,502 | 2,502 |
| | Airport Industrial Center | 396 | 291.65 |
| Runways : | 35/17 North/South ILS/GPS/VOR/NDB | 12,301 x 150 ft. | 12,301 x 150 ft. |
| | 30/12 Southeast/northwest GPS | 6,510 x 100 ft. | 6,510 x 100 ft. |
| | 36/18 North/South | 4,301 x 75 ft. | 4,301 x 75 ft. |
| | 22/4 West/East | 3,648 x 75 ft. | 3,648 x 75 ft. |
| Aircraft Rescue & Fire Fighting Facility | ARFF Station | 2,500 | 10,000 |
| Commercial Air Service Terminal | M.J. Kennedy Air Terminal Bldg. - sq. ft. | 10,750 | 10,750 |
| | Vehicle parking spaces | 123 | 217 |
| | Number of Rental Car Agencies in Terminal | 1 | 1 |
| Apron | Commercial Service Ramp - sq. ft. | 541,218 | 541,218 |
| | FBO - sq. ft. | 319,596 | 319,596 |
| | KS National Guard - sq. ft. | 261,523 | 261,523 |
| | General Aviation / Other - sq. ft. | 1,896,664 | 1,896,664 |
| Buildings | Sq. Ft. | 1,051,631 | 1,163,471 |
| Employees | Airport Authority | | |
| | Administration | 8 | 6 |
| | Operations | 11 | 8 |
| | Total Airport Authority Employees | 19 | 14 |

Source: Salina Airport Authority Records

Salina Airport Authority
Saline County Demographic and Economic Statistics
 Last Ten Fiscal Years

| Year | <u>Population</u>¹ | <u>Per Capita Personal Income</u>² | <u>Total Personal Income</u>² | <u>Median Age</u>³ | <u>Unemployment Rate</u>⁴ | <u>K-12 Graduation Rate</u>⁵ | <u>K-12 Enrollment</u>⁵ |
|-------------|--------------------------------------|--|---|--|---|--|---|
| 2011 | 55,844 | 39,910 | 2,186,424,000 | 37.8 | 6.2% | 84.5% | 9,259 |
| 2012 | 55,988 | 41,070 | 2,247,371,000 | 38.3 | 5.9% | 89.4% | 9,201 |
| 2013 | 55,740 | 43,078 | 2,291,423,000 | 37.4 | 5.2% | 87.7% | 9,197 |
| 2014 | 55,755 | 43,552 | 2,330,849,000 | 36.5 | 4.3% | 86.8% | 8,895 |
| 2015 | 55,691 | 44,310 | 2,458,793,000 | 37.7 | 4.2% | 87.1% | 9,196 |
| 2016 | 55,142 | 46,020 | 2,534,297,000 | 37.6 | 3.7% | 88.5% | 9,114 |
| 2017 | 54,734 | 47,945 | 2,624,204,000 | 37.6 | 3.2% | 84.4% | 8,992 |
| 2018 | 54,401 | 47,945 | 2,253,127,330 | 37.9 | 3.1% | 85.5% | 8,975 |
| 2019 | 54,224 | 49,983 | 2,335,005,828 | 38.4 | 3.0% | 87.2% | 8,527 |
| 2020 | 53,898 | n/a | n/a | 38.4 | 6.7% | n/a | 8,167 |

Data Sources:

¹Kansas Division of Budget

² Bureau of Economic Analysis

² Kansas Statistical Abstract

³U.S. Census Bureau

⁴ Bureau of Labor Statistics

⁵Kansas Department of Education

2020 population is an estimated figure

notes: n/a= information not yet available

Largest Taxpayers

According to the Saline County Clerk's Office, the following table lists the largest taxpayers in the City, their November 2020 assessed valuations, and the percentage each taxpayer comprised of the total assessed valuation of the City.

| <u>Company</u> | <u>Type of Business</u> | <u>Assessed Valuation</u> | <u>% of Total Valuation</u> |
|---------------------------------|-------------------------|---------------------------|-----------------------------|
| Evergy, Inc. | Utility | \$19,659,775 | 3.85% |
| SFC Global Supply Chain Inc | Manufacturing | 5,927,488 | 1.16 |
| Kansas Gas Service | Utility | 5,415,618 | 1.06 |
| RAF Salina LLC | Retail Shopping Center | 4,680,507 | 0.92 |
| S&B Motels Inc | Motel | 3,010,427 | 0.59 |
| Central Mall Realty Holding LLC | Retail Shopping Center | 2,851,701 | 0.56 |
| Union Pacific Railroad Co. | Railroad | 2,565,902 | 0.50 |
| | Home Improvement | | |
| Menard Inc. | Store | 2,427,090 | 0.48 |
| Individual | Residential | 2,367,201 | 0.46 |
| Sam's Real Estate Business | | | |
| Trust/Walmart | Discount Store | <u>2,195,047</u> | <u>0.43</u> |
| Total | | \$51,100,756 | 10.00% |

Property Tax Collections

Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are penalized at a statutorily prescribed rate until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale in July of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

Personal property taxes are assessed, due and may be paid in the same manner as real estate taxes. Motor vehicle property taxes are based on valuations provided by the Kansas Department of Revenue and the county average tax rate for the county in which the vehicle is registered. Motor vehicle taxes are payable to the county treasurer at the time of the vehicle's annual registration. Vehicle registration dates are assigned by the State in a manner such as to equal registration over a twelve-month period. Motor vehicle taxes are distributed by the county to the state, city and other taxing jurisdictions based on their proportionate tax levies. Delinquent personal and motor vehicle taxes are penalized at the same rate as delinquent real property taxes. The following is a summary of tax collections for the Authority in the years shown.

| <u>Levy Year</u> | <u>Tax Rate</u> | <u>Taxes Levied</u> | <u>Current Tax Collections</u> | | <u>Current and Delinquent Tax Collections</u> | |
|------------------|-----------------|---------------------|--------------------------------|----------|---|----------|
| | | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| 2020* | 5.037 | \$2,287,941 | 2,187,816 | 95.62% | \$2,189,762 | 95.71% |
| 2019 | 5.372 | 2,415,817 | 2,357,078 | 97.57 | 2,392,216 | 99.02 |
| 2018 | 4.998 | 2,152,299 | 2,107,328 | 97.91 | 2,144,176 | 99.62 |
| 2017 | 4.992 | 2,132,134 | 2,082,567 | 97.68 | 2,128,023 | 99.81 |
| 2016 | 4.396 | 1,841,679 | 1,802,833 | 97.89 | 1,840,134 | 99.92 |
| 2015 | 4.396 | 1,804,238 | 1,768,092 | 98.00 | 1,803,826 | 99.98 |
| 2014 | 4.486 | 1,807,084 | 1,771,278 | 98.02 | 1,806,808 | 99.98 |
| 2013 | 4.504 | 1,817,896 | 1,813,028 | 99.73 | 1,814,155 | 99.79 |
| 2012 | 4.007 | 1,618,228 | 1,565,139 | 96.72 | 1,600,808 | 99.39 |
| 2011 | 4.007 | 1,612,235 | 1,560,405 | 96.79 | 1,598,276 | 99.13 |

*As of May 21, 2021

Source: Saline County

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Salina Airport Authority
Salina, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Salina Airport Authority**, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated July 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Salina Airport Authority's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Salina Airport Authority's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Salina Airport Authority's** internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Salina Airport Authority's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Adams Brown, LLC". The signature is written in a cursive, flowing style.

ADAMSBROWN, LLC

Certified Public Accountants

Great Bend, Kansas

July 9, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Salina Airport Authority
Salina, Kansas

Report on Compliance for Each Major Federal Program

We have audited **Salina Airport Authority's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Salina Airport Authority's** major federal programs for the year ended December 31, 2020. **Salina Airport Authority's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Salina Airport Authority's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Salina Airport Authority's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Salina Airport Authority's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Salina Airport Authority** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of **Salina Airport Authority** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Salina Airport Authority's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Salina Airport Authority's** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

July 9, 2021

SALINA AIRPORT AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

| Federal Grantor/ Pass-through Grantor/ Program Title | Federal Assistance Listing Number | Agency or Pass-through Number | Passed-through to Subrecipients | Federal Expenditures |
|--|---|-------------------------------------|------------------------------------|-------------------------|
| U.S. Department of Transportation | | | | |
| Direct Funding | | | | |
| Airport Improvement Program | 20.106 | 3-20-0072-040-2019 | \$ - | 93,687 |
| COVID-19 Funding | | | | |
| Airport Improvement Program | 20.106 | 3-20-0072-041-2020 | - | <u>1,652,408</u> |
| Total Expenditures of Federal Awards | | | \$ <u>-</u> | <u>1,746,095</u> |

See accompanying notes to schedule of expenditures of federal awards.

SALINA AIRPORT AUTHORITY
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Salina Airport Authority**, and is presented in accordance with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 – INDIRECT COST RATE

The Authority has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

NOTE 3 – OTHER EXPENDITURES

The Authority did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended December 31, 2020.

SALINA AIRPORT AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified? X No
- Significant deficiency identified? X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

 Yes X No

Identification of major programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------------------|---|
| 20.106 | Airport Improvement Program |

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? Yes X No

SALINA AIRPORT AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

No financial statement findings are required to be disclosed.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.



Chairman
Kristin Gunn

Vice Chair
Kent Buer

Secretary
Brian Weisel

Treasurer
Tod Roberg

Past Chairman
Alan Eichelberger

Executive Director Timothy F. Rogers, A.A.E.

Dir. of Administration & Finance Michelle R. Swanson, C.M. **Dir. of Facilities & Construction** Kenny R. Bieker

Manager of Operations David Sorell **Business & Communications Manager** Kasey L. Windhorst **Board Attorney** Greg A. Bengtson

SECTION II – FINANCIAL STATEMENT FINDINGS

No financial statement findings are required to be disclosed.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None. No single audit for the year ended December 31, 2019.

***SALINA* Airport** *Authority*

Salina Regional
***SLN* Airport**

***SALINA* Airport**
Industrial Center

3237 Arnold | Salina, KS 67401 | 785-827-3914
www.salinaairport.com | www.flysalina.com

GRANT FUNDING AGREEMENT BETWEEN

SALINE COUNTY

AND

SALINA AIRPORT AUTHORITY

CONCERNING

**THE AMERICAN RESCUE PLAN ACT GRANT TO FUND SKYWEST AIRLINES
TRANSPORTATION SERVICES AGREEMENT**

This Grant Funding Agreement (“Agreement”) is entered into by and between Saline County, Kansas (“County”) and the Salina Airport Authority (“Awardee”), collectively referred to as “the Parties” as of September 1, 2021 (“Effective Date”). This Agreement is effective as of the Effective Date.

WHEREAS, The Salina Airport Authority is a body corporate and politic. The Authority was created by the City of Salina in April 1965 (Sec. 4-16, Salina City Code) pursuant to the authority granted by the City by the surplus property and public airport authority act of the State of Kansas (K.S.A. 27-315 *et seq.*), and

WHEREAS, on March 10, 2021, the U.S. House of Representatives passed the Senate-amended H.R. 1319, the American Rescue Plan (ARP). The ARP provides \$1.9 trillion in additional relief to respond to the novel coronavirus (COVID-19). The ARP provides relief for individuals and businesses struggling due to COVID-19, as well as to achieve other priorities of the Biden Administration and Congress. The ARP includes provisions on aid to state and local governments, and

WHEREAS, the County has received an award of \$10,532,376 pursuant to the ARP, and

WHEREAS, one of the policy priorities of the ARP is to provide relief and restoration for the travel and tourism industries, and

WHEREAS, Awardee submitted an application to the County requesting funds for expenditures necessary due to the public health emergency (“Grant Application”), and

WHEREAS, On June 8, 2021, the Saline County Board of County Commissioners (“BOCC”) voted in public session to accept the Grant Application and award Awardee a grant of up to \$1,640,000 (“Grant Award”) to secure a Minimum Revenue Guarantee with SkyWest Airlines to establish a non-stop flight between Salina and Houston,

NOW THEREFORE, the Parties agree as follows:

AGREEMENT

- I. Incorporation.** The Preamble set forth above is hereby incorporated by reference and made a part of this Agreement as if herein fully set forth.

- II. Purpose.** The purpose of this Agreement is to establish the terms of the Grant Award and to provide procedures and guidance for the use of the ARP grant funding awarded to Awardee.

III. Project Background

- A.** The recovery of Saline County travel, tourism and hospitality industries is a priority due to the significant economic impact that visitors have on our local economy. Traveler and visitor spending boosts retail sales tax and transient guest tax revenue. Traveler and visitor spending also supports Saline County jobs. Without assistance, travel, tourism and hospitality industries' recovery will be slow due to the deep impact of the pandemic that was felt across all aspects of the industries. The opportunity at hand to act quickly to add a third United/SkyWest flight at Salina will increase opportunities to bring visitors and travelers to Saline County for meetings, events, family gatherings, and business. Negotiations with United/SkyWest on a third flight to/from Houston started in 2019 and were put on hold due to the COVID-19 pandemic. A Houston flight would provide Saline County residents nonstop access to United's growing Houston hub. Saline County travel, tourism and hospitality business and organizations will be able draw visitors from the nation's fourth largest city as well as southeast Texas and southwest Louisiana markets. The international connections through Houston are exceptional. However, SkyWest anticipates that a nonstop flight between Salina and Houston would not be profitable for the airline in the short term and therefore seeks a Minimum Revenue Guarantee for the service. The Awardee is willing and able to use the Grant Award to fund such a Minimum Revenue Guarantee.
- B.** SkyWest has identified an upward trend in weekly passenger activity at the Salina Airport and reports that passenger levels are close to returning to pre-COVID levels. SkyWest determined that the current seating area at existing gate does not offer seating for full-flights or for simultaneous departures. The current seating area has 41 seats and United/SkyWest flights have been departing from Salina with passenger loads exceeding 45 travelers. The Awardee has committed to use its own non-grant funds to expand the limited seating to meet post-COVID demand and to allow seating for a third daily flight.
- C.** In conjunction with the Grant Award and in addition to improvements to the seating area, Awardee has committed to spend its own non-grant funds to market a new flight to Houston.

- IV. Awardee's Representations and Warranties.** Awardee represents and warrants as follows:

- A. The facts set forth in the Grant Application are true and correct as of the date of the Grant Application. The expenditures described in the Grant Application are necessary due to the public health emergency with respect to COVID-19 and were not expenditures that were included in Awardee's original budget as of March 27, 2020;
- B. All such expenditures will comply with all applicable provisions of the American Rescue Plan Act and any and all reasonable and lawful guidance issued by the U.S. Department of the Treasury as it relates to use of the ARP Funds;
- C. The Grant Application does not seek funds for expenses for which the Awardee has already received reimbursement (including insurance) and that it will not use the Grant Award for any expenditure for which it has received or will receive any other federal funding, including any other funding provided by the ARP Act;
- D. If Awardee receives other funds from any other source for any expense for which the County has given Awardee the Grant Award, Awardee shall repay the County the amount of that expense within thirty (30) days. Awardee shall comply with all of its applicable procurement rules and shall exercise all due care in administering the Grant Award, keeping in mind the nature of the public health emergency and federal restrictions on the use of ARP Funds.

V. Roles and Responsibilities

- A. If any facts or circumstances arise which would alter or render the Grant Application incomplete, erroneous, or misleading, Awardee has a non-delegable duty to update its Grant Application as soon as practicable. Failure to update a Grant Application may result in denial of Grant Award. This duty to update the Application is a continuing duty; consequently, if a Grant Award has already been disbursed, and any facts or circumstances arise which would alter or render the Grant Application incomplete, erroneous, or misleading, Awardee shall update its Grant Application.
- B. The County and Awardee roles and responsibilities, as related to the Grant Award, are as follows:
 - 1. In compliance with ARP, the County agrees to reimburse the Awardee up to \$1,640,000.00 to cover SkyWest's revenue shortfalls that take place as a result of the newly established Salina/Houston route during the timeframe of September 1, 2021, to August 31, 2022.
 - 2. The Awardee intends to enter into a *Transportation Services Agreement* with SkyWest Airlines, Inc. whose affiliated companies are doing business as

United Express. Awardee will contract with SkyWest Airlines for a Salina to/from Houston flight and agrees to provide \$125,000 in marketing funds for the project.

3. The Awardee agrees and understands that, as a grant recipient from the County, Awardee will be responsible for grant administration duties as provided under ARP, for the purposes of the SkyWest Airlines Transportation Services Agreement.
4. The Awardee will provide the BOCC, the County Administrator, and any other staff or contractors of the County as designated by the BOCC, progress and financial reports on the Grant Award on a quarterly basis, with the first such report to be provided not later than December 31, 2021, and each subsequent report to be provided not less than three months thereafter. If the timeframe of the Grant Award is extended pursuant to Section VI below, quarterly reports shall continue through any Extended Award Period.

VI. Funding

- A. The Grant Award will enable the Awardee to contract with SkyWest Airlines for a United Airlines branded Salina/Houston flight. Up to \$1,640,000.00 will be used to reimburse SkyWest Airlines for any revenue shortfalls on the Salina/Houston route from September 1, 2021, to August 31, 2022 (“Initial Award Period”). In the event that the revenue shortfall as contemplated by this Agreement totals less than \$1,640,000.00 through the end of the Initial Award Period, the BOCC may, at its sole option, either terminate this Agreement and award funds for another ARP-eligible expense or extend the time for expenditure of the Grant Award for up to two subsequent one-year periods (“Extended Award Periods”). Exercise of the option for the first Extended Award Period will not be deemed to commit the County to exercise the option of the second Extended Award Period.
- B. The estimated cost to provide concourse seating is \$350,000. The Awardee will fund the seating improvements without grant assistance and those funds will be handled separately and distinctly from the ARP grant funding provided as approved by the BOCC.
- C. The County must take all steps, including litigation if necessary, to recover Federal funds spent fraudulently, wastefully, or in violation of Federal antitrust statutes, or misused in any other manner, including uses that violate this Grant Agreement, ARP or other provision of applicable law. For the purposes of this Agreement, the term “Federal funds” means funds however used or dispersed by

the County, that were originally paid pursuant to this or any other Federal grant agreement(s).

VII. Payment

- A.** When a revenue loss is identified by SkyWest Airlines pursuant to its Transportation Services Agreement with Awardee, the Awardee shall make payment to SkyWest under the terms of that agreement. Once Awardee has processed payment to SkyWest, Awardee shall submit to County information regarding the payment made and the basis for that payment in a form acceptable to County.
- B.** Upon receipt of a request for reimbursement from Awardee, the County shall process a payment from the Grant Award amount within fourteen (14) days.

VIII. Recordkeeping and Reporting

- C.** The Parties may maintain their own records of any records or documents generated as a result of this Agreement. All records maintained by the County and the Awardee, related to the administration of the \$1,640,000 in ARP grant funds, shall become part of the official record maintained in accordance with Federal and County record management policies.
- D.** To ensure effective and timely oversight of local spending, the Awardee will comply with reporting requirements established by the County and the U.S. Department of Treasury. In addition, the Awardee agrees to comply with any and all Federal or State requirements with respect to non-discrimination policies and procedures.
- E.** ARP funding will be subject to the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) (the Uniform Guidance), including the cost principles and restrictions on general provisions for selected items of cost.
- F.** The County and the Awardee will record and maintain grant related documents including but not limited to expenditure reports, obligations, expenditures, financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of the award funds.
- G.** Awardee will submit to the County sufficient information regarding its use of the ARP funds that the County may meet reporting obligations, including the reporting expectations of the U.S. Department of Treasury. Awardee's reports will be in a form reasonably requested by the County. Awardee shall provide a final report, including an accounting for all expenditures of ARP funds, not less

than thirty (30) calendar days following the end of this Agreement, whether at the end of the Initial Award Period or any Extended Award Period.

IX. American Rescue Plan Act Funding Award Terms and Conditions

- A.** The American Rescue Plan includes direct aid to both state and local governments directly through the Coronavirus State and Local Fiscal Recovery Funds (or *Fiscal Recovery Funds*) formula grant program. Treasury's guidance contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency. Treasury's Interim Final Rule provides flexibility for recipients to use Fiscal Recovery Funds for programs or services that are not identified on these non-exclusive lists, but which meet the objectives of section 602(c)(1)(A) or 603(c)(1)(A) by responding to the COVID-19 public health emergency with respect to COVID-19 or its negative economic impacts. Within the categories of uses deemed eligible by Treasury, grant recipients are provided broad flexibility on how to best use the local funding to meet the needs of their communities. Allowable Uses of Fiscal Recovery Funds are as follows:
- a. Support public health expenditures by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff.
 - b. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries and the public sector.
 - c. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.
 - d. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors.
 - e. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water and support vital wastewater services.
 - f. Aid to impacted industries such as tourism, travel, and hospitality.

X. Additional Provisions

- A. Term.** Unless sooner terminated pursuant to the provisions for Termination below, this Agreement shall be in effect through September 30, 2022. Exercise of any Extended Award Period as provided in Section VI shall act to extend the term of the Agreement by one year. Awardee's obligations for Recordkeeping and Reporting as set forth in Section VIII, as well as any other obligations of either the County or the Awardee under this Agreement which are by their terms

designed to be continuing obligations, shall continue beyond the termination or expiration of this Agreement.

- B. Amendments.** Any amendment to this Agreement will not be effective without the express written agreement of all Parties, except that in the event of changes in any applicable Federal statutes, regulations, or guidance regarding the use of ARP funds, this Agreement shall be deemed to be amended when the statutory requirements for use of ARP funds are changed or when required to comply with any law or guidance so amended. Such deemed amendments shall be effective as of the effective date of the statutory or regulatory change or the date the guidance is issued.
- C. Termination.** The County may terminate this Agreement, in whole or in part, if Awardee has failed to comply with the conditions of the Agreement, the Grant Application, or subsequent amendments after not less than 30-days written notice from the County to the Awardee describing the Awardee's failure to comply and what is required of the Awardee to cure the failure to comply. The specific duration of the notice and opportunity to cure period of not less than 30-days shall be determined by the County on the basis of its evaluation of a reasonable period of time for the Awardee to cure the failure to comply after consultation with the Awardee. In the event of termination by the County, no further reimbursement to Awardee shall be made from the Grant Award. If the termination results from a breach of Awardee's duty to update, the County may require the repayment of affected portions of the Grant Award, up to the entire amount then reimbursed to Awardee. If the Agreement is terminated by the County, Awardee shall provide a final report within 45 days after receiving notice of termination.
- D. Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.
- E. Severability.** Should any section, clause, or provision of this Agreement be declared invalid by a court of competent jurisdiction, such declaration shall not affect the validity of this Agreement as a whole, or any part thereof, other than the part so declared to be invalid.
- F. Agreement.** Except as set forth in the subsection on Amendments, above, this Agreement contains the entire understanding among the Parties and supersedes any prior understandings and/or written or oral agreements among them regarding the subject matter hereof. No modification of this Agreement shall be valid unless it is in writing and signed by the parties hereto.
- G. Choice of Law/Venue/Jurisdiction.** This Agreement shall be governed in accordance with the laws of the State of Kansas. The Parties agree that for any litigation or other legal proceedings arising out of this Agreement, venue and jurisdiction are proper, and shall lie, in the Saline County District Court.

H. Notices. Any notices or communications required or permitted to be given under this Agreement must be (i) given in writing and (ii) personally delivered or mailed, by prepaid, certified mail or overnight courier, or transmitted by fax or email (including PDF), to the party to whom such notice or communication is directed, to the mailing address or regularly-monitored electronic mail address of such party as follows:

To: Awardee
Attn: Timothy F. Rogers, A.A.E.
Salina Airport Authority
3237 Arnold Ave
Salina, KS 67401
Office: 785-827-3914
Email: trogers@salair.org

To: County
Attn: Phillip Smith-Hanes
P.O. Box 5040, Salina, KS 67402
Telephone: (785) 309-5810
Fax: (785) 309-5811
Email: phillip.smith-hanes@saline.org

<Remainder of page intentionally left blank. Signatures are on the following pages.>

CERTIFICATION AND SIGNATURE OF AWARDEE

By signing below, I certify that:

1. I am Awardee's duly designated representative with authority to sign this Agreement on Awardee's behalf, which such execution binds the Awardee to the provisions hereof;
2. I have read Awardee's Grant Application;
3. The information and statements provided in said Grant Application are true and correct to the best of my knowledge and the expenses and costs identified in the Grant Application are eligible for ARP Funds;
4. I acknowledge my understanding that any intentional or negligent misrepresentation or falsification of any of the information in this document or the Grant Application could subject me to liability under the Kansas False Claims Act and Federal False Claims Act as well as criminal penalties, including but not limited to fine or imprisonment or both under Title 18, United States Code, Sec. 1001, et seq. and state law.

By: Salina Airport Authority
Name of Awardee

By: Kristin Gunn, Chair, Salina Airport Authority Board of Directors
Awardee's Representative

Awardee's Address: Salina Airport Authority

3237 Arnold Ave

Salina, KS 67401

Tel.: 785-827-3914

Fax: 785-827-2221

Email: wings@salair.org

**BOARD OF COUNTY COMMISSIONERS
OF SALINE COUNTY, KANSAS**

By Rodger Sparks, Chairman

ATTEST:

Jamie Doss, Saline County Clerk

Exhibit A

AWARDEE'S GRANT APPLICATION

AS APPROVED BY THE COUNTY ON JUNE 8, 2021



Chairman
Kristin Gunn

Vice Chair
Kent Buer

Secretary
Brian Weisel

Treasurer
Tod Roberg

Past Chairman
Alan Eichelberger

Executive Director Timothy F. Rogers, A.A.E.

Dir. of Administration & Finance Michelle R. Swanson, C.M. Dir. of Facilities & Construction Kenny R. Bieker

Manager of Operations David Sorell Business & Communications Manager Kasey L. Windhorst Board Attorney Greg A. Bengtson

June 3, 2021

Mr. Rodger Sparks
Chairman
Saline County Board of County Commissioners
300 W. Ash Street
Salina, KS 67401

Re: American Rescue Plan Act Grant Funding Request

Dear Chairman Sparks:

The Salina Airport Authority requests county commission consideration and approval of the following grant funding request that will accelerate the recovery of Saline County's travel, tourism and hospitality industries that were negatively impacted by the COVID-19 pandemic. The American Rescue Plan Act delivers funds to counties to be used for COVID-19 response and economic recovery. Specifically, the Act enables Saline County to use funds to assist the travel, tourism, and hospitality industries.

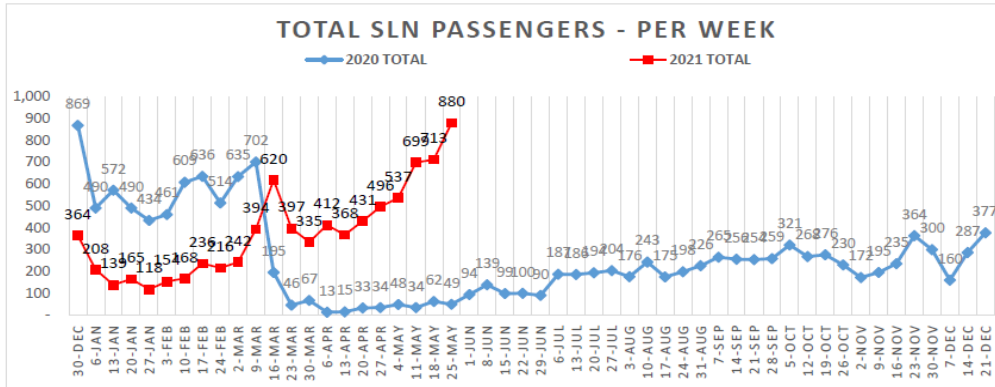
Guidance from the U.S. Treasury confirms that scheduled air service is a factor in the successful recovery of the travel, tourism, and hospitality industries. Expanded options for airline access to Saline County area events and attractions will draw more visitors to our community. More visitors lead to more jobs and sales tax revenue.

The Current Status of Passenger Activity at the Salina Regional Airport

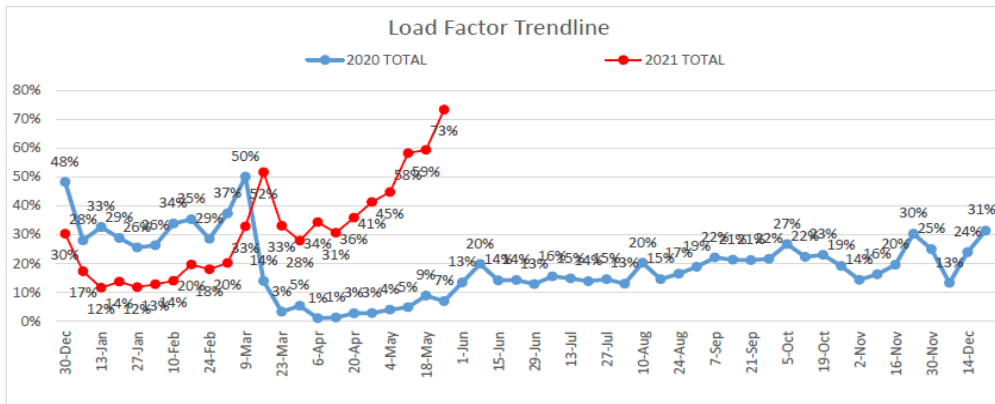
The following chart shows the upward trend in weekly passenger activity at the Salina Airport. The good news is that passenger levels are returning to pre-COVID levels. The not so good news is that existing gate area seating does not offer seating for full flights or simultaneous departures. The current gate area has seating for 41 passengers. Since mid-May United/SkyWest flights have been departing Salina with passenger loads exceeding 45 travelers. Limited seating needs to be expanded to meet post-COVID demand and allow seating for a third daily flight.

The solution to limited seating is to improve the existing terminal building walkway to provide concourse seating for passengers. Converting the walkway to concourse seating requires installing new HVAC, roof, ceiling, floor covering, emergency exits, electric outlets and furniture. The passenger concourse improvements will provide an additional 120 seats. Total passenger seating can be increased to 160 that would accommodate both full and two simultaneous United/SkyWest departures.

The estimated cost to provide concourse seating is \$350,000. The Salina Airport Authority will fund the improvements without grant assistance.



* Passenger numbers reported are unaudited by SKW and subject to change



Salina to/from Houston Flight - \$1,640,000 Grant

The recovery of Saline County travel, tourism and hospitality industries is a priority due to the significant economic impact that visitors have on our local economy. Traveler and visitor spending boosts retail sales tax and transient guest tax revenue. Traveler and visitor spending also supports Saline County jobs. Without assistance, travel, tourism and hospitality industries' recovery will be slow due to the deep impact of the pandemic that was felt across all aspects of the industries.

The opportunity at hand to act quickly to add a third United/SkyWest flight at Salina to increase opportunities to bring visitors and travelers to Saline County for meetings, events, family gatherings, and business. Negotiations with United/SkyWest on a third flight to/from Houston started in 2019 and were put on hold due to the COVID-19 pandemic. A Houston flight would provide Saline County residents nonstop access to United's growing Houston hub. Saline County travel, tourism and hospitality business and organizations will be able draw visitors from the nation's fourth largest city as well as southeast Texas and southwest Louisiana markets. The international connections through Houston are exceptional.

25 New Markets Flown to/from SLN-IAH



26 New International Markets Flown to/from SLN-IAH



IAH will provide better access to 13 Florida Markets



A \$1,640,000 American Rescue Act grant to the Salina Airport Authority will enable the Airport Authority to contract with SkyWest Airlines for a United Airlines branded Houston flight. The \$1,640,000 will be used to reimburse SkyWest for any revenue shortfalls on the Salina/Houston route from September 1, 2021 to August 31, 2022. A draft of the Transportation Services Agreement with SkyWest Airlines at a negotiated \$1,640,000 is included. **The agreement includes an Airport Authority commitment to provide \$125,000 in marketing funds.**

It should be noted that terms and conditions of COVID19 relief grant funds that been made available to the Salina Airport Authority prohibit the use of those funds for air service development projects.

Competitive Fares

The current competitive fare structure for current Denver and Chicago flights will be carried over to a Houston flight. Fares to the Salina Airport's top 15 origins and destinations are monitored weekly to keep Salina's fares lower than comparable fares available at Wichita and Kansas City. The following chart illustrates how competitive Salina fares are. The same low fare structure will attract passengers to a nonstop Houston flight.



Since 1965



3237 ARNOLD AVE./ SALINA, KAN. 67401-8190/ 785.827.3914/ FAX: 785.827.2221
www.salinaairport.com

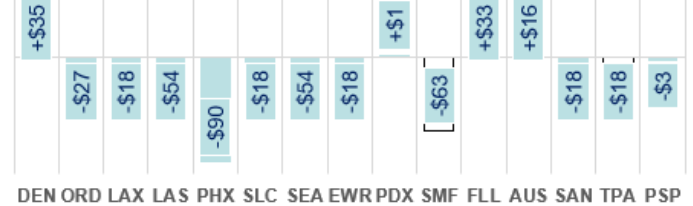
Salina vs. United at Wichita

→ 15 of 15 leisure fares are within the \$75 each way friction cost of United at Wichita, with fourteen cheaper



Salina vs. United at Kansas City

→ 15 of 15 leisure fares are within the \$75 each way friction cost of United at Kansas City, with eleven cheaper



Source: itasoftware.com as of 05/05/21 - Roundtrip Fare for Travel 6/10/21 returning 6/17/21

Regional Jet Service

SkyWest will provide daily Salina to/from Houston service using the 50-seat CRJ-200 regional jet that is currently used for Denver and Chicago nonstop flights.



Time is of the Essence

Time is of the essence if Houston is to be added as a third flight effective September 1, 2021. SkyWest Airlines has flight crews and aircraft available now to add the Salina to/from Houston flight. Within the next few weeks this capacity to add the Houston flight will go away as commitments are made to add flights at other cities. Our community is competing with other communities for available crews and jets. The urgency is compounded by the fact that United and SkyWest must file September 1, 2021 schedules by June 15 in order to have flights in the reservations system for sale in advance of September 1.

Grant Administration

The Salina Airport Authority will be the grant recipient for the SkyWest Airlines Transportation Services Agreement. The Airport Authority will contract with SkyWest Airlines for a Salina to/from Houston flight. The Airport Authority will provide the board of county commissioner, and county administrator quarterly progress and financial reports.

Thank you for your consideration of the Airport Authority's grant request that is intended to benefit residents of Saline County and facilitate the full recovery of our region's tourism, travel, and hospitality industries. There are few greater contributors to economic development than quality air service. In addition to COVID -19 recovery, the addition of a Houston flight helps with business recruitment, business retention and quality of life for all Saline County residents.

Respectfully submitted,

SALINA AIRPORT AUTHORITY



Timothy F. Rogers, A.A.E.
Executive Director

Cc: Phillip Smith-Hanes
County Administrator
Saline County, KS

TRANSPORTATION SERVICES AGREEMENT
Between ~~Salina Regional Airport~~ Salina Airport Authority and SkyWest Airlines

This Agreement is made and entered into this ____ day of _____ 2021, by and between SkyWest Airlines, Inc. ("SkyWest") whose affiliated companies are doing business as United Express, and the ~~Salina Regional Airport~~ Salina Airport Authority ("~~Airport Authority~~").

WITNESSETH:

WHEREAS, Authority owns and operates the Salina Regional Airport (SLN); and

WHEREAS, Authority desires to contract for nonstop jet service to/from Salina, KS and Houston, TX; and

WHEREAS, SkyWest will provide nonstop jet service between Salina Regional Airport (SLN) and Houston (IAH); and

WHEREAS, SkyWest and Authority has have agreed to provide such service subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and of the mutual obligations and undertakings hereinafter set forth, the parties agree as follows:

1. SkyWest will schedule one daily United Express-branded round trip flight on the CRJ-200 between SLN and IAH beginning on Sept 1st, 2021.
2. At the end of each three-month period during the term of this Agreement, SkyWest will determine, in accordance with standard accounting practices, the following data: average segment fares for the flights in the SLN-IAH market, the number of revenue passengers, the number of operations, and the total block hours operated.
3. For the purpose of determining operating profits/losses attributable to the service, passenger revenue will be calculated as the product of total revenue passengers and average segment fares in the market.
4. Total costs are the sum of non-fuel costs and fuel costs. Non fuel costs are \$2,388 per block hour. Fuel costs will be the actual fuel costs, including related fueling costs, taxes and fees associated with operating the scheduled service, and any and all discounts, subsidies, markdown, rebate, or other reduction on cost (if any) that may be provided to SkyWest Airlines. If passenger revenue is greater than costs no subsidy is owed for the quarter. In the case that costs are greater than passenger revenue, the difference will be paid to SkyWest as its subsidy for the quarter.
5. SkyWest agrees to maintain one daily nonstop roundtrip jet flight each day between SLN and IAH for the duration of this agreement. Some exceptions may be possible on limited days subject to United Airlines targeted schedule reductions in IAH. All

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frequencies are to be scheduled on a nonstop basis and with jet aircraft providing a capacity of 50 seats or greater. Operational issues resulting in cancellations will not be billed to the [Airport Authority](#).

6. Segment profits/losses to recompense SkyWest for the agreed upon service levels will be computed upon the conclusion of each of three-month period and [Airport Authority](#) will reimburse SkyWest within thirty days of receipt of any statement of shortfall. [Airport Authority](#) will reimburse SkyWest for the above up to a maximum of \$1,640,000 during the term of this Agreement.
7. The term of this Agreement shall commence on Sept 1st, 2021, and terminate on Aug 31st, 2022 or until all subsidy funds have been exhausted, whichever comes first. SkyWest will operate these flights under a codeshare agreement with United Airlines, as such, if United withdraws its permission to operate the codeshare flights for any reason, this agreement may be cancelled upon 60 days written notice. The parties have no expectations and have received no guarantees that this Agreement will not be terminated before the end of the Agreement term. The parties have bargained for the flexibility of terminating this Agreement upon tender of the requisite notice at any time during the term of the Agreement. All work and services under the Agreement shall be suspended upon termination of Agreement becoming effective.
8. At its sole opinion, the [Airport Authority](#) agrees to use its best effort to promote the new service. This includes ~~\$XXX~~125,000 of committed marketing funds or equivalent provided by or through the [Airport Authority](#).
9. SkyWest grants the [Airport Authority](#) the limited right to use all of its trademarks, symbols, or other protected intellectual property for the inclusion of such names and/or symbols in any of the media designed and displayed by the City and approved by SkyWest for the purpose of promoting travel on SkyWest to/from the [Airport SLN](#). This includes the SkyWest approved and limited use of United trademarks. To ensure compliance with DOT regulations, the [City Authority](#) agrees to submit the content and artwork for any promotions to SkyWest for prior approval in advance of publication.
10. This Agreement shall be governed by the laws of the State of Utah. Exclusive venue for any claims, suits or any other action arising from or connected in any way to this Agreement or the performance of this Agreement shall be in Utah.
11. Neither party will be responsible to the other party for its failure to perform its responsibilities hereunder in the event and to the extent that such performance is delayed or prevented for a period of at least fifteen consecutive business days, by any cause beyond its control and not caused by the party claiming relief hereunder, including, without limitation, acts of God, public enemies, war, insurrection, acts or orders of governmental authorities, fire, flood, explosion, riots or the recovery from such cause ("Force Majeure"). Either party may terminate this Agreement immediately if the other Party is unable to perform its obligations hereunder due to any such event, which continues for a period of thirty (30) consecutive days or more.
12. All notices, demands, requests, consents, and approvals by either party to this agreement shall be made in writing and sent by U.S. mail, or by recognized overnight

courier, or by hand delivery, or by facsimile transmission (if confirmed by email, overnight courier or hand deliver). All such notices shall be addressed as follows:

| | |
|---|----------------------|
| To: Salina Airport Authority <u>Regional Airport, KS</u> | To: SkyWest Airlines |
| 3237 Arnold Ave. | 444 South River Road |
| Salina, KS 67401 | St. George, UT 84790 |
| Attn: Timothy F. Rogers, <u>A.A.E.</u> | Attn: Greg Atkin |

IN WITNESS WHEREOF, the parties hereto affix their duly authorized signatures as of the date set forth on the first page of this Agreement.

SALINA ~~AIRPORT AUTHORITY~~REGIONAL AIRPORT, KS

By: _____
Timothy F. Rogers, A.A.E., ~~Airport Executive~~ Director

SKYWEST AIRLINES, INC.

By: _____
Greg Atkin, M.D. – Market Development

PROJECT BUDGET

SALINA REGIONAL AIRPORT
SALINA AIRPORT AUTHORITY
SALINA, KANSAS
Rehabilitate South 7500' Rwy 17/35
F.A.A. A.I.P. P.N 3-20-0072-42-2021

June 23, 2021

Multi-Year Grant

COSTS:

| | Sponsor Funding | FAA Funding | TOTAL |
|---|----------------------|------------------------|------------------------|
| ADVERTISING AND ADMINISTRATION | | | |
| Advertisement-Construction | \$ 50.10 | \$ 1,744.90 | \$ 1,795.00 |
| Legal | 9.39 | 327.03 | 336.42 |
| Advertising and Adminstration Sub-Total = | \$59.49 | \$ 2,071.93 | \$2,131.42 |
| ENGINEERING SERVICES | | | |
| Basic Services | \$ 9,989.68 | \$ 347,922.90 | \$ 357,912.58 |
| Special Services | 8,278.08 | 288,310.92 | 296,589.00 |
| Engineering Services Sub-Total = | 18,267.76 | 636,233.82 | 654,501.58 |
| CONSTRUCTION COST | | | |
| Construction Eligible | \$ 102,290.75 | \$ 3,562,606.25 | \$ 3,664,897.00 |
| Construction Ineligible (SAA Insurance) | 1.00 | - | 1.00 |
| Construction Cost Sub-Total = | \$ 102,291.75 | \$ 3,562,606.25 | \$ 3,664,898.00 |
| TOTAL PROJECT COST = | \$ 120,619.00 | \$ 4,200,912.00 | \$ 4,321,531.00 |
| Truncate cents (fed share) | | | |
| | \$120,619.00 | \$4,200,912.00 | \$ 4,321,531.00 |
| In FFY 2021, ARPA grant to providing funding for local match | FY 2021 \$ 1.00 | \$ 3,116,021.00 | \$ 3,116,022.00 |
| It is unknown if ARPA funds will be available for 2022 & 2023 for local match | FY 2022 111,111.00 | 1,000,000.00 | 1,111,111.00 |
| | FY 2023 9,440.00 | 84,958.00 | 94,398.00 |
| | \$ 120,552.00 | \$ 4,200,979.00 | \$ 4,321,531.00 |



U.S. Department
of Transportation
**Federal Aviation
Administration**

Airports Division
Central Region
Iowa, Kansas, Missouri, Nebraska

FAA ACE-600
901 Locust
Kansas City, MO 64106

Mr. Timothy Rogers
Executive Director
Salina Regional Airport
M.J. Kennedy Air Terminal
3237 Arnold Avenue
Salina, KS 67401

Dear Mr. Rogers:

We are transmitting to you for execution the Grant Offer for Airport Improvement Program (AIP) Project No. 3-20-0072-042-2021 at Salina Regional Airport in Salina, KS. This letter outlines expectations for success. Please read the conditions and assurances carefully.

To properly enter into this agreement, you must do the following:

- a. The governing body must provide authority to execute the grant to the individual signing the grant; i.e. the sponsor's authorized representative.
- b. The sponsor's authorized representative must execute the grant by providing their digital signature.
- c. Once the sponsor's authorized representative has electronically signed the grant, the sponsor's attorney will automatically be sent via email the grant to provide their digital signature.
- d. You may not make any modification to the text, terms or conditions of the grant offer.
- e. Following the attorney's action, the executed grant will be automatically sent to all parties as an attachment to an email.

Subject to the requirements in 2 CFR §200, each payment request for reimbursement under this grant must be made electronically via the Delphi eInvoicing System. Please see the attached Grant Agreement for more information regarding the use of this System.

The terms and conditions of this agreement require you to complete the project without undue delay. We will be monitoring your progress to ensure proper stewardship of these Federal funds. **We expect you to submit payment requests for reimbursement of allowable incurred project expenses consistent with project progress.** Should you fail to make draws on a regular basis, your grant may be placed in "inactive" status, which will affect your ability to receive future grant offers.

Until the grant is completed and closed, you are responsible for submitting formal reports as follows:

- A signed/dated SF-270 (non-construction projects) or SF-271 or equivalent (construction projects) and SF-425 annually, due 90 days after the end of each federal fiscal year in which this grant is open (due December 31 of each year this grant is open); and
- Performance Reports, which are due within 30 days of the end of a reporting period as follows:

1. Non-construction project: Due annually at end of the Federal fiscal year.
2. Construction project: Submit FAA form 5370-1, Construction Progress and Inspection Report at the end of each fiscal quarter.

As a condition of receiving Federal assistance under this award, you must comply with audit requirements as established under 2 CFR part 200. Subpart F requires non-Federal entities that expend \$750,000 or more in Federal awards to conduct a single or program specific audit for that year. Note that this includes Federal expenditures made under other Federal-assistance programs. Please take appropriate and necessary action to assure your organization will comply with applicable audit requirements and standards.

Once the project(s) is completed and all costs are determined, we ask that you close the project without delay and submit the necessary final closeout documentation as required by your Region/Airports District Office.

Todd Rastorfer, (816) 329-2627, is the assigned program manager for this grant and is readily available to assist you and your designated representative with the requirements stated herein. We sincerely value your cooperation in these efforts and look forward to working with you to complete this important project.



U.S. Department
of Transportation
Federal Aviation
Administration

FAA Airport Improvement Program (AIP)

GRANT AGREEMENT

Part I - Offer

| | |
|--------------------------|-------------------------------|
| Federal Award Offer Date | June 23, 2021 |
| Airport/Planning Area | Salina Regional |
| FY 2021 AIP Grant Number | 3-20-0072-042-2021 |
| Unique Entity Identifier | 156346900 |
| TO: | Salina Airport Authority |
| | (herein called the "Sponsor") |

FROM: **The United States of America** (acting through the Federal Aviation Administration, herein called the "FAA")

WHEREAS, the Sponsor has submitted to the FAA a Project Application dated **April 30, 2021**, for a grant of Federal funds for a project at or associated with the **Salina Regional Airport**, which is included as part of this Grant Agreement; and

WHEREAS, the FAA has approved a project for the **Salina Regional Airport** (herein called the "Project") consisting of the following:

Mill and Overlay Runway 17/35 (7,500' x 150', from the RW 35 end)

which is more fully described in the Project Application.

NOW THEREFORE, Pursuant to and for the purpose of carrying out the FAA Reauthorization Act of 2018 (Public Law Number 115-254); Title 49, United States Code (U.S.C.), Chapters 471 and 475; 49 U.S.C. §§ 40101 et seq., and 48103; the Department of Transportation Appropriations Act, 2021 (Public Law 116-260, Division L), as further amended by the American Rescue Plan Act of 2021 (Public Law 117-2); and the representations contained in the Project Application; and in consideration of: (a) the Sponsor's adoption and ratification of the Grant Assurances attached hereto (b) the Sponsor's acceptance of this Offer; and (c) the benefits to accrue to the United States and the public from the accomplishment of the Project and compliance with the Grant Assurance and conditions as herein provided;

THE FEDERAL AVIATION ADMINISTRATION, FOR AND ON BEHALF OF THE UNITED STATES, HEREBY OFFERS AND AGREES to pay One Hundred (100%) percent of the allowable costs incurred accomplishing the Project as the United States share of the Project.

Assistance Listings Number (Formerly CFDA Number): 20.106

This Offer is made on and SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

CONDITIONS

1. **Maximum Obligation.** The maximum obligation of the United States payable under this Offer is \$3,116,021.00.

The following amounts represent a breakdown of the maximum obligation for the purpose of establishing allowable amounts for any future grant amendment, which may increase the foregoing maximum obligation of the United States under the provisions of 49 U.S.C. § 47108(b):

\$0 for planning

\$3,116,021.00 for airport development or noise program implementation; and,

\$0 for land acquisition.

2. **Grant Performance.** This Grant Agreement is subject to the following Federal award requirements:

- a. Period of Performance:

1. Shall start on the date the Sponsor formally accepts this Agreement and is the date signed by the last Sponsor signatory to the Agreement. The end date of the Period of Performance is 4 years (1,460 calendar days) from the date of acceptance. The Period of Performance end date shall not affect, relieve, or reduce Sponsor obligations and assurances that extend beyond the closeout of this Grant Agreement.
2. *Means the* total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions or budget periods. (2 Code of Federal Regulations (CFR) § 200.1).

- b. Budget Period:

1. For this Grant is 4 years (1,460 calendar days) and follows the same start and end date as the period of performance provided in Paragraph a.1. Pursuant to 2 CFR § 200.403(h), the Sponsor may charge to the Grant only allowable costs incurred during the Budget Period.
2. Means the time interval from the start date of a funded portion of an award to the end date of that funded portion during which the Sponsor is authorized to expend the funds awarded, including any funds carried forward or other revisions pursuant to § 200.308.

- c. Close Out and Termination

1. Unless the FAA authorizes a written extension, the Sponsor must submit all Grant closeout documentation and liquidate (pay-off) all obligations incurred under this award no later than 120 calendar days after the end date of the period of performance. If the Sponsor does not submit all required closeout documentation within this time period, the FAA will proceed to close out the grant within one year of the period of performance end date with the information available at the end of 120 days. (2 CFR § 200.344).
2. The FAA may terminate this Grant, in whole or in part, in accordance with the conditions set forth in 2 CFR § 200.340, or other Federal regulatory or statutory authorities as applicable.

3. **Ineligible or Unallowable Costs.** The Sponsor must not include any costs in the project that the FAA has determined to be ineligible or unallowable.

4. **Indirect Costs - Sponsor.** The sponsor may charge indirect costs under this award by applying the indirect cost rate identified in the project application as accepted by the FAA, to allowable costs for Sponsor direct salaries and wages.
5. **Determining the Final Federal Share of Costs.** The United States' share of allowable project costs will be made in accordance with 49 U.S.C. § 47109, the regulations, policies, and procedures of the Secretary, and any superseding legislation. Final determination of the United States' share will be based upon the final audit of the total amount of allowable project costs and settlement will be made for any upward or downward adjustments to the Federal share of costs.
6. **Completing the Project Without Delay and in Conformance with Requirements.** The Sponsor must carry out and complete the project without undue delays and in accordance with this Agreement, 49 U.S.C. Chapters 471 and 475, and the regulations, policies, and procedures of the Secretary of Transportation ("Secretary"). Per 2 CFR § 200.308, the Sponsor agrees to report to the FAA any disengagement from performing the project that exceeds three months or a 25 percent reduction in time devoted to the project, and request prior approval from FAA. The report must include a reason for the project stoppage. The Sponsor also agrees to comply with the grant assurances, which are part of this Agreement.
7. **Amendments or Withdrawals before Grant Acceptance.** The FAA reserves the right to amend or withdraw this offer at any time prior to its acceptance by the Sponsor.
8. **Offer Expiration Date.** This offer will expire and the United States will not be obligated to pay any part of the costs of the project unless this offer has been accepted by the Sponsor on or before August 7, 2021 or such subsequent date as may be prescribed in writing by the FAA.
9. **Improper Use of Federal Funds.** The Sponsor must take all steps, including litigation if necessary, to recover Federal funds spent fraudulently, wastefully, or in violation of Federal antitrust statutes, or misused in any other manner for any project upon which Federal funds have been expended. For the purposes of this grant agreement, the term "Federal funds" means funds however used or dispersed by the Sponsor, that were originally paid pursuant to this or any other Federal grant agreement. The Sponsor must obtain the approval of the Secretary as to any determination of the amount of the Federal share of such funds. The Sponsor must return the recovered Federal share, including funds recovered by settlement, order, or judgment, to the Secretary. The Sponsor must furnish to the Secretary, upon request, all documents and records pertaining to the determination of the amount of the Federal share or to any settlement, litigation, negotiation, or other efforts taken to recover such funds. All settlements or other final positions of the Sponsor, in court or otherwise, involving the recovery of such Federal share require advance approval by the Secretary.
10. **United States Not Liable for Damage or Injury.** The United States is not responsible or liable for damage to property or injury to persons which may arise from, or be incident to, compliance with this grant agreement.
11. **System for Award Management (SAM) Registration And Universal Identifier.**
 - a. Requirement for System for Award Management (SAM): Unless the Sponsor is exempted from this requirement under 2 CFR 25.110, the Sponsor must maintain the currency of its information in the SAM until the Sponsor submits the final financial report required under this grant, or receives the final payment, whichever is later. This requires that the Sponsor review and update the information at least annually after the initial registration and more frequently if required by changes in information or another award term. Additional information about

registration procedures may be found at the SAM website (currently at <http://www.sam.gov>).

- b. Unique entity identifier (UEI) means a 12-character alpha-numeric value used to identify a specific commercial, nonprofit or governmental entity. A UEI may be obtained from SAM.gov at <https://sam.gov/SAM/pages/public/index.jsf>.

12. Electronic Grant Payment(s). Unless otherwise directed by the FAA, the Sponsor must make each payment request under this agreement electronically via the Delphi invoicing System for Department of Transportation (DOT) Financial Assistance Awardees.

13. Informal Letter Amendment of AIP Projects. If, during the life of the project, the FAA determines that the maximum grant obligation of the United States exceeds the expected needs of the Sponsor by \$25,000 or five percent (5%), whichever is greater, the FAA can issue a letter amendment to the Sponsor unilaterally reducing the maximum obligation.

The FAA can also issue a letter to the Sponsor increasing the maximum obligation if there is an overrun in the total actual eligible and allowable project costs to cover the amount of the overrun provided it will not exceed the statutory limitations for grant amendments. The FAA's authority to increase the maximum obligation does not apply to the "planning" component of condition No. 1.

The FAA can also issue an informal letter amendment that modifies the grant description to correct administrative errors or to delete work items if the FAA finds it advantageous and in the best interests of the United States.

An informal letter amendment has the same force and effect as a formal grant amendment.

14. Air and Water Quality. The Sponsor is required to comply with all applicable air and water quality standards for all projects in this grant. If the Sponsor fails to comply with this requirement, the FAA may suspend, cancel, or terminate this Grant Agreement.

15. Financial Reporting and Payment Requirements. The Sponsor will comply with all federal financial reporting requirements and payment requirements, including submittal of timely and accurate reports.

16. Buy American. Unless otherwise approved in advance by the FAA, in accordance with 49 U.S.C. § 50101, the Sponsor will not acquire or permit any contractor or subcontractor to acquire any steel or manufactured products produced outside the United States to be used for any project for which funds are provided under this grant. The Sponsor will include a provision implementing Buy American in every contract and subcontract awarded under this Grant.

17. Maximum Obligation Increase. In accordance with 49 U.S.C. § 47108(b)(3), as amended, the maximum obligation of the United States, as stated in Condition No. 1 of this Grant Offer:

- a. May not be increased for a planning project;
- b. May be increased by not more than 15 percent for development projects if funds are available;
- c. May be increased by not more than the greater of the following for a, land project, if funds are available:
 - 1. 15 percent; or
 - 2. 25 percent of the total increase in allowable project costs attributable to acquiring an interest in the land.

If the sponsor requests an increase, any eligible increase in funding will be subject to the United States Government share as provided in 49 U.S.C. § 47110, or other superseding legislation if

applicable, for the fiscal year appropriation with which the increase is funded. The FAA is not responsible for the same Federal share provided herein for any amount increased over the initial grant amount. The FAA may adjust the Federal share as applicable through an informal letter of amendment.

18. Audits for Public Sponsors. The Sponsor must provide for a Single Audit or program-specific audit in accordance with 2 CFR Part 200. The Sponsor must submit the audit reporting package to the Federal Audit Clearinghouse on the Federal Audit Clearinghouse's Internet Data Entry System at <http://harvester.census.gov/facweb/>. Upon request of the FAA, the Sponsor shall provide one copy of the completed audit to the FAA.

19. Suspension or Debarment. When entering into a "covered transaction" as defined by 2 CFR § 180.200, the Sponsor must:

- a. Verify the non-Federal entity is eligible to participate in this Federal program by:
 1. Checking the excluded parties list system (EPLS) as maintained within the System for Award Management (SAM) to determine if the non-Federal entity is excluded or disqualified; or
 2. Collecting a certification statement from the non-Federal entity attesting they are not excluded or disqualified from participating; or
 3. Adding a clause or condition to covered transactions attesting individual or firm are not excluded or disqualified from participating.
- b. Require prime contractors to comply with 2 CFR § 180.330 when entering into lower-tier transactions (e.g. Sub-contracts).
- c. Immediately disclose to the FAA whenever the Sponsor (1) learns they have entered into a covered transaction with an ineligible entity or (2) suspends or debar a contractor, person, or entity.

20. Ban on Texting While Driving.

- a. In accordance with Executive Order 13513, Federal Leadership on Reducing Text Messaging While Driving, October 1, 2009, and DOT Order 3902.10, Text Messaging While Driving, December 30, 2009, the Sponsor is encouraged to:
 1. Adopt and enforce workplace safety policies to decrease crashes caused by distracted drivers including policies to ban text messaging while driving when performing any work for, or on behalf of, the Federal government, including work relating to a grant or subgrant.
 2. Conduct workplace safety initiatives in a manner commensurate with the size of the business, such as:
 - a. Establishment of new rules and programs or re-evaluation of existing programs to prohibit text messaging while driving; and
 - b. Education, awareness, and other outreach to employees about the safety risks associated with texting while driving.
- b. The Sponsor must insert the substance of this clause on banning texting while driving in all subgrants, contracts, and subcontracts funded with this Grant.

21. Trafficking in Persons.

- a. You as the recipient, your employees, subrecipients under this Grant, and subrecipients' employees may not –
 - 1. Engage in severe forms of trafficking in persons during the period of time that the Grant and applicable conditions are in effect;
 - 2. Procure a commercial sex act during the period of time that the Grant and applicable conditions are in effect; or
 - 3. Use forced labor in the performance of the Grant or any subgrants under this Grant.
 - b. We as the Federal awarding agency, may unilaterally terminate this Grant, without penalty, if you or a subrecipient that is a private entity –
 - 1. Is determined to have violated a prohibition in paragraph a. of this condition; or
 - 2. Has an employee who is determined by the agency official authorized to terminate the Grant to have violated a prohibition in paragraph a. of this condition through conduct that is either –
 - a. Associated with performance under this Grant; or
 - b. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR Part 180, "OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 49 CFR Part 29.
 - c. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph a. of this condition.
 - d. Our right to terminate unilaterally that is described in paragraph a. of this condition:
 - i. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and
 - ii. Is in addition to all other remedies for noncompliance that are available to us under this Grant Agreement.
- 22. AIP Funded Work Included in a PFC Application.** Within 90 days of acceptance of this Grant Agreement, the Sponsor must submit to the FAA an amendment to any approved Passenger Facility Charge (PFC) application that contains an approved PFC project also covered under this Grant Agreement as described in the project application. The airport sponsor may not make any expenditure under this Grant Agreement until project work addressed under this Grant Agreement is removed from an approved PFC application by amendment.
- 23. Exhibit "A" Property Map.** The Exhibit "A" Property Map dated **June 01, 2014**, is incorporated herein by reference or is submitted with the project application and made part of this Grant Agreement.
- 24. Employee Protection from Reprisal.**
- a. Prohibition of Reprisals —
 - 1. In accordance with 41 U.S.C. § 4712, an employee of a Sponsor, grantee, subgrantee, contractor, or subcontractor may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in sub-paragraph a.2. below, information that the employee reasonably believes is evidence of:

- i. Gross mismanagement of a Federal grant;
 - ii. Gross waste of Federal funds;
 - iii. An abuse of authority relating to implementation or use of Federal funds;
 - iv. A substantial and specific danger to public health or safety; or
 - v. A violation of law, rule, or regulation related to a Federal grant.
2. Persons and bodies covered. The persons and bodies to which a disclosure by an employee is covered are as follows:
- i. A member of Congress or a representative of a committee of Congress;
 - ii. An Inspector General;
 - iii. The Government Accountability Office;
 - iv. A Federal employee responsible for contract or grant oversight or management at the relevant agency;
 - v. A court or grand jury;
 - vi. A management official or other employee of the Sponsor, contractor, or subcontractor who has the responsibility to investigate, discover, or address misconduct; or
 - vii. An authorized official of the Department of Justice or other law enforcement agency.
3. Submission of Complaint — A person who believes that they have been subjected to a reprisal prohibited by paragraph a. of this grant term may submit a complaint regarding the reprisal to the Office of Inspector General (OIG) for the U.S. Department of Transportation.
4. Time Limitation for Submittal of a Complaint — A complaint may not be brought under this condition more than three years after the date on which the alleged reprisal took place.
5. Required Actions of the Inspector General — Actions, limitations, and exceptions of the Inspector General's office are established under 41 U.S.C. § 4712(b).
6. Assumption of Rights to Civil Remedy — Upon receipt of an explanation of a decision not to conduct or continue an investigation by the Office of Inspector General, the person submitting a complaint assumes the right to a civil remedy under 41 U.S.C. § 4712(c).

SPECIAL CONDITIONS

25. **Multi-Year Grants - Letter of Agreement.** The project defined in the Project Grant Application requires a multi-year grant agreement in accordance with 49 U.S.C. § 47108(a). The total United States share of the multi-year project is **\$4,321,530.00**, and the project is planned to be funded in **Fiscal Years 2021, 2022 and 2023**. The conditions of this multi-year Grant include the following, which are in addition to all other terms, conditions, and grant assurances attached to this Grant Agreement:
- a. The maximum obligation for the current fiscal year stated in Condition 1 of this Grant Agreement may be increased in accordance with Condition 17, Maximum Obligation, provided the statutory permissions are met. Furthermore, the Sponsor must request eligible and justified additional amounts through a grant amendment, which is separate from the multi-year amendment process prescribed in subsection b. of this condition.
 - b. After an annual appropriations act is enacted funding the AIP and applicable calculations are determined, the FAA will issue a letter to the Sponsor amending the obligated amount for the multi-year Grant; however, such amount shall not exceed the United States' share of the total estimated cost of completion, except as provided in 49 U.S.C. § 47108(b). At such time when

the FAA can calculate the funding and incur the obligation, the FAA will establish each fiscal year's maximum obligation in a letter to the Sponsor. The newly obligated amounts for each successive fiscal year will begin a new budget period (See Condition 2, Grant Performance). Funding and the associated Federal share for each fiscal year will be subject to the restriction on the use of such apportionments imposed on FAA by existing 49 U.S.C. § 47108 and future appropriations acts, unless otherwise stated in the annual appropriations act or another Act enacted into law.

- c. Under 49 U.S.C. § 47108(a), as amended, and at the Sponsor's request, the FAA commits the United States to obligate an additional amount pursuant to 49 U.S.C. § 47114 and subject to the restrictions on the use of such apportionments imposed on FAA by current or future statute or regulation, including Federal share provided in future appropriations, for this project for each of the following fiscal years:

1. FY-2021 – Total-\$3,116,021: AIP-\$2,804,419, ARPA-\$311,602
2. FY-2022 – Total-\$1,111,111: AIP-\$1,000,000, ARPA-\$111,111[IF AVAILABLE]
3. FY-2023 – Total-\$94,398: AIP-\$84,958, ARPA-\$9,440[IF AVAILABLE]

- d. The Sponsor and the FAA acknowledge this commitment does not in itself obligate, preclude, nor restrict the FAA in the use of any funds made available for discretionary use to further aid the Sponsor in meeting the cost of this project under the terms of this Grant Agreement and limitations of the law.

26. Pavement Maintenance Management Program. The Sponsor agrees that it will implement an effective airport pavement maintenance management program as required by Grant Assurance Pavement Preventive Management. The Sponsor agrees that it will use the program for the useful life of any pavement constructed, reconstructed, or repaired with federal financial assistance at the airport. The Sponsor further agrees that the program will:

- a. Follow FAA Advisory Circular 150/5380-6, "Guidelines and Procedures for Maintenance of Airport Pavements," for specific guidelines and procedures for maintaining airport pavements, establishing an effective maintenance program, specific types of distress and its probable cause, inspection guidelines, and recommended methods of repair;
- b. Detail the procedures to be followed to assure that proper pavement maintenance, both preventive and repair, is performed;
- a. Include a Pavement Inventory, Inspection Schedule, Record Keeping, Information Retrieval, and Reference, meeting the following requirements:
 1. Pavement Inventory. The following must be depicted in an appropriate form and level of detail:
 - a. Location of all runways, taxiways, and aprons;
 - b. Dimensions;
 - c. Type of pavement; and,
 - d. Year of construction or most recent major rehabilitation.
 2. Inspection Schedule.

- a. Detailed Inspection. A detailed inspection must be performed at least once a year. If a history of recorded pavement deterioration is available, i.e., Pavement Condition Index (PCI) survey as set forth in the Advisory Circular 150/5380-6, the frequency of inspections may be extended to three years.
 - b. Drive-By Inspection. A drive-by inspection must be performed a minimum of once per month to detect unexpected changes in the pavement condition. For drive-by inspections, the date of inspection and any maintenance performed must be recorded.
- 3. Record Keeping. Complete information on the findings of all detailed inspections and on the maintenance performed must be recorded and kept on file for a minimum of five years. The type of distress, location, and remedial action, scheduled or performed, must be documented. The minimum information is:
 - a. Inspection date;
 - b. Location;
 - c. Distress types; and
 - d. Maintenance scheduled or performed.
- 4. Information Retrieval System. The Sponsor must be able to retrieve the information and records produced by the pavement survey to provide a report to the FAA as may be required.

27. Project Containing Paving Work in Excess of \$500,000. The Sponsor agrees to:

- a. Furnish a construction management program to the FAA prior to the start of construction which details the measures and procedures to be used to comply with the quality control provisions of the construction contract, including, but not limited to, all quality control provisions and tests required by the Federal specifications. The program must include as a minimum:
 - 1. The name of the person representing the Sponsor who has overall responsibility for contract administration for the project and the authority to take necessary actions to comply with the contract;
 - 2. Names of testing laboratories and consulting engineer firms with quality control responsibilities on the project, together with a description of the services to be provided;
 - 3. Procedures for determining that the testing laboratories meet the requirements of the American Society of Testing and Materials standards on laboratory evaluation referenced in the contract specifications (D 3666, C 1077);
 - 4. Qualifications of engineering supervision and construction inspection personnel;
 - 5. A listing of all tests required by the contract specifications, including the type and frequency of tests to be taken, the method of sampling, the applicable test standard, and the acceptance criteria or tolerances permitted for each type of test; and
 - 6. Procedures for ensuring that the tests are taken in accordance with the program, that they are documented daily, and that the proper corrective actions, where necessary, are undertaken.
 - a. Submit at completion of the project, a final test and quality assurance report documenting the summary results of all tests performed; highlighting those tests that indicated failure or that did not meet the applicable test standard. The report must

include the pay reductions applied and the reasons for accepting any out-of-tolerance material. Submit interim test and quality assurance reports when requested by the FAA.

- b. Failure to provide a complete report as described in paragraph b, or failure to perform such tests, will, absent any compelling justification; result in a reduction in Federal participation for costs incurred in connection with construction of the applicable pavement. Such reduction will be at the discretion of the FAA and will be based on the type or types of required tests not performed or not documented and will be commensurate with the proportion of applicable pavement with respect to the total pavement constructed under the Grant Agreement.
- c. The FAA, at its discretion, reserves the right to conduct independent tests and to reduce grant payments accordingly if such independent tests determine that sponsor test results are inaccurate.

28. Maintenance Project Life. The Sponsor agrees that pavement maintenance is limited to those aircraft pavements that are in sufficiently sound condition that they do not warrant more extensive work, such as reconstruction or overlays in the immediate or near future. The Sponsor further agrees that AIP funding for the pavements maintained under this project will not be requested for more substantial type rehabilitation (more substantial than periodic maintenance) for a 5-year period following the completion of this project unless the FAA determines that the rehabilitation or reconstruction is required for safety reasons.

29. Protection of Runway Protection Zone - Airport Property. The Sponsor agrees to prevent the erection or creation of any structure, place of public assembly, or other use in the runway protection zone, as depicted on the Exhibit "A": Property Map, except for NAVAIDS that are fixed by their functional purposes or any other structure permitted by the FAA. The Sponsor further agrees that any existing structures or uses within the Runway Protection Zone will be cleared or discontinued by the Sponsor unless approved by the FAA.

30. Protection of Runway Protection Zone - Easement. The Sponsor agrees to take any and all steps necessary to ensure that the owner of the land within the designated Runway Protection Zone will not build any structure in the Runway Protection Zone that is an airport hazard or which might create glare or misleading lights or lead to the construction of residences, fuel handling and storage facilities, smoke generating activities, or places of public assembly, such as churches, schools, office buildings, shopping centers, and stadiums.

31. Plans and Specifications Approval Based Upon Certification. The FAA and the Sponsor agree that the FAA approval of the Sponsor's Plans and Specification is based primarily upon the Sponsor's certification to carry out the project in accordance with policies, standards, and specifications approved by the FAA. The Sponsor understands that:

- a. The Sponsor's certification does not relieve the Sponsor of the requirement to obtain prior FAA approval for modifications to any AIP standards or to notify the FAA of any limitations to competition within the project;
- b. The FAA's acceptance of a Sponsor's certification does not limit the FAA from reviewing appropriate project documentation for the purpose of validating the certification statements; and

- c. If the FAA determines that the Sponsor has not complied with their certification statements, the FAA will review the associated project costs to determine whether such costs are allowable under this Grant.

32. Non-AIP Work in Application. The Sponsor understands and agrees that:

- a. The Project Application includes the planning and/or construction of Line Item DIV-5a – SAA Insurance (local requirement) in the bid tabs that is not being funded with any Federal funding in this project;
- b. Although the Sponsor has estimated a total project cost of \$4,321,531.00, the total allowable cost for purposes of determining federal participation equals \$4,321,530.00;
- c. It must maintain separate accounting of cost records for the AIP and non-AIP work;
- d. All pertinent records supporting project costs must be made available for inspection and audit by the FAA when requested; and,
- e. All non-AIP work is the sole responsibility of the Sponsor.

33. Buy American Executive Orders. The Sponsor agrees to abide by applicable Executive Orders in effect at the time this Grant Agreement is executed, including Executive Order 14005, Ensuring the Future Is Made in All of America by All of America's Workers.

The Sponsor's acceptance of this Offer and ratification and adoption of the Project Application incorporated herein shall be evidenced by execution of this instrument by the Sponsor, as hereinafter provided, and this Offer and Acceptance shall comprise a Grant Agreement, constituting the contractual obligations and rights of the United States and the Sponsor with respect to the accomplishment of the Project and compliance with the Grant Assurances, terms, and conditions as provided herein. Such Grant Agreement shall become effective upon the Sponsor's acceptance of this Offer.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

I declare under penalty of perjury that the foregoing is true and correct.¹

UNITED STATES OF AMERICA
FEDERAL AVIATION ADMINISTRATION

Jim A. Johnson

(Signature)

Jim A. Johnson

(Typed Name)

Director, Central Region Airports Division

(Title of FAA Official)

¹ Knowingly and willfully providing false information to the Federal government is a violation of 18 U.S.C. Section 1001 (False Statements) and could subject you to fines, imprisonment, or both.

PART II - ACCEPTANCE

The Sponsor does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the Project Application and incorporated materials referred to in the foregoing Offer, and does hereby accept this Offer and by such acceptance agrees to comply with all of the Grant Assurances, terms, and conditions in this Offer and in the Project Application.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

I declare under penalty of perjury that the foregoing is true and correct.²

Dated June 23, 2021

Salina Airport Authority

(Name of Sponsor)

By:

Kristin Gunn

Kristin Gunn (Jun 23, 2021 17:41 CDT)

(Signature of Sponsor's Authorized Official)

Kristin Gunn

(Typed Name of Sponsor's Authorized Official)

Board Member

(Title of Sponsor's Authorized Official)

² Knowingly and willfully providing false information to the Federal government is a violation of 18 U.S.C. Section 1001 (False Statements) and could subject you to fines, imprisonment, or both.

CERTIFICATE OF SPONSOR'S ATTORNEY

I, Greg Bengtson, acting as Attorney for the Sponsor do hereby certify:

That in my opinion the Sponsor is empowered to enter into the foregoing Grant Agreement under the laws of the State of Kansas. Further, I have examined the foregoing Grant Agreement and the actions taken by said Sponsor and Sponsor's official representative, who has been duly authorized to execute this Grant Agreement, which is in all respects due and proper and in accordance with the laws of the said State, the FAA Reauthorization Act of 2018 (Public Law Number 115-254); Title 49 U.S.C., Chapters 471 and 475; 49 U.S.C. §§ 40101, et seq., and 48103; and the Department of Transportation Appropriations Act, 2021 (Public Law 116-260, Division L), as further amended by the American Rescue Plan Act of 2021 (Public Law 117-2). In addition, for grants involving projects to be carried out on property not owned by the Sponsor, there are no legal impediments that will prevent full performance by the Sponsor. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of the Sponsor in accordance with the terms thereof.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

I declare under penalty of perjury that the foregoing is true and correct.³

Dated at June 24, 2021

By: Greg Bengtson
Greg Bengtson (Jun 24, 2021 09:08 CDT)
(Signature of Sponsor's Attorney)

³ Knowingly and willfully providing false information to the Federal government is a violation of 18 U.S.C. Section 1001 (False Statements) and could subject you to fines, imprisonment, or both.

ASSURANCES

AIRPORT SPONSORS

A. General.

- a. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.
- b. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
- c. Upon acceptance of this grant offer by the sponsor, these assurances are incorporated in and become part of this grant agreement.

B. Duration and Applicability.

1. Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.

The terms, conditions and assurances of this grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.

2. Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.

The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

3. Airport Planning Undertaken by a Sponsor.

Unless otherwise specified in this grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 25, 30, 32, 33, and 34 in Section C apply to planning projects. The terms, conditions, and assurances of this grant agreement shall remain in full force and effect during the life of the project; there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport.

C. Sponsor Certification.

The sponsor hereby assures and certifies, with respect to this grant that:

1. General Federal Requirements

It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds for this project including but not limited to the following:

FEDERAL LEGISLATION

- a. Title 49, U.S.C., subtitle VII, as amended.
- b. Davis-Bacon Act — 40 U.S.C. 276(a), et seq.¹
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act — 5 U.S.C. 1501, et seq.²
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.^{1 2}
- f. National Historic Preservation Act of 1966 — Section 106 - 16 U.S.C. 470(f).¹
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.¹
- h. Native Americans Grave Repatriation Act - 25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 — Section 102(a) - 42 U.S.C. 4012a.¹
- l. Title 49, U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- o. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).
- p. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- q. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- r. Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.¹
- s. Power plant and Industrial Fuel Use Act of 1978 — Section 403- 2 U.S.C. 8373.¹
- t. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.¹
- u. Copeland Anti-kickback Act - 18 U.S.C. 874.¹
- v. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.¹

- w. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- x. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.²
- y. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.
- z. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252).

EXECUTIVE ORDERS

- a. Executive Order 11246 – Equal Employment Opportunity¹
- b. Executive Order 11990 – Protection of Wetlands
- c. Executive Order 11998 – Flood Plain Management
- d. Executive Order 12372 – Intergovernmental Review of Federal Programs
- e. Executive Order 12699 – Seismic Safety of Federal and Federally Assisted New Building Construction¹
- f. Executive Order 12898 – Environmental Justice

FEDERAL REGULATIONS

- a. 2 CFR Part 180 – OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Non-procurement).
- b. 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. [OMB Circular A-87 Cost Principles Applicable to Grants and Contracts with State and Local Governments, and OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations].^{4, 5, 6}
- c. 2 CFR Part 1200 – Non-procurement Suspension and Debarment.
- d. 14 CFR Part 13 – Investigative and Enforcement Procedures
- e. 14 CFR Part 16 - Rules of Practice For Federally Assisted Airport Enforcement Proceedings.
- f. 14 CFR Part 150 – Airport noise compatibility planning.
- g. 28 CFR Part 35 – Discrimination on the Basis of Disability in State and Local Government Services.
- h. 28 CFR § 50.3 – U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964.
- i. 29 CFR Part 1 – Procedures for predetermination of wage rates.¹
- j. 29 CFR Part 3 – Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.¹

- k. 29 CFR Part 5 – Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).¹
- l. 41 CFR Part 60 – Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).¹
- m. 49 CFR Part 18 – Uniform administrative requirements for grants and cooperative agreements to state and local governments.³
- n. 49 CFR Part 20 – New restrictions on lobbying.
- o. 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- p. 49 CFR Part 23 – Participation by Disadvantage Business Enterprise in Airport Concessions.
- q. 49 CFR Part 24 – Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs.^{1 2}
- r. 49 CFR Part 26 – Participation by Disadvantaged Business Enterprises in Department of Transportation Programs.
- s. 49 CFR Part 27 – Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.¹
- t. 49 CFR Part 28 – Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities conducted by the Department of Transportation.
- u. 49 CFR Part 30 – Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
- v. 49 CFR Part 32 – Government-wide Requirements for Drug-Free Workplace (Financial Assistance).
- w. 49 CFR Part 37 – Transportation Services for Individuals with Disabilities (ADA).
- x. 49 CFR Part 41 – Seismic safety of Federal and federally assisted or regulated new building construction.

SPECIFIC ASSURANCES

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in this grant agreement.

FOOTNOTES TO ASSURANCE C.1.

¹ These laws do not apply to airport planning sponsors.

² These laws do not apply to private sponsors.

³ 49 CFR Part 18 and 2 CFR Part 200 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this

regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.

- ⁴ On December 26, 2013 at 78 FR 78590, the Office of Management and Budget (OMB) issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200. 2 CFR Part 200 replaces and combines the former Uniform Administrative Requirements for Grants (OMB Circular A-102 and Circular A-110 or 2 CFR Part 215 or Circular) as well as the Cost Principles (Circulars A-21 or 2 CFR part 220; Circular A-87 or 2 CFR part 225; and A-122, 2 CFR part 230). Additionally it replaces Circular A-133 guidance on the Single Annual Audit. In accordance with 2 CFR section 200.110, the standards set forth in Part 200 which affect administration of Federal awards issued by Federal agencies become effective once implemented by Federal agencies or when any future amendment to this Part becomes final. Federal agencies, including the Department of Transportation, must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB.
- ⁵ Cost principles established in 2 CFR part 200 subpart E must be used as guidelines for determining the eligibility of specific types of expenses.
- ⁶ Audit requirements established in 2 CFR part 200 subpart F are the guidelines for audits.

2. Responsibility and Authority of the Sponsor.

Public Agency Sponsor:

It has legal authority to apply for this grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

3. Sponsor Fund Availability.

It has sufficient funds available for that portion of the project costs which are not to be paid by the United States. It has sufficient funds available to assure operation and maintenance of items funded under this grant agreement which it will own or control.

4. Good Title.

- a. It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.
- b. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

5. Preserving Rights and Powers.

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this grant agreement without the written approval of the Secretary, and will act promptly to acquire,

extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.

- b. Subject to the FAA Act of 2018, Public Law 115-254, Section 163, it will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in this grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of this grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.
- c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.
- d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.
- e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.
- f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in this grant agreement and shall insure that such arrangement also requires compliance therewith.
- g. Sponsors of commercial service airports will not permit or enter into any arrangement that results in permission for the owner or tenant of a property used as a residence, or zoned for residential use, to taxi an aircraft between that property and any location on airport. Sponsors of general aviation airports entering into any arrangement that results in permission for the owner of residential real property adjacent to or near the airport must comply with the requirements of Sec. 136 of Public Law 112-95 and the sponsor assurances.

6. Consistency with Local Plans.

The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.

7. Consideration of Local Interest.

It has given fair consideration to the interest of communities in or near where the project may be located.

8. Consultation with Users.

In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.

9. Public Hearings.

In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.

10. Metropolitan Planning Organization.

In projects involving the location of an airport, an airport runway, or a major runway extension at a medium or large hub airport, the sponsor has made available to and has provided upon request to the metropolitan planning organization in the area in which the airport is located, if any, a copy of the proposed amendment to the airport layout plan to depict the project and a copy of any airport master plan in which the project is described or depicted.

11. Pavement Preventive Maintenance.

With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.

12. Terminal Development Prerequisites.

For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.

13. Accounting System, Audit, and Record Keeping Requirements.

- a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this grant, the total cost of the project in connection with which this grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
- b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which this grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

14. Minimum Wage Rates.

It shall include, in all contracts in excess of \$2,000 for work on any projects funded under this grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

15. Veteran's Preference.

It shall include in all contracts for work on any project funded under this grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Vietnam era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns owned and controlled by disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

16. Conformity to Plans and Specifications.

It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the Secretary, shall be incorporated into this grant agreement. Any modification to the approved plans, specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into this grant agreement.

17. Construction Inspection and Approval.

It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.

18. Planning Projects.

In carrying out planning projects:

- a. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.
- b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
- c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.
- d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
- e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.
- f. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.
- g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
- h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

19. Operation and Maintenance.

- a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-
 1. Operating the airport's aeronautical facilities whenever required;

2. Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
3. Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.

- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

20. Hazard Removal and Mitigation.

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

21. Compatible Land Use.

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

22. Economic Nondiscrimination.

- a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-
 1. furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
 2. charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

- c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
- d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.
- e. Each air carrier using such airport (whether as a tenant, non-tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
- f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.
- g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
- h. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.
- i. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.

23. Exclusive Rights.

It will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, the providing of the services at an airport by a single fixed-based operator shall not be construed as an exclusive right if both of the following apply:

- a. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and
- b. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport. It further agrees that it will not, either directly or indirectly, grant or permit any person, firm, or corporation, the exclusive right at the airport to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier

operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under Title 49, United States Code.

24. Fee and Rental Structure.

It will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection. No part of the Federal share of an airport development, airport planning or noise compatibility project for which a grant is made under Title 49, United States Code, the Airport and Airway Improvement Act of 1982, the Federal Airport Act or the Airport and Airway Development Act of 1970 shall be included in the rate basis in establishing fees, rates, and charges for users of that airport.

25. Airport Revenues.

- a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. The following exceptions apply to this paragraph:

1. If covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.
2. If the Secretary approves the sale of a privately owned airport to a public sponsor and provides funding for any portion of the public sponsor's acquisition of land, this limitation on the use of all revenues generated by the sale shall not apply to certain proceeds from the sale. This is conditioned on repayment to the Secretary by the private owner of an amount equal to the remaining unamortized portion (amortized over a 20-year period) of any airport improvement grant made to the private owner for any purpose other than land acquisition on or after October 1, 1996, plus an amount equal to the federal share of the current fair market value of any land acquired with an airport improvement grant made to that airport on or after October 1, 1996.
3. Certain revenue derived from or generated by mineral extraction, production, lease, or other means at a general aviation airport (as defined at Section 47102 of title 49 United States Code), if the FAA determines the airport sponsor meets the requirements set forth in Sec. 813 of Public Law 112-95.

- b. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.
- c. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

26. Reports and Inspections.

It will:

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;
- b. for airport development projects, make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request;
- c. for noise compatibility program projects, make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of this grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request; and
- d. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 - 1. all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 - 2. all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

27. Use by Government Aircraft.

It will make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used. Unless otherwise determined by the Secretary, or otherwise agreed to by the sponsor and the using agency, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the Secretary, would unduly interfere with use of the landing areas by other authorized aircraft, or during any calendar month that –

- a. Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto; or

- b. The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movement of Government aircraft multiplied by gross weights of such aircraft) is in excess of five million pounds.

28. Land for Federal Facilities.

It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

29. Airport Layout Plan.

- a. Subject to the FAA Reauthorization Act of 2018, Public Law 115-254, Section 163, it will keep up to date at all times an airport layout plan of the airport showing:
 - 1. boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto;
 - 2. the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities;
 - 3. the location of all existing and proposed non-aviation areas and of all existing improvements thereon; and
 - 4. all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.
- a. Subject to the FAA Reauthorization Act of 2018, Public Law 115-254, Section 163, if a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case

of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

30. Civil Rights.

It will promptly take any measures necessary to ensure that no person in the United States shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any activity conducted with, or benefiting from, funds received from this grant.

- a. Using the definitions of activity, facility and program as found and defined in §§ 21.23 (b) and 21.23 (e) of 49 CFR § 21, the sponsor will facilitate all programs, operate all facilities, or conduct all programs in compliance with all non-discrimination requirements imposed by, or pursuant to these assurances.

- b. Applicability

- 1. Programs and Activities. If the sponsor has received a grant (or other federal assistance) for any of the sponsor's program or activities, these requirements extend to all of the sponsor's programs and activities.
- 2. Facilities. Where it receives a grant or other federal financial assistance to construct, expand, renovate, remodel, alter or acquire a facility, or part of a facility, the assurance extends to the entire facility and facilities operated in connection therewith.
- 3. Real Property. Where the sponsor receives a grant or other Federal financial assistance in the form of, or for the acquisition of real property or an interest in real property, the assurance will extend to rights to space on, over, or under such property.

- c. Duration.

The sponsor agrees that it is obligated to this assurance for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the assurance obligates the sponsor, or any transferee for the longer of the following periods:

- 1. So long as the airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or
- 2. So long as the sponsor retains ownership or possession of the property.

- d. Required Solicitation Language. It will include the following notification in all solicitations for bids, Requests For Proposals for work, or material under this grant agreement and in all proposals for agreements, including airport concessions, regardless of funding source:

"The **Salina Airport Authority**, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this

invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.”

e. Required Contract Provisions.

1. It will insert the non-discrimination contract clauses requiring compliance with the acts and regulations relative to non-discrimination in Federally-assisted programs of the DOT, and incorporating the acts and regulations into the contracts by reference in every contract or agreement subject to the non-discrimination in Federally-assisted programs of the DOT acts and regulations.
2. It will include a list of the pertinent non-discrimination authorities in every contract that is subject to the non-discrimination acts and regulations.
3. It will insert non-discrimination contract clauses as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a sponsor.
4. It will insert non-discrimination contract clauses prohibiting discrimination on the basis of race, color, national origin, creed, sex, age, or handicap as a covenant running with the land, in any future deeds, leases, license, permits, or similar instruments entered into by the sponsor with other parties:
 - a. For the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and
 - b. For the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.
- f. It will provide for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the acts, the regulations, and this assurance.
- g. It agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the acts, the regulations, and this assurance.

31. Disposal of Land.

- a. For land purchased under a grant for airport noise compatibility purposes, including land serving as a noise buffer, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will be, at the discretion of the Secretary, (1) reinvested in another project at the airport, or (2) transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order, (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be

reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund. If land acquired under a grant for noise compatibility purposes is leased at fair market value and consistent with noise buffering purposes, the lease will not be considered a disposal of the land. Revenues derived from such a lease may be used for an approved airport development project that would otherwise be eligible for grant funding or any permitted use of airport revenue.

- b. For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land. That portion of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (1) upon application to the Secretary, be reinvested or transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order: (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund.
- c. Land shall be considered to be needed for airport purposes under this assurance if (1) it may be needed for aeronautical purposes (including runway protection zones) or serve as noise buffer land, and (2) the revenue from interim uses of such land contributes to the financial selfsufficiency of the airport. Further, land purchased with a grant received by an airport operator or owner before December 31, 1987, will be considered to be needed for airport purposes if the Secretary or Federal agency making such grant before December 31, 1987, was notified by the operator or owner of the uses of such land, did not object to such use, and the land continues to be used for that purpose, such use having commenced no later than December 15, 1989.
- d. Disposition of such land under (a) (b) or (c) will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the airport.

32. Engineering and Design Services.

Engineering and Design Services. If any phase of such project has received Federal funds under Chapter 471 subchapter 1 of Title 49 U.S.C., it will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services in the same manner as a contract for architectural and engineering services is negotiated under Chapter 11 of Title 40 U. S. C., or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.

33. Foreign Market Restrictions.

It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by

the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

34. Policies, Standards, and Specifications.

It will carry out any project funded under an Airport Improvement Program Grant in accordance with policies, standards, and specifications approved by the Secretary including, but not limited to, current FAA Advisory Circulars for AIP projects as of [Selection Criteria: Date of Offer].

35. Relocation and Real Property Acquisition.

- a. It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B.
- b. It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24.
- c. It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.

36. Access By Intercity Buses.

The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport; however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.

37. Disadvantaged Business Enterprises.

The sponsor shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract covered by 49 CFR Part 26, or in the award and performance of any concession activity contract covered by 49 CFR Part 23. In addition, the sponsor shall not discriminate on the basis of race, color, national origin or sex in the administration of its Disadvantaged Business Enterprise (DBE) and Airport Concessions Disadvantaged Business Enterprise (ACDBE) programs or the requirements of 49 CFR Parts 23 and 26. The sponsor shall take all necessary and reasonable steps under 49 CFR Parts 23 and 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts, and/or concession contracts. The sponsor's DBE and ACDBE programs, as required by 49 CFR Parts 26 and 23, and as approved by DOT, are incorporated by reference in this agreement. Implementation of these programs is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the sponsor of its failure to carry out its approved program, the Department may impose sanctions as provided for under Parts 26 and 23 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1936 (31 U.S.C. 3801).

38. Hangar Construction.

If the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner's expense, the airport owner or operator will grant to the aircraft owner for the hangar a long term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose.

39. Competitive Access.

- a. If the airport owner or operator of a medium or large hub airport (as defined in section 47102 of title 49, U.S.C.) has been unable to accommodate one or more requests by an air carrier for access to gates or other facilities at that airport in order to allow the air carrier to provide service to the airport or to expand service at the airport, the airport owner or operator shall transmit a report to the Secretary that-
 - 1. Describes the requests;
 - 2. Provides an explanation as to why the requests could not be accommodated; and
 - 3. Provides a time frame within which, if any, the airport will be able to accommodate the requests.
- b. Such report shall be due on either February 1 or August 1 of each year if the airport has been unable to accommodate the request(s) in the six month period prior to the applicable due date.

| Application for Federal Assistance SF-424 | | |
|---|--|--|
| * 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application | | |
| * 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision | | |
| * If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/> | | |
| * 3. Date Received: <input type="text"/> | | 4. Applicant Identifier: SLN <input type="text"/> |
| 5a. Federal Entity Identifier: <input type="text"/> | | 5b. Federal Award Identifier: 3-0020-0072-42-2021 |
| State Use Only: | | |
| 6. Date Received by State: <input type="text"/> | | 7. State Application Identifier: <input type="text"/> |
| 8. APPLICANT INFORMATION: | | |
| * a. Legal Name: Salina Airport Authority | | |
| * b. Employer/Taxpayer Identification Number (EIN/TIN): 48-0727448 | | * c. Organizational DUNS: 1563469000000 |
| d. Address: | | |
| * Street1: 3237 Arnold Ave. | | |
| Street2: <input type="text"/> | | |
| * City: Salina | | |
| County/Parish: <input type="text"/> | | |
| * State: KS: Kansas | | |
| Province: <input type="text"/> | | |
| * Country: USA: UNITED STATES | | |
| * Zip / Postal Code: 67401-8163 | | |
| e. Organizational Unit: | | |
| Department Name: <input type="text"/> | | Division Name: <input type="text"/> |
| f. Name and contact information of person to be contacted on matters involving this application: | | |
| Prefix: Ms. | | * First Name: Michelle |
| Middle Name: R. | | |
| * Last Name: Swanson | | |
| Suffix: <input type="text"/> | | |
| Title: Director of Administration and Finance | | |
| Organizational Affiliation: <input type="text"/> | | |
| * Telephone Number: 785-827-3914 | | Fax Number: 785-827-2221 |
| * Email: shellis@salair.org | | |

Application for Federal Assistance SF-424

* 9. Type of Applicant 1: Select Applicant Type:

D: Special District Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

* 10. Name of Federal Agency:

Federal Aviation Administration

11. Catalog of Federal Domestic Assistance Number:

20.106

CFDA Title:

Airport Improvement Program

* 12. Funding Opportunity Number:

N/A

* Title:

N/A

13. Competition Identification Number:

N/A

Title:

N/A

14. Areas Affected by Project (Cities, Counties, States, etc.):

City of Salina, Saline County, Kansas

Add Attachment

Delete Attachment

View Attachment

* 15. Descriptive Title of Applicant's Project:

Rehabilitation of south 7,500' of Runway 17/35 pavement and improve subgrade drainage at Runway 17/35 and Taxiway D Intersection.

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424**16. Congressional Districts Of:*** a. Applicant * b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:* a. Start Date: * b. End Date: **18. Estimated Funding (\$):**

| | |
|---------------------|---|
| * a. Federal | <input type="text" value="4,321,530.00"/> |
| * b. Applicant | <input type="text" value="1.00"/> |
| * c. State | <input type="text"/> |
| * d. Local | <input type="text"/> |
| * e. Other | <input type="text"/> |
| * f. Program Income | <input type="text"/> |
| * g. TOTAL | <input type="text" value="4,321,531.00"/> |

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- ☐ a. This application was made available to the State under the Executive Order 12372 Process for review on
- ☒ b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- ☐ c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**☐ Yes ☒ No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

☒ ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

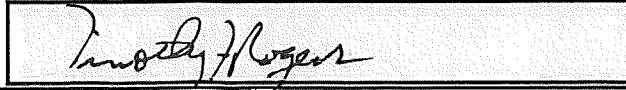
Middle Name:

* Last Name:

Suffix:

* Title: * Telephone Number: Fax Number: * Email:

* Signature of Authorized Representative:

* Date Signed:

Application for Federal Assistance (Development and Equipment Projects)

PART II – PROJECT APPROVAL INFORMATION

| Part II - SECTION A | |
|---|--|
| The term "Sponsor" refers to the applicant name provided in box 8 of the associated SF-424 form. | |
| Item 1. Does Sponsor maintain an active registration in the System for Award Management (www.SAM.gov)? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Item 2. Can Sponsor commence the work identified in the application in the fiscal year the grant is made or within six months after the grant is made, whichever is later? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A |
| Item 3. Are there any foreseeable events that would delay completion of the project? If yes, provide attachment to this form that lists the events. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A |
| Item 4. Will the project(s) covered by this request have impacts or effects on the environment that require mitigating measures? If yes, attach a summary listing of mitigating measures to this application and identify the name and date of the environmental document(s). | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A |
| Item 5. Is the project covered by this request included in an approved Passenger Facility Charge (PFC) application or other Federal assistance program? If yes, please identify other funding sources by checking all applicable boxes. | |
| <input type="checkbox"/> The project is included in an <i>approved</i> PFC application. If included in an approved PFC application, does the application <i>only</i> address AIP matching share? <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| <input type="checkbox"/> The project is included in another Federal Assistance program. Its CFDA number is below. | |
| Item 6. Will the requested Federal assistance include Sponsor indirect costs as described in 2 CFR Appendix VII to Part 200, States and Local Government and Indian Tribe Indirect Cost Proposals? | |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A | |
| If the request for Federal assistance includes a claim for allowable indirect costs, select the applicable indirect cost rate the Sponsor proposes to apply: | |
| <input type="checkbox"/> De Minimis rate of 10% as permitted by 2 CFR § 200.414. | |
| <input type="checkbox"/> Negotiated Rate equal to | % as approved by _____ (the Cognizant Agency) on _____ (Date) (2 CFR part 200, appendix VII). |
| <i>Note: Refer to the instructions for limitations of application associated with claiming Sponsor indirect costs.</i> | |

PART II - SECTION B

Certification Regarding Lobbying

The declarations made on this page are under the signature of the authorized representative as identified in box 21 of form SF-424, to which this form is attached. The term "Sponsor" refers to the applicant name provided in box 8 of the associated SF-424 form.

The Authorized Representative certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Sponsor, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Authorized Representative shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The Authorized Representative shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

PART II – SECTION C

The Sponsor hereby represents and certifies as follows:

1. Compatible Land Use – The Sponsor has taken the following actions to assure compatible usage of land adjacent to or in the vicinity of the airport:

The Salina Airport Authority holds title to 2,861.9 acres of land. This land, plus aviation easements, provides reasonable land use control. The land use surrounding the Airport is agricultural and industrial in nature.

2. Defaults – The Sponsor is not in default on any obligation to the United States or any agency of the United States Government relative to the development, operation, or maintenance of any airport, except as stated herewith:

None

3. Possible Disabilities – There are no facts or circumstances (including the existence of effective or proposed leases, use agreements or other legal instruments affecting use of the Airport or the existence of pending litigation or other legal proceedings) which in reasonable probability might make it impossible for the Sponsor to carry out and complete the Project or carry out the provisions of the Grant Assurances, either by limiting its legal or financial ability or otherwise, except as follows:

None

4. Consistency with Local Plans – The project is reasonably consistent with plans existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.

Yes

5. Consideration of Local Interest – It has given fair consideration to the interest of communities in or near where the project may be located.

Yes

6. Consultation with Users – In making a decision to undertake an airport development project under Title 49, United States Code, it has consulted with airport users that will potentially be affected by the project (§ 47105(a)(2)).

Yes

7. Public Hearings – In projects involving the location of an airport, an airport runway or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.

Not applicable, the project is on an existing runway

8. Air and Water Quality Standards – In projects involving airport location, a major runway extension, or runway location it will provide for the Governor of the state in which the project is located to certify in writing to the Secretary that the project will be located, designed, constructed, and operated so as to comply with applicable and air and water quality standards. In any case where such standards have not been approved and where applicable air and water quality standards have been promulgated by the Administrator of the Environmental Protection Agency, certification shall be obtained from such Administrator. Notice of certification or refusal to certify shall be provided within sixty days after the project application has been received by the Secretary.

Not applicable, the project is on an existing runway

PART II – SECTION C (Continued)

9. Exclusive Rights – There is no grant of an exclusive right for the conduct of any aeronautical activity at any airport owned or controlled by the Sponsor except as follows:

Not applicable.

10. Land – (a) The sponsor holds the following property interest in the following areas of land, which are to be developed or used as part of or in connection with the Airport subject to the following exceptions, encumbrances, and adverse interests, all of which areas are identified on the aforementioned property map designated as Exhibit "A". [1]

The Salina Airport Authority maintains property interest for this project site as depicted within the property data table on the Exhibit A Property Inventory Map dated June 2014. Certificate of Title is based upon a title opinion dated July 11, 2014 by the sponsor's attorney.

The Sponsor further certifies that the above is based on a title examination by a qualified attorney or title company and that such attorney or title company has determined that the Sponsor holds the above property interests.

(b) The Sponsor will acquire within a reasonable time, but in any event prior to the start of any construction work under the Project, the following property interest in the following areas of land on which such construction work is to be performed, all of which areas are identified on the aforementioned property map designated as Exhibit "A". [1]

Not applicable

(c) The Sponsor will acquire within a reasonable time, and if feasible prior to the completion of all construction work under the Project, the following property interest in the following areas of land which are to be developed or used as part of or in connection with the Airport as it will be upon completion of the Project, all of which areas are identified on the aforementioned property map designated as Exhibit "A". [1]

Not applicable

¹ State the character of property interest in each area and list and identify for each all exceptions, encumbrances, and adverse interests of every kind and nature, including liens, easements, leases, etc. The separate areas of land need only be identified here by the area numbers shown on the property map.

PART III – BUDGET INFORMATION – CONSTRUCTION**SECTION A – GENERAL**

1. Assistance Listing Number: 20-106
 2. Functional or Other Breakout: AIP

SECTION B – CALCULATION OF FEDERAL GRANT

| Cost Classification | Latest Approved Amount (Use only for revisions) | Adjustment + or (-) Amount (Use only for revisions) | Total Amount Required |
|--|--|---|--------------------------|
| 1. Administration expense | | | \$ 2,131 |
| 2. Preliminary expense | | | |
| 3. Land, structures, right-of-way | | | |
| 4. Architectural engineering basic fees | | | 454,380 |
| 5. Other Architectural engineering fees | | | |
| 6. Project inspection fees | | | 200,122 |
| 7. Land development | | | |
| 8. Relocation Expenses | | | |
| 9. Relocation payments to Individuals and Businesses | | | |
| 10. Demolition and removal | | | |
| 11. Construction and project improvement | | | 3,664,898 |
| 12. Equipment | | | |
| 13. Miscellaneous | | | |
| 14. Subtotal (Lines 1 through 13) | | | \$ 4,321,531 |
| 15. Estimated Income (if applicable) | | | |
| 16. Net Project Amount (Line 14 minus 15) | | | 4,321,531 |
| 17. Less: Ineligible Exclusions (Section C, line 23 g.) | | | 1 |
| 18. Subtotal (Lines 16 through 17) | | | \$ 4,321,530 |
| 19. Federal Share requested of Line 18 | | | 4,321,530 |
| 20. Grantee share | | | 1 |
| 21. Other shares | | | |
| 22. TOTAL PROJECT (Lines 19, 20 & 21) | | | \$ 4,321,531 |

| SECTION C – EXCLUSIONS | |
|--|-------------------------------------|
| 23. Classification (Description of non-participating work) | Amount Ineligible for Participation |
| a. SAA Insurance (non-federal) - see contractor bid form | \$ 1 |
| b. | |
| c. | |
| d. | |
| e. | |
| f. | |
| g. Total | \$ 1 |

| SECTION D – PROPOSED METHOD OF FINANCING NON-FEDERAL SHARE | |
|--|--------|
| 24. Grantee Share – Fund Categories | Amount |
| a. Securities | |
| b. Mortgages | |
| c. Appropriations (by Applicant) | |
| d. Bonds | |
| e. Tax Levies | |
| f. Non-Cash | |
| g. Other (Explain): | |
| h. TOTAL - Grantee share | \$ 1 |
| 25. Other Shares | Amount |
| a. State | |
| b. Other | |
| c. TOTAL - Other Shares | \$ 0 |
| 26. TOTAL NON-FEDERAL FINANCING | \$ 1 |

| SECTION E – REMARKS (Attach sheets if additional space is required) |
|--|
| |

PART IV – PROGRAM NARRATIVE
(Suggested Format)

| |
|--|
| PROJECT: Rehabilitation of south 7,500' of Runway 17/35 pavement and improve subgrade drainage at Runway 17/35 |
| AIRPORT: Salina Regional Airport (KSLN) |
| 1. Objective: This project will rehabilitate the existing, 7,500-foot long by 150-foot wide, asphalt surface course on Runway 17/35. The intersection of Runway 17/35 and Taxiway D will be repaired to improve subgrade drainage. |
| 2. Benefits Anticipated: The surface course, from the 2003 AIP mill and overlay project, has started to exhibit signs of failure, such as alligator and block cracking. Additional cracks are reflecting the joint patterns of the underlying concrete. These current conditions on Runway 17/35 require constant maintenance and observation to prevent aircraft damage from poor pavement and/or FOD. Safety will be improved along with the reduction of maintenance and repair cost. |
| 3. Approach: (See approved Scope of Work in Final Application) The south 7,500' of the 150' wide main runway section will be milled approximately 2.5 inches deep to remove most, if not all the previously placed asphalt section from the 2003 project. A new asphalt surface course, with a minimum 10-year design life, will be installed to match existing grades. The project is depicted in the approved SLN ALP dated July 15, 2014. |
| 4. Geographic Location: Salina Regional Airport, Salina, KS. |
| 5. If Applicable, Provide Additional Information: |
| 6. Sponsor's Representative: (include address & telephone number) Timothy F. Rogers, A.A.E., Executive Director 3237 Arnold Ave., Salina, KS 67401 785-827-3914 |



Selection of Consultants

Airport Improvement Program Sponsor Certification

Sponsor: Salina Airport Authority

Airport: Salina Regional Airport (KSLN)

Project Number: 3-0020-0072-42-2021

Description of Work: Rehabilitation of south 7,500' of Runway 17/35 pavement and improve subgrade drainage at Runway 17/35 and Taxiway D Intersection.

Application

49 USC § 47105(d) authorizes the Secretary to require certification from the sponsor that it will comply with the statutory and administrative requirements in carrying out a project under the Airport Improvement Program (AIP). General requirements for selection of consultant services within federal grant programs are described in 2 CFR §§ 200.317-200.326. Sponsors may use other qualifications-based procedures provided they are equivalent to standards of Title 40 chapter 11 and FAA Advisory Circular 150/5100-14, Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects.

Certification Statements

Except for certification statements below marked as not applicable (N/A), this list includes major requirements of the construction project. Selecting "Yes" represents sponsor acknowledgement and confirmation of the certification statement. The term "will" means Sponsor action taken at appropriate time based on the certification statement focus area, but no later than the end of the project period of performance. This list is not comprehensive and does not relieve the sponsor from fully complying with all applicable statutory and administrative standards. The source of the requirement is referenced within parenthesis.

1. Sponsor acknowledges their responsibility for the settlement of all contractual and administrative issues arising out of their procurement actions (2 CFR § 200.318(k)).
☒ Yes ☐ No ☐ N/A
2. Sponsor procurement actions ensure or will ensure full and open competition that does not unduly limit competition (2 CFR § 200.319).
☒ Yes ☐ No ☐ N/A
3. Sponsor has excluded or will exclude any entity that develops or drafts specifications, requirements, or statements of work associated with the development of a request-for-qualifications (RFQ) from competing for the advertised services (2 CFR § 200.319).
☒ Yes ☐ No ☐ N/A

4. The advertisement describes or will describe specific project statements-of-work that provide clear detail of required services without unduly restricting competition (2 CFR § 200.319).
☒ Yes ☐ No ☐ N/A
5. Sponsor has publicized or will publicize a RFQ that:
a. Solicits an adequate number of qualified sources (2 CFR § 200.320(d)); and
b. Identifies all evaluation criteria and relative importance (2 CFR § 200.320(d)).
☒ Yes ☐ No ☐ N/A
6. Sponsor has based or will base selection on qualifications, experience, and disadvantaged business enterprise participation with price not being a selection factor (2 CFR § 200.320(d)).
☒ Yes ☐ No ☐ N/A
7. Sponsor has verified or will verify that agreements exceeding \$25,000 are not awarded to individuals or firms suspended, debarred or otherwise excluded from participating in federally assisted projects (2 CFR § 180.300).
☒ Yes ☐ No ☐ N/A
8. A/E services covering multiple projects: Sponsor has agreed to or will agree to:
a. Refrain from initiating work covered by this procurement beyond five years from the date of selection (AC 150/5100-14); and
b. Retain the right to conduct new procurement actions for projects identified or not identified in the RFQ (AC 150/5100-14).
☒ Yes ☐ No ☐ N/A
9. Sponsor has negotiated or will negotiate a fair and reasonable fee with the firm they select as most qualified for the services identified in the RFQ (2 CFR § 200.323).
☒ Yes ☐ No ☐ N/A
10. The Sponsor's contract identifies or will identify costs associated with ineligible work separately from costs associated with eligible work (2 CFR § 200.302).
☒ Yes ☐ No ☐ N/A
11. Sponsor has prepared or will prepare a record of negotiations detailing the history of the procurement action, rationale for contract type and basis for contract fees (2 CFR § 200.318(i)).
☒ Yes ☐ No ☐ N/A
12. Sponsor has incorporated or will incorporate mandatory contract provisions in the consultant contract for AIP-assisted work (49 U.S.C. Chapter 471 and 2 CFR part 200 Appendix II)
☒ Yes ☐ No ☐ N/A

13. For contracts that apply a time-and-material payment provision (also known as hourly rates, specific rates of compensation, and labor rates), the Sponsor has established or will establish:

- a. Justification that there is no other suitable contract method for the services (2 CFR §200.318(j));
- b. A ceiling price that the consultant exceeds at their risk (2 CFR §200.318(j)); and
- c. A high degree of oversight that assures consultant is performing work in an efficient manner with effective cost controls in place (2 CFR §200.318(j)).

☒ Yes ☐ No ☐ N/A

14. Sponsor is not using or will not use the prohibited cost-plus-percentage-of-cost (CPPC) contract method. (2 CFR § 200.323(d)).

☒ Yes ☐ No ☐ N/A

Attach documentation clarifying any above item marked with "no" response.

Sponsor's Certification

I certify, for the project identified herein, responses to the forgoing items are accurate as marked and additional documentation for any item marked "no" is correct and complete.

I declare under penalty of perjury that the foregoing is true and correct. I understand that knowingly and willfully providing false information to the federal government is a violation of 18 USC § 1001 (False Statements) and could subject me to fines, imprisonment, or both.

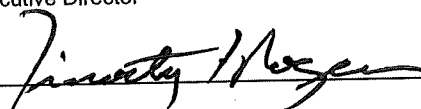
Executed on this 30th day of April, 2021.

Name of Sponsor: Salina Airport Authority

Name of Sponsor's Authorized Official: Timothy F. Rogers, A.A.E.

Title of Sponsor's Authorized Official: Executive Director

Signature of Sponsor's Authorized Official: _____



I declare under penalty of perjury that the foregoing is true and correct. I understand that knowingly and willfully providing false information to the federal government is a violation of 18 USC § 1001 (False Statements) and could subject me to fines, imprisonment, or both.



Project Plans and Specifications

Airport Improvement Program Sponsor Certification

Sponsor: Salina Airport Authority

Airport: Salina Regional Airport (KSLN)

Project Number: 3-0020-0072-42-2021

Description of Work: Rehabilitation of south 7,500' of Runway 17/35 pavement and improve subgrade drainage at Runway 17/35 and Taxiway D Intersection.

Application

49 USC § 47105(d) authorizes the Secretary to require certification from the sponsor that it will comply with the statutory and administrative requirements in carrying out a project under the Airport Improvement Program (AIP). Labor and civil rights standards applicable to AIP are established by the Department of Labor (www.dol.gov/). AIP Grant Assurance C.1—General Federal Requirements identifies applicable federal laws, regulations, executive orders, policies, guidelines and requirements for assistance under AIP. A list of current advisory circulars with specific standards for procurement, design or construction of airports, and installation of equipment and facilities is referenced in standard airport sponsor Grant Assurance 34 contained in the grant agreement.

Certification Statements

Except for certification statements below marked as not applicable (N/A), this list includes major requirements of the construction project. Selecting "Yes" represents sponsor acknowledgement and confirmation of the certification statement. The term "will" means Sponsor action taken at appropriate time based on the certification statement focus area, but no later than the end of the project period of performance. This list is not comprehensive and does not relieve the sponsor from fully complying with all applicable statutory and administrative standards. The source of the requirement is referenced within parenthesis.

1. The plans and specifications were or will be prepared in accordance with applicable federal standards and requirements, so that no deviation or modification to standards set forth in the advisory circulars, or FAA-accepted state standard, is necessary other than those explicitly approved by the Federal Aviation Administration (FAA) (14 USC § 47105).

☒ Yes ☐ No ☐ N/A

2. Specifications incorporate or will incorporate a clear and accurate description of the technical requirement for the material or product that does not contain limiting or proprietary features that unduly restrict competition (2 CFR §200.319).

☒ Yes ☐ No ☐ N/A

3. The development that is included or will be included in the plans is depicted on the current airport layout plan as approved by the FAA (14 USC § 47107).
☒ Yes ☐ No ☐ N/A
4. Development and features that are ineligible or unallowable for AIP funding have been or will be omitted from the plans and specifications (FAA Order 5100.38, par. 3-43).
☒ Yes ☐ No ☐ N/A
5. The specification does not use or will not use "brand name" or equal to convey requirements unless sponsor requests and receives approval from the FAA to use brand name (FAA Order 5100.38, Table U-5).
☒ Yes ☐ No ☐ N/A
6. The specification does not impose or will not impose geographical preference in their procurement requirements (2 CFR §200.319(b) and FAA Order 5100.38, Table U-5).
☒ Yes ☐ No ☐ N/A
7. The use of prequalified lists of individuals, firms or products include or will include sufficient qualified sources that ensure open and free competition and that does not preclude potential entities from qualifying during the solicitation period (2 CFR §319(d)).
☒ Yes ☐ No ☐ N/A
8. Solicitations with bid alternates include or will include explicit information that establish a basis for award of contract that is free of arbitrary decisions by the sponsor (2 CFR § 200.319(a)(7)).
☒ Yes ☐ No ☐ N/A
9. Concurrence was or will be obtained from the FAA if Sponsor incorporates a value engineering clause into the contract (FAA Order 5100.38, par. 3-57).
☒ Yes ☐ No ☐ N/A
10. The plans and specifications incorporate or will incorporate applicable requirements and recommendations set forth in the federally approved environmental finding (49 USC §47106(c)).
☒ Yes ☐ No ☐ N/A
11. The design of all buildings comply or will comply with the seismic design requirements of 49 CFR § 41.120. (FAA Order 5100.38d, par. 3-92)
☒ Yes ☐ No ☐ N/A
12. The project specification include or will include process control and acceptance tests required for the project by as per the applicable standard:
a. Construction and installation as contained in Advisory Circular (AC) 150/5370-10.
☒ Yes ☐ No ☐ N/A

b. Snow Removal Equipment as contained in AC 150/5220-20.

☐ Yes ☐ No ☒ N/A

c. Aircraft Rescue and Fire Fighting (ARFF) vehicles as contained in AC 150/5220-10.

☐ Yes ☐ No ☒ N/A

13. For construction activities within or near aircraft operational areas(AOA):

a. The Sponsor has or will prepare a construction safety and phasing plan (CSPP) conforming to Advisory Circular 150/5370-2.

b. Compliance with CSPP safety provisions has been or will be incorporated into the plans and specifications as a contractor requirement.

c. Sponsor will not initiate work until receiving FAA's concurrence with the CSPP (FAA Order 5100.38, Par. 5-29).

☒ Yes ☐ No ☐ N/A

14. The project was or will be physically completed without federal participation in costs due to errors and omissions in the plans and specifications that were foreseeable at the time of project design (49 USC §47110(b)(1) and FAA Order 5100.38d, par. 3-100).

☒ Yes ☐ No ☐ N/A

Attach documentation clarifying any above item marked with "No" response.

Sponsor's Certification

I certify, for the project identified herein, responses to the forgoing items are accurate as marked and additional documentation for any item marked "no" is correct and complete.

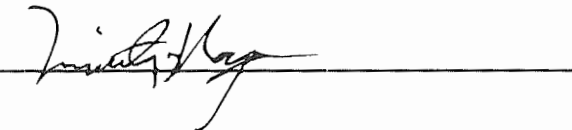
Executed on this 30th day of April, 2021.

Name of Sponsor: Salina Airport Authority

Name of Sponsor's Authorized Official: Timothy F. Rogers, A.A.E.

Title of Sponsor's Authorized Official: Executive Director

Signature of Sponsor's Authorized Official:



I declare under penalty of perjury that the foregoing is true and correct. I understand that knowingly and willfully providing false information to the federal government is a violation of 18 USC § 1001 (False Statements) and could subject me to fines, imprisonment, or both.



Equipment and Construction Contracts Airport Improvement Sponsor Certification

Sponsor: Salina Airport Authority

Airport: Salina Regional Airport (KSLN)

Project Number: 3-0020-0072-42-2021

Description of Work: Rehabilitation of south 7,500' of Runway 17/35 pavement and improve subgrade drainage at Runway 17/35 and Taxiway D Intersection.

Application

49 USC § 47105(d) authorizes the Secretary to require certification from the sponsor that it will comply with the statutory and administrative requirements in carrying out a project under the Airport Improvement Program (AIP). General procurement standards for equipment and construction contracts within Federal grant programs are described in 2 CFR §§ 200.317-200.326. Labor and Civil Rights Standards applicable to the AIP are established by the Department of Labor (www.dol.gov) AIP Grant Assurance C.1—General Federal Requirements identifies all applicable Federal Laws, regulations, executive orders, policies, guidelines and requirements for assistance under the AIP. Sponsors may use state and local procedures provided the procurement conforms to these federal standards.

This certification applies to all equipment and construction projects. Equipment projects may or may not employ laborers and mechanics that qualify the project as a "covered contract" under requirements established by the Department of Labor requirements. Sponsor shall provide appropriate responses to the certification statements that reflect the character of the project regardless of whether the contract is for a construction project or an equipment project.

Certification Statements

Except for certification statements below marked as not applicable (N/A), this list includes major requirements of the construction project. Selecting "Yes" represents sponsor acknowledgement and confirmation of the certification statement. The term "will" means Sponsor action taken at appropriate time based on the certification statement focus area, but no later than the end of the project period of performance. This list is not comprehensive and does not relieve the sponsor from fully complying with all applicable statutory and administrative standards. The source of the requirement is referenced within parenthesis.

1. A written code or standard of conduct is or will be in effect prior to commencement of the project that governs the performance of the sponsor's officers, employees, or agents in soliciting, awarding and administering procurement contracts (2 CFR § 200.318).

☒ Yes ☐ No ☐ N/A

2. For all contracts, qualified and competent personnel are or will be engaged to perform contract administration, engineering supervision, construction inspection, and testing (Grant Assurance C.17).
☒ Yes ☐ No ☐ N/A
3. Sponsors that are required to have a Disadvantage Business Enterprise (DBE) program on file with the FAA have included or will include clauses required by Title VI of the Civil Rights Act and 49 CFR Part 26 for Disadvantaged Business Enterprises in all contracts and subcontracts.
☒ Yes ☐ No ☐ N/A
4. Sponsors required to have a DBE program on file with the FAA have implemented or will implement monitoring and enforcement measures that:
- a. Ensure work committed to Disadvantaged Business Enterprises at contract award is actually performed by the named DBEs (49 CFR § 26.37(b));
 - b. Include written certification that the sponsor has reviewed contract records and has monitored work sites for performance by DBE firms (49 CFR § 26.37(b)); and
 - c. Provides for a running tally of payments made to DBE firms and a means for comparing actual attainments (i.e. payments) to original commitments (49 CFR § 26.37(c)).
- ☒ Yes ☐ No ☐ N/A
5. Sponsor procurement actions using the competitive sealed bid method (2 CFR § 200.320(c)), was or will be:
- a. Publicly advertised, allowing a sufficient response time to solicit an adequate number of interested contractors or vendors;
 - b. Prepared to include a complete, adequate and realistic specification that defines the items or services in sufficient detail to allow prospective bidders to respond;
 - c. Publicly opened at a time and place prescribed in the invitation for bids; and
 - d. Prepared in a manner that result in a firm fixed price contract award to the lowest responsive and responsible bidder.
- ☒ Yes ☐ No ☐ N/A
6. For projects the Sponsor proposes to use the competitive proposal procurement method (2 CFR § 200.320(d)), Sponsor has requested or will request FAA approval prior to proceeding with a competitive proposal procurement by submitting to the FAA the following:
- a. Written justification that supports use of competitive proposal method in lieu of the preferred sealed bid procurement method;
 - b. Plan for publicizing and soliciting an adequate number of qualified sources; and
 - c. Listing of evaluation factors along with relative importance of the factors.
- ☒ Yes ☐ No ☐ N/A
7. For construction and equipment installation projects, the bid solicitation includes or will include the current federal wage rate schedule(s) for the appropriate type of work classifications (2 CFR Part 200, Appendix II).
☒ Yes ☐ No ☐ N/A

8. Concurrence was or will be obtained from the Federal Aviation Administration (FAA) prior to contract award under any of the following circumstances (Order 5100.38D):
- a. Only one qualified person/firm submits a responsive bid;
 - b. Award is to be made to other than the lowest responsible bidder; and
 - c. Life cycle costing is a factor in selecting the lowest responsive bidder.
- ☐ Yes ☐ No ☒ N/A
9. All construction and equipment installation contracts contain or will contain provisions for:
- a. Access to Records (§ 200.336)
 - b. Buy American Preferences (Title 49 U.S.C. § 50101)
 - c. Civil Rights - General Provisions and Title VI Assurances(41 CFR part 60)
 - d. Federal Fair Labor Standards (29 U.S.C. § 201, et seq)
 - e. Occupational Safety and Health Act requirements (20 CFR part 1920)
 - f. Seismic Safety – building construction (49 CFR part 41)
 - g. State Energy Conservation Requirements - as applicable(2 CFR part 200, Appendix II)
 - h. U.S. Trade Restriction (49 CFR part 30)
 - i. Veterans Preference (49 USC § 47112(c))
- ☒ Yes ☐ No ☐ N/A
10. All construction and equipment installation contracts exceeding \$2,000 contain or will contain the provisions established by:
- a. Davis-Bacon and Related Acts (29 CFR part 5)
 - b. Copeland "Anti-Kickback" Act (29 CFR parts 3 and 5)
- ☒ Yes ☐ No ☐ N/A
11. All construction and equipment installation contracts exceeding \$3,000 contain or will contain a contract provision that discourages distracted driving (E.O. 13513).
- ☒ Yes ☐ No ☐ N/A
12. All contracts exceeding \$10,000 contain or will contain the following provisions as applicable:
- a. Construction and equipment installation projects - Applicable clauses from 41 CFR Part 60 for compliance with Executive Orders 11246 and 11375 on Equal Employment Opportunity;
 - b. Construction and equipment installation - Contract Clause prohibiting segregated facilities in accordance with 41 CFR part 60-1.8;
 - c. Requirement to maximize use of products containing recovered materials in accordance with 2 CFR § 200.322 and 40 CFR part 247; and
 - d. Provisions that address termination for cause and termination for convenience (2 CFR Part 200, Appendix II).
- ☒ Yes ☐ No ☐ N/A

13. All contracts and subcontracts exceeding \$25,000: Measures are in place or will be in place (e.g. checking the System for Award Management) that ensure contracts and subcontracts are not awarded to individuals or firms suspended, debarred, or excluded from participating in federally assisted projects (2 CFR parts 180 and 1200).

☒ Yes ☐ No ☐ N/A

14. Contracts exceeding the simplified acquisition threshold (currently \$250,000) include or will include provisions, as applicable, that address the following:

- a. Construction and equipment installation contracts - a bid guarantee of 5%, a performance bond of 100%, and a payment bond of 100% (2 CFR § 200.325);
- b. Construction and equipment installation contracts - requirements of the Contract Work Hours and Safety Standards Act (40 USC 3701-3708, Sections 103 and 107);
- c. Restrictions on Lobbying and Influencing (2 CFR part 200, Appendix II);
- d. Conditions specifying administrative, contractual and legal remedies for instances where contractor or vendor violate or breach the terms and conditions of the contract (2 CFR §200, Appendix II); and
- e. All Contracts - Applicable standards and requirements issued under Section 306 of the Clean Air Act (42 USC 7401-7671q), Section 508 of the Clean Water Act (33 USC 1251-1387, and Executive Order 11738.

☒ Yes ☐ No ☐ N/A

Attach documentation clarifying any above item marked with "No" response.

Sponsor's Certification

I certify, for the project identified herein, responses to the forgoing items are accurate as marked and additional documentation for any item marked "no" is correct and complete.

Executed on this 30th day of April, 2021.

Name of Sponsor: Salina Airport Authority

Name of Sponsor's Authorized Official: Timothy F. Rogers, A.A.E.

Title of Sponsor's Authorized Official: Executive Director

Signature of Sponsor's Authorized Official: _____

I declare under penalty of perjury that the foregoing is true and correct. I understand that knowingly and willfully providing false information to the federal government is a violation of 18 USC § 1001 (False Statements) and could subject me to fines, imprisonment, or both.



Drug-Free Workplace Airport Improvement Program Sponsor Certification

Sponsor: Salina Airport Authority

Airport: Salina Regional Airport (KSLN)

Project Number: 3-0020-0072-42-2021

Description of Work: Rehabilitation of south 7,500' of Runway 17/35 pavement and improve subgrade drainage at Runway 17/35 and Taxiway D Intersection.

Application

49 USC § 47105(d) authorizes the Secretary to require certification from the sponsor that it will comply with the statutory and administrative requirements in carrying out a project under the Airport Improvement Program (AIP). General requirements on the drug-free workplace within federal grant programs are described in 2 CFR part 182. Sponsors are required to certify they will be, or will continue to provide, a drug-free workplace in accordance with the regulation. The AIP project grant agreement contains specific assurances on the Drug-Free Workplace Act of 1988.

Certification Statements

Except for certification statements below marked as not applicable (N/A), this list includes major requirements of the construction project. Selecting "Yes" represents sponsor acknowledgement and confirmation of the certification statement. The term "will" means Sponsor action taken at appropriate time based on the certification statement focus area, but no later than the end of the project period of performance. This list is not comprehensive and does not relieve the sponsor from fully complying with all applicable statutory and administrative standards. The source of the requirement is referenced within parenthesis.

1. A statement has been or will be published prior to commencement of project notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the sponsor's workplace, and specifying the actions to be taken against employees for violation of such prohibition (2 CFR § 182.205).

☒ Yes ☐ No ☐ N/A

2. An ongoing drug-free awareness program (2 CFR § 182.215) has been or will be established prior to commencement of project to inform employees about:

- a. The dangers of drug abuse in the workplace;
- b. The sponsor's policy of maintaining a drug-free workplace;
- c. Any available drug counseling, rehabilitation, and employee assistance programs; and
- d. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

☒ Yes ☐ No ☐ N/A

3. Each employee to be engaged in the performance of the work has been or will be given a copy of the statement required within item 1 above prior to commencement of project (2 CFR § 182.210).
☒ Yes ☐ No ☐ N/A
4. Employees have been or will be notified in the statement required by item 1 above that, as a condition employment under the grant (2 CFR § 182.205(c)), the employee will:
a. Abide by the terms of the statement; and
b. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.
☒ Yes ☐ No ☐ N/A
5. The Federal Aviation Administration (FAA) will be notified in writing within 10 calendar days after receiving notice under item 4b above from an employee or otherwise receiving actual notice of such conviction (2 CFR § 182.225). Employers of convicted employees must provide notice, including position title of the employee, to the FAA (2 CFR § 182.300).
☒ Yes ☐ No ☐ N/A
6. One of the following actions (2 CFR § 182.225(b)) will be taken within 30 calendar days of receiving a notice under item 4b above with respect to any employee who is so convicted:
a. Take appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; and
b. Require such employee to participate satisfactorily in drug abuse assistance or rehabilitation programs approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.
☒ Yes ☐ No ☐ N/A
7. A good faith effort will be made, on a continuous basis, to maintain a drug-free workplace through implementation of items 1 through 6 above (2 CFR § 182.200).
☒ Yes ☐ No ☐ N/A

Site(s) of performance of work (2 CFR § 182.230):

Location 1

Name of Location: Salina Regional Airport (KSLN)
Address: 3237 Arnold Ave., Salina, KS

Location 2 (if applicable)

Name of Location:
Address:

Location 3 (if applicable)

Name of Location:
Address:

Attach documentation clarifying any above item marked with a "No" response.

Sponsor's Certification

I certify, for the project identified herein, responses to the forgoing items are accurate as marked and additional documentation for any item marked "no" is correct and complete.

Executed on this 30th day of April, 2021.

Name of Sponsor: Salina Airport Authority

Name of Sponsor's Authorized Official: Timothy F. Rogers, A.A.E.

Title of Sponsor's Authorized Official: Executive Director

Signature of Sponsor's Authorized Official: _____

I declare under penalty of perjury that the foregoing is true and correct. I understand that knowingly and willfully providing false information to the federal government is a violation of 18 USC § 1001 (False Statements) and could subject me to fines, imprisonment, or both.



Construction Project Final Acceptance Airport Improvement Program Sponsor Certification

Sponsor: Salina Airport Authority

Airport: Salina Regional Airport (KSLN)

Project Number: 3-0020-0072-42-2021

Description of Work: Rehabilitation of south 7,500' of Runway 17/35 pavement and improve subgrade drainage at Runway 17/35 and Taxiway D Intersection.

Application

49 USC § 47105(d), authorizes the Secretary to require me certification from the sponsor that it will comply with the statutory and administrative requirements in carrying out a project under the Airport Improvement Program. General standards for final acceptance and close out of federally funded construction projects are in 2 CFR § 200.343 – Closeout and supplemented by FAA Order 5100.38. The sponsor must determine that project costs are accurate and proper in accordance with specific requirements of the grant agreement and contract documents.

Certification Statements

Except for certification statements below marked not applicable (N/A), this list includes major requirements of the construction project. Selecting "Yes" represents sponsor acknowledgment and confirmation of the certification statement. The term "will" means Sponsor action taken at appropriate time based on the certification statement focus area, but no later than the end of the project period of performance. This list is not comprehensive and does not relieve the sponsor from fully complying with all applicable statutory and administrative standards. The source of the requirement is referenced within parenthesis.

1. The personnel engaged in project administration, engineering supervision, project inspection, and acceptance testing were or will be determined to be qualified and competent to perform the work (Grant Assurance).
☒ Yes ☐ No ☐ N/A
2. Construction records, including daily logs, were or will be kept by the resident engineer/construction inspector that fully document contractor's performance in complying with:
 - a. Technical standards (Advisory Circular (AC) 150/5370-12);
 - b. Contract requirements (2 CFR part 200 and FAA Order 5100.38); and
 - c. Construction safety and phasing plan measures (AC 150/5370-2).☒ Yes ☐ No ☐ N/A
3. All acceptance tests specified in the project specifications were or will be performed and documented. (AC 150/5370-12).
☒ Yes ☐ No ☐ N/A

4. Sponsor has taken or will take appropriate corrective action for any test result outside of allowable tolerances (AC 150/5370-12).
☒ Yes ☐ No ☐ N/A
5. Pay reduction factors required by the specifications were applied or will be applied in computing final payments with a summary made available to the FAA (AC 150/5370-10).
☒ Yes ☐ No ☐ N/A
6. Sponsor has notified, or will promptly notify the Federal Aviation Administration (FAA) of the following occurrences:
- a. Violations of any federal requirements set forth or included by reference in the contract documents (2 CFR part 200);
 - b. Disputes or complaints concerning federal labor standards (29 CFR part 5); and
 - c. Violations of or complaints addressing conformance with Equal Employment Opportunity or Disadvantaged Business Enterprise requirements (41 CFR Chapter 60 and 49 CFR part 26).
- ☒ Yes ☐ No ☐ N/A
7. Weekly payroll records and statements of compliance were or will be submitted by the prime contractor and reviewed by the sponsor for conformance with federal labor and civil rights requirements as required by FAA and U.S. Department of Labor (29 CFR Part 5).
☒ Yes ☐ No ☐ N/A
8. Payments to the contractor were or will be made in conformance with federal requirements and contract provisions using sponsor internal controls that include:
- a. Retaining source documentation of payments and verifying contractor billing statements against actual performance (2 CFR § 200.302 and FAA Order 5100.38);
 - b. Prompt payment of subcontractors for satisfactory performance of work (49 CFR § 26.29);
 - c. Release of applicable retainage upon satisfactory performance of work (49 CFR § 26.29); and
 - d. Verification that payments to DBEs represent work the DBE performed by carrying out a commercially useful function (49 CFR §26.55).
- ☒ Yes ☐ No ☐ N/A
9. A final project inspection was or will be conducted with representatives of the sponsor and the contractor present that ensure:
- a. Physical completion of project work in conformance with approved plans and specifications (Order 5100.38);
 - b. Necessary actions to correct punch list items identified during final inspection are complete (Order 5100.38); and
 - c. Preparation of a record of final inspection and distribution to parties to the contract (Order 5100.38);
- ☒ Yes ☐ No ☐ N/A
10. The project was or will be accomplished without material deviations, changes, or modifications from approved plans and specifications, except as approved by the FAA (Order 5100.38).
☒ Yes ☐ No ☐ N/A

11. The construction of all buildings have complied or will comply with the seismic construction requirements of 49 CFR § 41.120.

☒ Yes ☐ No ☐ N/A

12. For development projects, sponsor has taken or will take the following close-out actions:

- a. Submit to the FAA a final test and quality assurance report summarizing acceptance test results, as applicable (Grant Condition);
- b. Complete all environmental requirements as established within the project environmental determination (Order 5100.38); and
- c. Prepare and retain as-built plans (Order 5100.38).

☒ Yes ☐ No ☐ N/A

13. Sponsor has revised or will revise their airport layout plan (ALP) that reflects improvements made and has submitted or will submit an updated ALP to the FAA no later than 90 days from the period of performance end date. (49 USC § 47107 and Order 5100.38).

☒ Yes ☐ No ☐ N/A

Attach documentation clarifying any above item marked with "No" response.

Sponsor's Certification

I certify, for the project identified herein, responses to the forgoing items are accurate as marked and additional documentation for any item marked "no" is correct and complete.

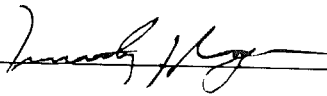
Executed on this 30 day of April, 2021.

Name of Sponsor: Salina Airpor Authority

Name of Sponsor's Authorized Official: Timothy F. Rogers, A.A.E.

Title of Sponsor's Authorized Official: Executive Director

Signature of Sponsor's Authorized Official: _____



I declare under penalty of perjury that the foregoing is true and correct. I understand that knowingly and willfully providing false information to the federal government is a violation of 18 USC § 1001 (False Statements) and could subject me to fines, imprisonment, or both.

Certification and Disclosure Regarding Potential Conflicts of Interest Airport Improvement Program Sponsor Certification

Sponsor: Salina Airport Authority

Airport: Salina Regional Airport (KSLN)

Project Number: 3-0020-0072-42-2021

Description of Work: Rehabilitation of south 7,500' of Runway 17/35 pavement and improve subgrade drainage at Runway 17/35 and Taxiway D Intersection.

Application

Title 2 CFR § 200.112 and § 1201.112 address Federal Aviation Administration (FAA) requirements for conflict of interest. As a condition of eligibility under the Airport Improvement Program (AIP), sponsors must comply with FAA policy on conflict of interest. Such a conflict would arise when any of the following have a financial or other interest in the firm selected for award:

- a) The employee, officer or agent,
- b) Any member of his immediate family,
- c) His or her partner, or
- d) An organization which employs, or is about to employ, any of the above.

Selecting "Yes" represents sponsor or sub-recipient acknowledgement and confirmation of the certification statement. Selecting "No" represents sponsor or sub-recipient disclosure that it cannot fully comply with the certification statement. If "No" is selected, provide support information explaining the negative response as an attachment to this form. This includes whether the sponsor has established standards for financial interest that are not substantial or unsolicited gifts are of nominal value (2 CFR § 200.318(c)). The term "will" means Sponsor action taken at appropriate time based on the certification statement focus area, but no later than the end of the project period of performance.

Certification Statements

1. The sponsor or sub-recipient maintains a written standards of conduct governing conflict of interest and the performance of their employees engaged in the award and administration of contracts (2 CFR § 200.318(c)). To the extent permitted by state or local law or regulations, such standards of conduct provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the sponsor's and sub-recipient's officers, employees, or agents, or by contractors or their agents.

☒ Yes ☐ No

2. The sponsor's or sub-recipient's officers, employees or agents have not and will not solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements (2 CFR § 200.318(c)).

☒ Yes ☐ No

3. The sponsor or sub-recipient certifies that it has disclosed and will disclose to the FAA any known potential conflict of interest (2 CFR § 1200.112).

☒ Yes ☐ No

Attach documentation clarifying any above item marked with "no" response.

Sponsor's Certification

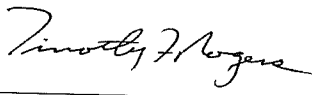
I certify, for the project identified herein, responses to the forgoing items are accurate as marked and have the explanation for any item marked "no" is correct and complete.

Executed on this 30th day of April, 2021.

Name of Sponsor: Salina Airport Authority

Name of Sponsor's Authorized Official: Timothy F. Rogers, A.A.E.

Title of Sponsor's Authorized Official: Executive Director

Signature of Sponsor's Authorized Official: 

I declare under penalty of perjury that the foregoing is true and correct. I understand that knowingly and willfully providing false information to the federal government is a violation of 18 USC § 1001 (False Statements) and could subject me to fines, imprisonment, or both.

CONTRACT AGREEMENT

**Salina Regional Airport
Salina, Kansas
AIP PROJECT NO. 3-20-0072-042-2021**

THIS AGREEMENT, made and entered into this _____ day of _____, 2021, by and between Salina Airport Authority, Party of the First Part, hereinafter referred to as the “Owner”, and Bettis Asphalt & Construction, Inc., Party of the Second Part, hereinafter referred to as the “Contractor,” for the construction of airport improvement including Rehabilitate 7,500’ of Runway 17/35 Pavement and Taxiway D Subgrade Drainage and other incidental work at the Salina Regional Airport.

WITNESSETH:

ARTICLE 1. It is hereby mutually agreed that for and in consideration of the payments as provided for herein to the Contractor by the Owner, the said Contractor shall furnish all labor, equipment, and material and shall perform all work necessary to complete the improvements in a good and substantial manner, ready for use, and in strict accordance with this Contract, a copy of which is filed pursuant to law in the office of the legal representative of the Owner.

ARTICLE 2. It is hereby further agreed that in consideration of the faithful performance of the work by the Contractor, the Owner shall pay the Contractor the compensation due him/her by reason of said faithful performance of the work, at stated intervals and in the amount certified by the Engineer, in accordance with the provisions of this Contract.

ARTICLE 3. It is hereby further agreed that, at the completion of the work and its acceptance by the Owner, all sums due the Contractor by reason of his faithful performance of the work, taking into consideration additions to or deductions from the Contract price by reason of alterations or modifications of the original Contract or by reason of “Extra Work” authorized under this Contract, will be paid the Contractor by the Owner after said completion and acceptance.

ARTICLE 4. It is hereby further agreed that any references herein to the “Contract” shall include “Contract Documents” as the same as defined in Paragraph 10-16, Section 10 of the General Provisions and consisting of the Invitation for Bid, Instruction to Bidders, all issued Addenda, Proposal, Statement of Qualifications, Anticipated Sub-Contracts, Form of Proposal Guaranty, Notice of Award, Contract Agreement, Performance & Payment Bonds, Notice to Proceed, Notice of Contractor’s Settlement, Wage Rates, General Provisions, Special Provisions, Plans, Technical Specifications, attached appendices and all documents incorporated by reference. Said “Contract Documents” are made a part of the Contract as if set out at length herein. Said Contract Agreement is limited to the items in the proposal as signed by the “Contractor” and included in the “Contract Documents.”

ARTICLE 5. The Contractor agrees to perform all the work described in the Contract Documents for the unit prices and lump sums as submitted in the Bid, taking into consideration additions to or deductions from the Total Bid by reason of actual quantities measured, alterations or modifications of the original estimated quantities or by reason of “Extra Work” authorized under this Agreement in accordance with the provisions of the Contract Documents.

ARTICLE 6. The Contractor agrees to commence work within ten (10) calendar days after the receipt of a Notice to Proceed and the Contractor further agrees to complete said work within 55 calendar day(s). Construction for this project shall start on July 5, 2022. Extensions of the Contract time may only be permitted execution of a formal modification to Contract Agreement as approved by the Owner. Liquidated damages in the amount of \$1,500.00/calendar day(s) shall be paid to the Airport for that time which exceeds the number of Calendar days allowed in this paragraph (lost direct revenue, i.e. fuel flowage. In addition, up to \$2,140.00/calendar day(s) for the construction manager plus up to \$1,820.00/calendar day(s) for each additional resident engineer plus any incurred

expenses (per diem, lodging, etc.) will be charged to the Contractor for that time which exceeds the number of Calendar days allowed in this paragraph, per Special Provision, Part C, Section 18, LIQUIDATED DAMAGES. Further, each phase of work under the project has additional liquidated damage clauses, as outlined in Section 80-08 FAILURE TO COMPLETE ON TIME.

ARTICLE 7. The amount of money appropriated will be equal to or in excess of the contract amount as forth in the notice(s) to proceed. Change orders requiring additional compensable work to be performed, which cause the aggregate amount payable under the contract to exceed the amount appropriated for the original contract, are prohibited unless the contractor is given written assurance by owner that lawful appropriations to cover costs of the additional work have been made or unless such work is covered under a remedy granting provision of the contract. Notwithstanding anything to the contrary in the Contract Documents the Contractor hereby acknowledges and agrees that Owner’s performance under the contract is subject to receipt of funds from the FAA and further is subject to annual appropriation by Owner in accordance with a budget adopted by Salina Airport Authority. Owner may issue multiple Notice(s) to Proceed in incremental stages as funding becomes available.

The total estimated cost for AIP project #3-20-0072-042-2021 thereof to be Three Million, Six Hundred Sixty-Four Thousand, Eight Hundred Ninety-Eight Dollars and 0/100 cents (\$3,664,898.00).

IN WITNESS WHEREOF, the Party of the First Part and the Party of the Second Part, respectively, have caused this Agreement to be duly executed in day and year first herein written in five (5) copies, all of which to all intents and purposed shall be considered as the original.

CONTRACTOR, Party of the Second Part

OWNER, Party of the First Part

By: _____

By: _____

(Office or Position of Signer)

(Office or Position of Signer)

(SEAL)

(SEAL)

ATTEST: _____

ATTEST: _____

(Office or Position of Signer)

(Office or Position of Signer)

RESOLUTION NO. 21-05

OF

SALINA AIRPORT AUTHORITY (SALINA, KANSAS)

ADOPTED

JULY 21, 2021

**TAXABLE GENERAL OBLIGATION BONDS
SERIES 2021-A**

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RESOLUTION NO. 21-05

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF TAXABLE GENERAL OBLIGATION BONDS, SERIES 2021-A, OF THE SALINA AIRPORT AUTHORITY (SALINA, KANSAS); PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the Salina Airport Authority (Salina, Kansas) (the “Issuer”) is a legally constituted public airport authority, duly created, organized and existing under the Constitution and laws of the State, including specifically K.S.A 27-315 to 27-236 *et seq.*; and

WHEREAS, Issuer has previously authorized certain internal improvements described as follows (the “Improvements”):

| <u>Project Description</u> | <u>Resolution No.</u> | <u>Authority</u> | <u>Amount</u> |
|---------------------------------|-----------------------|--------------------------------------|---------------|
| Hangar 959 and 504 Improvements | 19-06 | K.S.A. 27-315 to 27-326 inclusive | \$3,000,000 |

; and

WHEREAS, the Issuer desires to issue its general obligation bonds in order to permanently finance the costs of such Improvements and to retire the following temporary notes of the Issuer, which were issued to temporarily finance a portion of the costs of the Improvements (the “Refunded Notes”):

| <u>Series</u> | <u>Dated Date</u> | <u>Maturity Date</u> | <u>Original Amount</u> | <u>Redemption Amount</u> | <u>Redemption Date</u> |
|---------------|-----------------------|--------------------------|----------------------------|------------------------------|----------------------------|
| 2019-1 | August 14, 2019 | September 1, 2021 | \$2,250,000 | \$2,250,000 | September 1, 2021 |

; and

WHEREAS, the governing body of the Issuer is authorized by law to issue the general obligation bonds to pay a portion of the costs of the Improvements; and

WHEREAS, the governing body of the Issuer has advertised the sale of the Bonds in accordance with the law and at a meeting held on this date, awarded the sale of such Bonds to the lowest bidder; and

WHEREAS, the governing body of the Issuer hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Bonds in the principal amount of \$[PRINCIPAL AMOUNT] to pay a portion of the costs of the Improvements and to retire the Refunded Notes.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE SALINA AIRPORT AUTHORITY (SALINA, KANSAS), AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms as used in this Bond Resolution shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 *et seq.* and K.S.A. 27-315 to 27-326 inclusive, all as amended and supplemented from time to time.

“Authorized Denomination” means \$5,000 or any integral multiples thereof.

“Beneficial Owner” of the Bonds includes any Owner of the Bonds and any other Person who, directly or indirectly has the investment power with respect to such Bonds.

“Bond and Interest Fund” means the Bond and Interest Fund of the Issuer for its general obligation bonds.

“Bond Counsel” means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.

“Bond Register” means the books for the registration, transfer and exchange of Bonds kept at the office of the Bond Registrar.

“Bond Registrar” means the State Treasurer, and any successors and assigns.

“Bond Resolution” means this resolution relating to the Bonds.

“Bonds” means the Taxable General Obligation Bonds, Series 2021-A, authorized and issued by the Issuer pursuant to this Bond Resolution.

“Business Day” means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the legislature of the State and on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“Cede & Co.” means Cede & Co., as nominee of DTC and any successor nominee of DTC.

“Chair” means the duly elected and acting Chair, or in the Chair’s absence, the duly appointed and/or elected Vice Chair or Acting Chair of the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder by the United States Department of the Treasury.

“Costs of Issuance” means all costs of issuing the Bonds, including but not limited to all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in

connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

“Dated Date” means August 17, 2021.

“Debt Service Account” means the Debt Service Account for Taxable General Obligation Bonds, Series 2021-A (within the Bond and Interest Fund) created pursuant to **Section 501** hereof.

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

“Defaulted Interest” means interest on any Bond which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) such obligations are rated in a rating category by Moody's or Standard & Poor's that is no lower than the rating category then assigned by that Rating Agency to United States Government Obligations.

“Derivative” means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.

“Disclosure Undertaking” means the Continuing Disclosure Undertaking, dated as of the Dated Date, relating to certain obligations contained in the SEC Rule.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depository duly appointed.

“DTC Representation Letter” means the Blanket Letter of Representation from the Issuer and the Paying Agent to DTC which provides for a book-entry system, or any agreement between the Issuer and Paying Agent and a successor securities depository duly appointed.

“Event of Default” means each of the following occurrences or events:

(a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise;

(b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or

(c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Resolution (other than the covenants relating to continuing disclosure requirements contained herein and in the Disclosure Undertaking) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.

“Financeable Costs” means the amount of expenditure for an Improvement which has been duly authorized by action of the governing body of the Issuer to be financed by general obligation bonds, less: (a) the amount of any temporary notes or general obligation bonds of the Issuer which are currently Outstanding and available to pay such Financeable Costs; and (b) any amount of Financeable Costs which has been previously paid by the Issuer or by any eligible source of funds unless such amounts are entitled to be reimbursed to the Issuer under State or federal law.

“Fiscal Year” means the twelve month period ending on December 31.

“Funds and Accounts” means funds and accounts created pursuant to or referred to in *Section 501* hereof.

“Improvement Fund” means the Improvement Fund for Taxable General Obligation Bonds, Series 2021-A created pursuant to *Section 501* hereof.

“Improvements” means the improvements referred to in the preamble to this Bond Resolution and any Substitute Improvements.

“Independent Accountant” means an independent certified public accountant or firm of independent certified public accountants at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Independent Accountant by this Bond Resolution.

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Bond which shall be March 1 and September 1 of each year, commencing March 1, 2022.

“Issue Date” means the date when the Issuer delivers the Bonds to the Purchaser in exchange for the Purchase Price.

“Issuer” means the Salina Airport Authority (Salina, Kansas).

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Notice Address” means with respect to the following entities:

(a) To the Issuer at:

Salina Airport Authority (Salina, Kansas)
3237 Arnold Ave
Salina, Kansas 67401
Phone No. 785-827-3914
Fax No. 785-827-2221

(b) To the Paying Agent at:

State Treasurer of the State of Kansas
Landon Office Building
900 Southwest Jackson, Suite 201
Topeka, Kansas 66612-1235
Fax: (785) 296-6976

(c) To the Purchaser:

[Purchaser Name]
[_____] _____
[Purchaser City, State] _____

(d) To the Rating Agency(ies):

Moody's Municipal Rating Desk
7 World Trade Center
250 Greenwich Street
23rd Floor
New York, New York 10007

or such other address as is furnished in writing to the other parties referenced herein.

“Notice Representative” means:

- (a) With respect to the Issuer, the Secretary.
- (b) With respect to the Bond Registrar and Paying Agent, the Director of Bond Services.
- (c) With respect to any Purchaser, the manager of its Municipal Bond Department.
- (d) With respect to any Rating Agency, any Vice President thereof.

“Official Statement” means Issuer's Official Statement relating to the Bonds.

“Outstanding” means, when used with reference to the Bonds, as of a particular date of determination, all Bonds theretofore authenticated and delivered, except the following Bonds:

- (a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of *Article VII* hereof; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

“Owner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register. Whenever consent of the Owners is required pursuant to the terms of this Bond Resolution, and the Owner of the Bonds, as set forth on the Bond Register, is Cede & Co., the term Owner shall be deemed to be the Beneficial Owner of the Bonds.

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Paying Agent” means the State Treasurer, and any successors and assigns.

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located; (f) obligations of the federal national mortgage association, federal home loan banks, federal

home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f) all as may be further restricted or modified by amendments to applicable State law.

"Person" means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

"Purchase Price" means the principal amount of the Bonds plus accrued interest to the date of delivery, plus a premium of \$[_____], less an underwriting discount of \$[_____].

"Purchaser" means [Purchaser Name], [Purchaser City, State], the original purchaser of the Bonds, and any successor and assigns.

"Rating Agency" means any company, agency or entity that provides, pursuant to request of the Issuer, financial ratings for the Bonds.

"Record Dates" for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

"Redemption Date" means, when used with respect to any Bond to be redeemed, the date fixed for the redemption of such Bond pursuant to the terms of this Bond Resolution.

"Redemption Price" means, when used with respect to any Bond to be redeemed, the price at which such Bond is to be redeemed pursuant to the terms of this Bond Resolution, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"Refunded Notes" means the Series 2019-1 Notes maturing on September 1, 2021.

"Refunded Notes Paying Agent" means the paying agent for the Refunded Notes as designated in the Refunded Notes Resolution, and any successor or successors at the time acting as paying agent of the Refunded Notes.

"Refunded Notes Redemption Date" means September 1, 2021.

"Refunded Notes Resolution" means the resolution that authorized the Refunded Notes.

"Replacement Bonds" means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Section 210* hereof.

"SEC Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

“Securities Depository” means, initially, DTC, and its successors and assigns.

“Secretary” means the duly appointed and/or elected Secretary or, in the Secretary’s absence, the duly appointed deputy Secretary or acting Secretary of the Issuer.

“Series 2019-1 Notes” means the Issuer’s General Obligation Temporary Notes, Series 2019-1, dated August 14, 2019.

“Special Record Date” means the date fixed by the Paying Agent pursuant to *Article II* hereof for the payment of Defaulted Interest.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a Division of McGraw-Hill Financial, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor’s shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“State” means the state of Kansas.

“State Treasurer” means the duly elected Treasurer or, in the Treasurer’s absence, the duly appointed Deputy Treasurer or acting Treasurer of the State.

“Stated Maturity” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“Substitute Improvements” means the substitute or additional improvements of the Issuer described in *Article V* hereof.

“Treasurer” means the duly appointed and/or elected Treasurer of the Issuer or, in the Treasurer’s absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the Issuer.

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section 201. Authorization of the Bonds. There shall be issued and hereby are authorized and directed to be issued the Taxable General Obligation Bonds, Series 2021-A, of the Issuer in the principal amount of \$[PRINCIPAL AMOUNT], for the purpose of providing funds to: (a) pay a portion of the costs of the Improvements; (b) pay Costs of Issuance; and (c) retire the Refunded Notes.

Section 202. Description of the Bonds. The Bonds shall consist of fully registered bonds in an Authorized Denomination, and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities as provided in *Article III* hereof, and shall bear interest at the rates per annum as follows:

SERIAL BONDS

| Stated Maturity <u>September 1</u> | Principal <u>Amount</u> | Annual Rate <u>of Interest</u> | Stated Maturity <u>September 1</u> | Principal <u>Amount</u> | Annual Rate <u>of Interest</u> |
|---|------------------------------------|---|---|------------------------------------|---|
| 2022 | | | 2030 | | |
| 2023 | | | 2031 | | |
| 2024 | | | 2032 | | |
| 2025 | | | 2033 | | |
| 2026 | | | 2034 | | |
| 2027 | | | 2035 | | |
| 2028 | | | 2036 | | |
| 2029 | | | | | |

[TERM BONDS]

| Stated Maturity <u>September 1</u> | Principal <u>Amount</u> | Annual Rate <u>of Interest</u> |
|---|------------------------------------|---|
| _____ | \$ _____ | _____ %] |

The Bonds shall bear interest at the above specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in *Section 204* hereof.

Each of the Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as *EXHIBIT A* or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

Section 203. Designation of Paying Agent and Bond Registrar. The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds. The Chair of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Bonds.

The Issuer will at all times maintain a Paying Agent and Bond Registrar meeting the qualifications herein described for the performance of the duties hereunder. The Issuer reserves the right to appoint a successor Paying Agent or Bond Registrar by (a) filing with the Paying Agent or Bond Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Bond Registrar and appointing a successor, and (b) causing notice of appointment of the successor Paying Agent and Bond Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Bond Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Bond Registrar.

Every Paying Agent or Bond Registrar appointed hereunder shall at all times meet the requirements of K.S.A. 10-501 *et seq.* and K.S.A. 10-620 *et seq.*, respectively.

Section 204. Method and Place of Payment of the Bonds. The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and at least annually shall forward a copy or summary of such records to the Issuer.

Section 205. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 206. Registration, Transfer and Exchange of Bonds. The Issuer covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Bond Registrar as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds provided for by this Bond Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Code § 3406, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bonds.

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to *Article III* hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to this *Article II*.

The Issuer and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute Owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Owner or upon the Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register may be inspected and copied by the Owners (or a designated representative thereof) of 10% or

more in principal amount of the Bonds then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Bond Registrar.

Section 207. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the Issuer by the manual, electronic or facsimile signature of the Chair, attested by the manual, electronic or facsimile signature of the Secretary and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Chair and Secretary are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the Secretary, which registration shall be evidenced by the manual, electronic or facsimile signature of the Secretary with the seal of the Issuer affixed thereto or imprinted thereon, and registered in the office of the Clerk of Saline County, Kansas, which registration shall be evidenced by the manual or facsimile signature of the Clerk of Saline County, Kansas with the seal of Saline County, Kansas affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual, electronic or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Chair and Secretary are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Bond Registrar for authentication.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as **EXHIBIT A** hereof, which shall be manually executed by an authorized officer or employee of the Bond Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the Issuer or its representative.

Section 208. Mutilated, Lost, Stolen or Destroyed Bonds. If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, in its discretion, may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Paying Agent may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be

imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this Section shall constitute a replacement of the prior obligation of the Issuer, and shall be entitled to all the benefits of this Bond Resolution equally and ratably with all other Outstanding Bonds.

Section 209. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

Section 210. Book-Entry Bonds; Securities Depository. The Issuer and Paying Agent have entered into a DTC Representation Letter with DTC. The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraph.

The Issuer may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository

shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in an Authorized Denominations and form as provided herein.

Section 211. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four (4) years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay, without liability for interest thereon, to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 212. Preliminary and Final Official Statement. The Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Chair or chief financial officer of the Issuer are hereby authorized to execute the Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the Issue Date.

The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Bonds sufficient copies of the Official Statement to enable the Purchaser to comply with the requirements of the SEC Rule and Rule G-32 of the Municipal Securities Rulemaking Board.

Section 213. Sale of the Bonds. The Chair and Secretary are hereby authorized to execute the official bid form submitted by the Purchaser. Delivery of the Bonds shall be made to the Purchaser on the Issue Date (which shall be as soon as practicable after the adoption of this Bond Resolution), upon payment of the Purchase Price.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption by Issuer.

Optional Redemption. At the option of the Issuer, Bonds maturing on September 1 in the years 2030, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on September 1, 2029, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

[**Mandatory Redemption.** (a) [] Term Bonds.] The [] Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in *Article IV* hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on «F_Principal_Payment_Date_» 1 in each year, the following principal amounts of such [] Term Bonds:

**Principal
Amount**
\$

Year

*

*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the Issuer may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the Issuer under this Section for any Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Issuer to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity as designated by the Issuer, and the principal amount of Term Bonds to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the Issuer intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the Issuer will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.]

Section 302. Selection of Bonds to be Redeemed. Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the Issuer shall determine. Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in a minimum Authorized Denomination of principal amount in such equitable manner as the Bond Registrar may determine.

In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption a minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of the denomination of a minimum Authorized Denomination. If it is determined that one or more, but not all, of a minimum Authorized Denomination of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem a minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of a minimum Authorized Denomination of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of a minimum Authorized Denomination of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. In the event the Issuer desires to call the Bonds for redemption prior to maturity, written notice of such intent shall be provided to the Bond Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Bond Registrar shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Bond Registrar at least 45 days prior to the Redemption Date of written instructions of the Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. [The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Term Bonds hereunder, and Term Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Issuer and whether or not the Paying Agent holds moneys available and sufficient to effect the required redemption.]

Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;

(d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and

(e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent.

The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been surrendered for redemption shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Undertaking. Further notice may be given by the Issuer or the Bond Registrar on behalf of the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed:

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least one day before the mailing of notice to Owners by first class, registered or certified mail or overnight delivery, as determined by the Bond Registrar, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Each check or other transfer of funds issued for the payment of the Redemption Price of Bonds being redeemed shall bear or have enclosed the CUSIP number of the Bonds being redeemed with the proceeds of such check or other transfer.

The Paying Agent is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for the Bonds. The Bonds shall be general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 402. Levy and Collection of Annual Tax; Transfer to Debt Service Account. The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be transferred to the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS

Section 501. Creation of Funds and Accounts. Simultaneously with the issuance of the Bonds, there shall be created within the Treasury of the Issuer the following Funds and Accounts:

(a) Improvement Fund for Taxable General Obligation Bonds, Series 2021-A.

- (b) Debt Service Account for Taxable General Obligation Bonds, Series 2021-A.

The Funds and Accounts established herein shall be administered in accordance with the provisions of this Bond Resolution so long as the Bonds are Outstanding.

Section 502. Deposit of Bond Proceeds. The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds as follows:

(a) All accrued interest received from the sale of the Bonds shall be deposited in the Debt Service Account.

(b) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Improvement Fund.

Section 503. Application of Moneys in the Improvement Fund. Moneys in the Improvement Fund shall be used for the sole purpose of (a) paying the costs of the Improvements, in accordance with the plans and specifications therefor approved by the governing body of the Issuer and on file in the office of the Secretary, including any alterations in or amendments to said plans and specifications deemed advisable and approved by the governing body of the Issuer, (b) paying interest on the Bonds during construction of the Improvements, (c) paying Costs of Issuance, and (d) retiring the Refunded Notes.

Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer. Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

Section 504. Substitution of Improvements; Reallocation of Proceeds.

(a) The Issuer may elect for any reason to substitute or add other public improvements to be financed with proceeds of the Bonds provided the following conditions are met: (1) the Substitute Improvement and the issuance of general obligation bonds to pay the cost of the Substitute Improvement has been duly authorized by the governing body of the Issuer in accordance with the laws of the State; (2) a resolution authorizing the use of the proceeds of the Bonds to pay the Financeable Costs of the Substitute Improvement has been duly adopted by the governing body of the Issuer pursuant to this Section and (3) the Attorney General of the State has approved the amendment made by such resolution to the transcript of proceedings for the Bonds to include the Substitute Improvements.

(b) The Issuer may reallocate expenditure of Bond proceeds among all Improvements financed by the Bonds; provided the following conditions are met: (1) the reallocation is approved by the governing body of the Issuer and (2) the reallocation shall not cause the proceeds of the Bonds allocated to any Improvement to exceed the Financeable Costs of the Improvement.

Section 505. Application of Moneys in Debt Service Account. All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately

available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Bond Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Bond Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Account after the retirement of the Bonds shall be transferred and paid into the Bond and Interest Fund.

Section 506. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States: (a) which has a main or branch office located in the city of the Issuer; or (b) if no such entity has a main or branch office located in the city of the Issuer, with such an entity that has a main or branch office located in the county or counties in which the Issuer is located. All such depositaries shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

Moneys held in any Fund or Account may be invested in accordance with this Bond Resolution in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account; provided that, during the period of construction of the Improvements, earnings on the investment of such funds may be credited to the Debt Service Account.

ARTICLE VI

DEFAULT AND REMEDIES

Section 601. Remedies. The provisions of the Bond Resolution, including the covenants and agreements herein contained, shall constitute a contract between the Issuer and the Owners of the Bonds. If an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds similarly situated:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the Issuer and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Resolution or by the Constitution and laws of the State;

(b) by suit, action or other proceedings in equity or at law to require the Issuer, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

Section 602. Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Bond Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Bonds.

Section 603. Remedies Cumulative. No remedy conferred herein upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners of the Bonds by this Bond Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the Issuer and the Owners of the Bonds shall, subject to any determination in such action or proceeding or applicable law of the State, be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no

such satisfaction shall occur until (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with *Article III* hereof. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Bond Resolution.

ARTICLE VIII

CONTINUING DISCLOSURE REQUIREMENTS

Section 801. Disclosure Requirements. The Issuer hereby covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Undertaking, the provisions of which are incorporated herein by reference. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

Section 802. Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its covenants contained in the preceding section, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. Notwithstanding any other provision of this Bond Resolution, failure of the Issuer to comply with its covenants contained in the preceding section shall not be considered an Event of Default under this Bond Resolution.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 901. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Secretary. Such audit shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner. As soon as possible after the completion of the annual audit, the governing body of the Issuer shall review such audit, and if the audit discloses that proper provision

has not been made for all of the requirements of this Bond Resolution, the Issuer shall promptly cure such deficiency.

Section 902. Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Secretary, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond;
- (c) permit preference or priority of any Bond over any other Bond; or
- (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Bond Resolution.

Any provision of the Bonds or of this Bond Resolution may, however, be amended or modified by resolution duly adopted by the governing body of the Issuer at any time in any legal respect with the written consent of the Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more precisely identify the Improvements, to reallocate proceeds of the Bonds among Improvements, to provide for Substitute Improvements, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Bonds or of this Bond Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the governing body of the Issuer amending or supplementing the provisions of this Bond Resolution and shall be deemed to be a part of this Bond Resolution. A certified copy of every such amendatory or supplemental resolution, if any, and a certified copy of this Bond Resolution shall always be kept on file in the office of the Secretary, and shall be made available for inspection by the Owner of any Bond or a prospective purchaser or owner of any Bond authorized by this Bond Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental resolution or of this Bond Resolution will be sent by the Secretary to any such Owner or prospective Owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Secretary a copy of the resolution of the Issuer hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

The Issuer shall furnish to the Paying Agent a copy of any amendment to the Bonds or this Bond Resolution which affects the duties or obligations of the Paying Agent under this Bond Resolution.

Section 903. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Bond Resolution, Bonds owned by the Issuer shall be disregarded and deemed not to be Outstanding under this Bond Resolution, except that, in determining whether the Owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Owners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer.

Section 904. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Bond Resolution shall be in writing, given to the Notice Representative at the Notice Address and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

Section 905. Electronic Transactions. The transactions described in this Bond Resolution may be conducted, and documents related to the Bonds may be sent, received, executed, and stored, by electronic means or transmissions. Copies, telecopies, electronic files and other reproductions of original executed documents (or documents executed by electronic means or transmissions) shall be deemed to be authentic and valid counterparts of such documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 906. Further Authority. The officers and officials of the Issuer, including the Chair and Secretary, are hereby authorized and directed to execute all documents and take such actions

as they may deem necessary or advisable in order to carry out and perform the purposes of this Bond Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 907. Severability. If any section or other part of this Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Bond Resolution.

Section 908. Governing Law. This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 909. Effective Date. This Bond Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

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ADOPTED by the governing body of the Issuer on July 21, 2021.

(SEAL)

Chair

ATTEST:

Secretary

EXHIBIT A
(FORM OF BONDS)

**REGISTERED
NUMBER** __

**REGISTERED
\$**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF SALINE
SALINA AIRPORT AUTHORITY
(SALINA, KANSAS)
TAXABLE GENERAL OBLIGATION BOND
SERIES 2021-A**

**Interest
Rate:**

**Maturity
Date:**

**Dated
Date: August 17, 2021**

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the Salina Airport Authority (Salina, Kansas), in the County of Saline, State of Kansas (the “Issuer”), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, unless called for redemption prior to said Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on March 1 and September 1 of each year, commencing March 1, 2022 (the “Interest Payment Dates”), until the Principal Amount has been paid.

Method and Place of Payment. The principal or redemption price of this Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Bond Registrar”). The interest payable on this Bond on any Interest Payment Date shall be paid to the person in whose name this Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s)

for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or, (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the hereinafter defined Bond Resolution.

Authorization of Bonds. This Bond is one of an authorized series of Bonds of the Issuer designated “Taxable General Obligation Bonds, Series 2021-A,” aggregating the principal amount of \$3,075,000 (the “Bonds”) issued for the purposes set forth in the Resolution of the Issuer authorizing the issuance of the Bonds (the “Bond Resolution”). The Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-101 *et seq.* and K.S.A. 27-315 *et seq.*, all as amended, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

General Obligations. The Bonds constitute general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds.

Redemption Prior to Maturity. The Bonds are subject to redemption prior to maturity, as provided in the Bond Resolution.

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Resolution. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository’s participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Bond Registrar will recognize the Securities Depository nominee, while the Registered Owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the

Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Bond Registrar and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE BOND RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Bond Resolution, only on the Bond Register kept for that purpose at the principal office of the Bond Registrar, upon surrender of this Bond, together with a written instrument of transfer or authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Bond or Bonds in any Authorized Denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Bonds and the cost of a reasonable supply of bond blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issued in fully registered form in Authorized Denominations.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Bond have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that the total indebtedness of the Issuer, including this series of bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed by the manual, electronic or facsimile signature of its Chair and attested by the manual, electronic or facsimile signature of its Secretary, and its seal to be affixed hereto or imprinted hereon.

**SALINA AIRPORT AUTHORITY
(SALINA, KANSAS)**

(Facsimile Seal)

By: _____
 (facsimile)
 Chair

ATTEST:

By: _____
 (facsimile)
 Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series of Taxable General Obligation Bonds, Series 2021-A, of the Salina Airport Authority (Salina, Kansas), described in the within-mentioned Bond Resolution.

Registration Date _____

Office of the State Treasurer,
Topeka, Kansas
as Bond Registrar and Paying Agent

By _____

Registration Number _____

BOND ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identification No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$_____, standing in the name of the undersigned on the books of the Bond Registrar. The undersigned do(es) hereby irrevocably constitute and appoint _____ as agent to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or
Taxpayer Identification No.

Signature (Sign here exactly as name(s)
appear on the face of Certificate)

Signature guarantee:

By _____

CERTIFICATE OF CLERK

STATE OF KANSAS)
) SS.
COUNTY OF SALINE)

The undersigned, Secretary of the Salina Airport Authority (Salina, Kansas), does hereby certify that the within Bond has been duly registered in my office according to law as of August 17, 2021.

WITNESS my hand and official seal.

(Facsimile Seal)

By: _____ (facsimile)
Secretary

CERTIFICATE OF COUNTY CLERK

STATE OF KANSAS)
) SS.
COUNTY OF SALINE)

The undersigned, County Clerk of Saline County, Kansas, does hereby certify that the within Bond has been duly registered in my office according to law as of _____, 2021.

WITNESS my hand and official seal.

(Facsimile Seal)

By: _____ (facsimile)
County Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

LYNN W. ROGERS, Treasurer of the State of Kansas, does hereby certify that a transcript of the proceedings leading up to the issuance of this Bond has been filed in the office of the State Treasurer, and that this Bond was registered in such office according to law on _____.

WITNESS my hand and official seal.

(Seal)

By: _____ (manual)
Treasurer of the State of Kansas

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Bonds:

GILMORE & BELL, P.C.

Attorneys at Law
2405 Grand Boulevard
Suite 1100
Kansas City, Missouri 64108

(PRINTED LEGAL OPINION)

OPTION AGREEMENT

This Option Agreement is made as of this 28 day of June, 2021, by and between the **SALINA AIRPORT AUTHORITY**, whose principal office is located at 3237 Arnold, Salina, Saline County, Kansas, herein ("SAA"), and **KEJR, INC., d/b/a GEOPROBE SYSTEMS**, a Kansas corporation with its principal offices at 1835 Wall St., Salina, Saline County, Kansas, herein ("GEOPROBE"), WITNESSETH:

Recitals

WHEREAS, SAA is the owner of the following described real estate:

Lot 1, Block 5, Airport Industrial Center Subdivision to the City of Salina, Saline County, Kansas, which is approximately 10.33 acres, more or less;

herein referred to as "the Premises", and

WHEREAS, SAA and GEOPROBE entered into an agreement on September 30, 2005 ("2005 Agreement") providing GEOPROBE with an exclusive option to purchase or lease the above Premises and a second tract briefly described as Lot 1, Block 1 of the Airport Industrial Center Subdivision Unit No. 2 (13.57 acres).

WHEREAS, on March 1, 2007, GEOPROBE exercised their option to purchase Lot 1, Block 1 of the Airport Industrial Center Subdivision Unit No. 2.

WHEREAS, on September 30, 2008, the 2005 Agreement expired.

WHEREAS, SAA and GEOPROBE entered into an agreement on November 18, 2008, ("2008 Agreement") providing GEOPROBE with an exclusive option to purchase or lease the above described Premises.

WHEREAS, on September 30, 2011, the 2008 Agreement expired.

WHEREAS, GEOPROBE has notified the SAA of their desire to once again secure from the SAA, an exclusive option to purchase or lease the Premises, which is the one remaining tract from the 2005 Agreement.

NOW, THEREFORE, in exchange for the valuable consideration further described below, the receipt and sufficiency of which is hereby acknowledged, SAA gives and grants to GEOPROBE an exclusive option to purchase or lease the Premises upon the following terms and conditions:

1. Term of Agreement. The term of this Agreement shall commence on July 1, 2021, and continue thereafter for a period of three (3) years ("Option Period").

2. Option Payment. In consideration of GEOPROBE's payment to SAA of the amount of \$1,000 ("Option Payment"), SAA hereby grants to GEOPROBE an exclusive option to purchase or lease the Premises during the Option Period. ("Option"). The Option Payment shall not apply to the purchase or lease price if GEOPROBE exercises its Option to purchase or lease the Premises. If the Option is not exercised, then such payment shall be retained by SAA as rent and liquidated damages.

3. Exercise of Option. GEOPROBE has sole discretion whether to exercise the Option created hereunder. If GEOPROBE chooses to exercise its Option, it shall notify SAA in writing before the expiration of the Option Period. If GEOPROBE chooses not to exercise its Option before the expiration of the Option Period, then this Agreement shall be of no further force or effect. The parties shall thereafter have no further liability to each other under this Agreement.

4. Purchase and Lease Price. If GEOPROBE chooses to exercise its Option to purchase or lease the Premises, the purchase or lease price shall be as follows:

| On or Before | Base Per sq. ft. (land) | Lot 1, Block 5 Land Value | Option Fee | Option Price, Lot 1, Block 5 | Price per sq. ft. with option fee | Lease Price, Lot 1, Block 5 per sq. ft. per year |
|--------------|-------------------------|---------------------------|-------------|------------------------------|-----------------------------------|--|
| 6/30/2022 | \$0.5044 | \$226,922 | \$5,000.00 | \$231,922.00 | \$0.5155 | \$0.0353 |
| 6/30/2023 | \$0.5145 | \$231,460 | \$10,000.00 | \$241,460.44 | \$0.5367 | \$0.0366 |
| 6/30/2024 | \$0.5248 | \$236,090 | \$15,000.00 | \$251,089.65 | \$0.5581 | \$0.0379 |

5. Possession and Use of Premises. During the Option Period, SAA shall retain possession and have the exclusive control of the use of the Premises until such a time as GEOPROBE exercises its Option.

6. Taxes and Special Assessments. In further consideration of the SAA granting GEOPROBE the exclusive option to purchase the premises, GEOPROBE agrees to pay all real estate taxes and special assessments levied for 2021, prorated from the commencement date of the Option Agreement, and which may be levied against the Premises during the Option Period. Upon the Authority's receipt of a statement for taxes or assessments, the Authority will invoice GEOPROBE. When applicable, GEOPROBE may determine whether to exercise the option to pay only the first half or the entire obligation. GEOPROBE agrees to make payment to the Authority the full amount due under the chosen option no later than December 15 for taxes or assessments due December 20, and no later than May 5 for taxes or assessments due May 10.

7. Closing Date and Possession. If GEOPROBE exercises the Option, SAA and GEOPROBE shall promptly execute a Contract of Sale of Real Estate, for a closing date on or before 60 days following the date SAA receives written notice of the exercise of the Option by GEOPROBE. If SAA has not furnished marketable title as of that date, then the closing date shall be the day following the date on which marketable title can be furnished. The Contract of Sale of Real Estate shall be in similar form and shall include substantially the same terms as the draft contract attached herewith as Exhibit A.

8. Assignment. GEOPROBE shall not have the right to assign or transfer this Agreement, or any interest thereunder, without SAA's prior written consent, which shall not be unreasonably withheld.

9. Relationship of the Parties. If GEOPROBE exercises its Option, the relationship of the parties shall be solely that of buyer and seller, nothing herein shall create any other relationship or liability.

10. Written Notice. "Written Notice" as used in this Agreement shall be deemed to be given when either hand-delivered, or deposited, postage prepaid, sent certified mail in the United States mail, addressed to SAA or GEOPROBE at the address or addresses stated above. SAA and GEOPROBE shall have the right to change their respective address for delivery of notice hereunder by specifying a new address in writing and delivering the written instrument specifying such new address to the other party hereto.

11. Representation of Parties. SAA is represented herein by Greg A. Bengtson of the law firm of Clark, Mize & Linville, Chartered, Salina, Kansas. GEOPROBE is advised that it has the right to such independent legal counsel of its own choosing to represent it herein and to advise it with respect to this matter and by its signatures on this document, GEOPROBE acknowledges that it has either seen separate counsel of its own choosing or has elected to proceed without separate counsel herein.

12. Captions. The captions contained herein are for the purpose of convenient reference and do not separately define, limit or describe the scope and intent of any section to the exclusion of consideration of all other provisions of the Agreement contained in all other sections.

13. Construction. The language used in this Agreement shall be deemed to be language chosen by both parties hereto to express their mutual intent, and no rule of strict construction against either party shall apply to any term or condition of this Agreement.

14. Extent of Agreement. This Agreement shall be binding upon the successors and assigns of the respective parties hereto and may be executed in any number of counterparts, each of which shall be deemed an original, or in multiple originals, and all such counterparts or originals shall for all purposes constitute one agreement.

15. Default. If either party fails to comply with the terms of this Agreement after 10 days' written notice of breach, the other shall be entitled to pursue any remedies available at law or in

equity.

16. Waiver. The failure of either party to insist upon prompt performance of any condition or provision hereof, shall not constitute a waiver of the right of that party to insist upon prompt and punctual performance at any other time.

17. No Commission. The parties hereby stipulate that they have not consulted with any real estate broker or salesperson with respect to this sale, and no commissions arising from this sale are due and owing.

18. No Oral Agreements. This Agreement constitutes the entire agreement between the parties and there are no representations, warranties, conditions, or agreements other than those expressly set forth herein. No other agreement, statement, promise, warranty or representation made by any party to this agreement that is not in writing and signed by all parties to this agreement shall be binding.

19. Governing Law. This Agreement shall be governed by the laws of the state of Kansas.

IN WITNESS WHEREOF, the parties have signed or caused this Agreement to be signed by its duly authorized officers as of the day and year first above written.


SALINA AIRPORT AUTHORITY

Date _____

By: _____
Kristin Gunn
Chair

**KEJR, INC. D/B/A
GEOPROBE SYSTEMS**

Date 6/28/2021

By: 
Tom Omli
President

CONTRACT OF SALE OF REAL ESTATE

This Contract for Sale of Real Estate is made and entered into this ____ day of _____, by the **SALINA AIRPORT AUTHORITY** of Salina, Saline County, Kansas, ("Seller"), and _____ a _____ corporation with its principal offices at _____ ("Buyer"), WITNESSETH:

Recitals

A. Seller owns real estate suitable for industrial development and has determined it to be in the public interest to promote the private development of that real estate through its sale to parties wishing to develop it.

B. Seller wishes to sell and Buyer wishes to purchase the real estate described below upon the terms and conditions set forth in this Contract.

FOR AND IN CONSIDERATION of the mutual and reciprocal promises and agreements set forth herein, the parties agree as follows:

Section 1 – Description. Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller the following described real estate situated in Saline County, Kansas:

together with the appurtenances thereto belonging (herein "Premises"), upon the following terms and subject to the conditions and requirements hereinafter set forth.

Section 2 – Purchase Price. The purchase price for the Premises shall be the sum of _____ (\$ _____), payment of which is to be made in the following manner at the following times:

- (a) Five Thousand Dollars (\$5,000.00) earnest money shall be paid to the Escrow Agent upon the execution of this Contract; and
- (b) _____ <balance> _____ (_____), shall be paid in cash on the Closing Date.

Section 3 – Reservation of Aerial Easement. Seller hereby reserves unto itself, its successors and assigns, for the use and benefit of the public, a free and unrestricted right of flight for the passage of aircraft in the airspace above the surface of the Premises herein conveyed, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace or land at, taking off from, or operating on or about the Salina Municipal Airport (the "Aerial Easement"). Therefore, under no circumstances shall the finished elevation of any structure or the height of any equipment on the Premises exceed _____. above sea level. The Aerial Easement shall also be reserved in the warranty deed conveying title to the Premises to Buyer.

Section 4 - Site Development Review. Seller's Board of Directors must approve the site development and building construction plans based on their architectural review prior to commencement of construction. This site development review requirement shall also be noted on the warranty deed conveying title to the Premises to Buyer.

Section 5 - Notice of Proposed Construction. - Prior to the commencement of any construction or alteration on the Premises, the buyer must review and determine if any proposed construction on the Premises will require a Notice of Proposed Construction or Alteration (FAA Form 7460-1, OMB 2120-0001), to be filed with the Federal Aviation Administration. If any construction or alteration on the Premises should require the submission of FAA Form 7460-1, the Buyer shall notify the FAA of such construction or alteration and submit FAA Form 7460-1, as provided with "Exhibit B" attached herewith.

Section 6 – Payment of Expenses.

- (a) Seller shall pay the following items:
 - (1) Cost of preparation of contract, deed, and real estate sales validation questionnaire;
 - (2) One-half of title insurance premium; and
 - (3) One-half of escrow fee
- (b) Buyer shall pay the following items:
 - (1) One-half of title insurance premium;
 - (2) One-half of escrow fee;
 - (3) Cost of recording deed.

Section 7 – Escrow Agent. C.W. Lynn Abstract Company, Inc., Salina, Kansas, is hereby designated as the Escrow Agent of the parties and shall hold this Contract, deed, title insurance policy, and all other papers of transfer pending the complete fulfillment of this Contract. The Escrow Agent shall receive and disburse all payments to be paid hereunder.

Section 8 - Evidence of Title. Seller shall provide Buyer with a commitment for owners policy of title insurance covering the Premises in the amount of the purchase price showing marketable title in and to the above described real estate to be in Seller, free and clear of all liens and encumbrances, except:

- (a) easements and restrictions of record,
- (b) subject to tenants' rights, if any.
- (c) reservations set out in Section 3 and 4.

If Seller cannot furnish a marketable title to the Premises within a reasonable time, then this Contract shall be null and void and the earnest money paid hereunder shall be refunded to Buyer.

Section 9 – Closing Date, Delivery of Deed, and Possession. Time is expressly declared to be of the essence of this Contract. Closing Date shall be on or before _____. If Buyer shall pay the sums of money as they become due and payable, and otherwise fully comply with the provisions of this Contract, then this Contract shall become binding and the Escrow Agent shall at Closing deliver the warranty deed and title insurance policy to the Premises to Buyer. No title shall pass hereunder to Buyer, but shall remain in Seller until the foregoing conditions have been fully complied with. Seller agrees that Buyer shall have possession of the Premises immediately following the Closing.

Section 10 – Taxes. While the Premises are currently exempt from real estate taxes, the parties acknowledge that the Saline County Appraiser will assess real estate taxes against the currently exempt lot for _____, prorated effective upon the recording of the deed from Seller to Buyer. Buyer shall be responsible for payment of any real estate taxes assessed against the currently exempt lot for _____ and thereafter.

Section 11 – Warranties. Seller warrants that it is the lawful owner of the Premises and that the Premises are free and clear of all liens and encumbrances, except easements and restrictions, which now appear of record.

Section 12 – Inspection of Premises. Buyer acknowledges that the Premises have been inspected and Buyer agrees to accept the Premises in its present condition and fitness for contemplated use and that the Seller has made no warranties as to fitness or condition not set forth in this Contract.

Section 13 - Assignment. Buyer shall not have the right to assign or transfer this Contract, or any interest thereunder, without the prior written consent of Seller; provided however, that such consent may not unreasonably be withheld.

Section 14 – Environmental Hazard. In consideration of the purchase price, the Buyer, its successors and assigns, shall, effective on the Closing Date, release and forever discharge the Seller, its successors and assigns, from any and all claims, by any and all persons, arising out of or in relation to any hazardous materials occurring on or under the Premises after the Closing Date. The Seller shall release and forever discharge the Buyer, its successors and assigns, from any and all claims arising out of or in relation to any hazardous materials occurring on or under the Premises prior to or on the Closing Date.

The term “hazardous materials” shall include, but not be limited to:

- (a) any substance not naturally occurring on the Premises at the existing concentration of such substance on the Premises;
- (b) any substance that may cause or contribute to an adverse effect on human health or welfare or on the environment; or
- (c) “hazardous substance,” “pollutant,” or any other similar term now or hereinafter defined in, or regulated by, any federal, state, or local law or regulation.

Notice of the terms of this Section 14 may be recorded as a separate instrument with the Saline County, Kansas Register of Deeds.

Section 15 – Waiver. The waiving of any payment provided for herein or the acceptance of the same at any time other than the designated payment time, or the failure of Seller to insist upon prompt performance of any condition or provisions hereof, shall not constitute a waiver of the right of Seller to insist upon prompt and punctual performance at any other time hereunder.

Section 16 - No Commission. The parties hereby stipulate that they have not consulted with any real estate broker or salesman with respect to this sale, and no commissions arising from this sale are due and owing. If, for any reason, a real estate commission is determined to be owed in relation to this transaction, Buyer agrees to be responsible for its payment.

Section 17 - Real Estate Reporting Person. The parties agree that the Escrow Agent is the real estate reporting person as that term is defined under Internal Revenue Code Section 6045(e). Seller agrees to provide Escrow Agent with a written statement, certified under penalties of perjury, setting forth Seller's correct name, address, and taxpayer identification number. The parties further agree that Escrow Agent shall be required to file the informational return required by Internal Revenue Code Section 6045.

Section 18 - No Oral Agreements. This Contract constitutes the entire agreement between the parties and there are no representations, warranties, conditions, or agreements other than those expressly set forth herein. No other agreement, statement, promise, warranty or representation made by any party to this agreement that is not in writing and signed by all parties to this agreement shall be binding.

Section 19 - Representation of Parties. Seller is represented herein by Greg A. Bengtson of the law firm of Clark, Mize & Linville, Chartered, Salina, Kansas. Buyer is advised that it has the right to such independent legal counsel of its own choosing to represent it herein and to advise it with respect to this matter and by its signatures on this document, Buyer acknowledges that it has either seen separate counsel of its own choosing or has elected to proceed without separate counsel herein.

Section 20 - Default. If Buyer defaults in the payment of any sums due hereunder, or fails to perform any other covenant herein contained after receiving ten (10) days written notice of such breach, then in addition to any other remedies available and at the option of the Seller, Seller shall have the right to (a) begin action to require the specific performance of this Contract by Buyer; (b) seek damages for the failure of Buyer to perform this Contract according to the conditions herein stated, or (c) elect to cancel this Contract and to retain the earnest money paid hereunder as liquidated damages.

Section 21 - Survival of Terms Beyond Closing. Any agreements or covenants set forth in this Contract which by their terms are intended to endure beyond the Closing Date shall remain in full force and effect after Closing.

Section 22 - Extent of Contract. This Contract shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties have signed or caused this Contract to be signed by its duly authorized officers on the day and year first above written.

Date: _____

SALINA AIRPORT AUTHORITY

By _____
Robert H. Miller, Chairman
"Seller"

Date: _____

By _____

RECEIPT BY ESCROW AGENT

The undersigned hereby acknowledges receipt of the executed original of this Contract, and agrees to act as Escrow Agent and Real Estate Reporting Person as defined under Internal Revenue Code Section 6045(e). As Escrow Agent, the undersigned agrees that all moneys to be held in escrow shall be held in an interest bearing account, which interest shall inure to the Buyer. Seller shall execute and deliver a general warranty deed upon execution of this Contract to the Escrow Agent. Said deed shall be delivered to Buyer by the Escrow Agent upon the closing of this Contract, pursuant to its terms. This receipt is executed this ____ day of _____, ____.

C.W. LYNN ABSTRACT COMPANY, INC.

By: _____