

DATE: December 15, 2023

TO: SAA Board of Directors

FROM: Tim Rogers and Shelli Swanson

SUBJECT: **December 20, 2023, 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 GoTo link.

<https://meet.goto.com/salinaairport/salina-airport-authority-board-meeting>

Wednesday's meeting features agenda items that support Airport Authority **STARS** objectives:

- Community partnerships that result in positive economic impact and job growth.
- Successful financial budgeting to ensure that Airport Authority meets operational and capital budget needs.
- Airport Industrial Center growth and development.
- Aircraft maintenance worker recruitment and training.
- Improved air service for Salina and Saline County.

SAA staff have completed and submitted the multiple state and federal grant applications that if funded will significantly assist with the following priority Airport Authority capital improvement projects. It was our intent to send out the 2024 Budget earlier this month, however, the below project development and grant applications took substantial staff time.

- M.J. Kennedy Air Terminal expansion
 - \$7M FAA Airport Terminal Program
 - \$369K Build KS Fund
- Sustainable Aviation Fuel (SAF) storage and delivery
 - \$1.9M FAA SAF Program
- Hangar H626 Clean Agent Fire Suppression
 - \$900K KDOT Innovative Technology Program
- Airport perimeter road and fencing improvements.
 - \$400,000 KDOT KAIP

A predesign meeting with the FAA for M.J. Kennedy Air Terminal expansion project was held on November 30. The meeting was held in anticipation of a February 2024 notification that the Airport Authority's ATP project has been selected for grant funding. The predesign meeting has enabled us to start with project design. All design team members are scheduled to meet on December 19 for a design kickoff. We'll be on a tight schedule since construction bids will need to be in hand by July 25, 2024.

Staff have also been busy preparing for multiple military training events during 2024. First up is a U.S. Air Force Special Operations Command (AFSOC) scheduled for January 15-19.

The SAA's annual Airport Security Program (ASP) inspection was held on December 6. The TSA agent that conducted the inspection found the Airport Authority in compliance with our ASP.

Please note the following agenda item comments.

Agenda Item #5 – Airport Activity Reports and Financial Statement Reports for the Month Ending November 30, 2023 (Rogers and Swanson)

Airport Activity – Air Traffic (Rogers)

The Salina air traffic control tower (ATCT) recorded 7,521 operations during November 2023 which was a 27% increase as compared to the November 2022 total of 5,940. For the year-to-date, a total of 77,422 operations have occurred at Salina Airport which is 20% more than the November 2022 YTD total of 64,698.

Airport Activity – Fuel Flowage (Rogers)

The November 2023 fuel flowage came in at 142,909 gallons which was 37% less than the November 2022 total of 227,214 gallons. For the year-to-date, a total of 1,941,967 gallons have been delivered at the airport which is 14% less than the November 2022 YTD total of 2,247,892 gallons.

Airport Activity – Passenger Enplanements (Rogers)

During November 2023 SkyWest enplaned 1,181 passengers, which was a 10% decrease over the November 2022 total of 1,318 passengers. The November 2023 total passenger count was 2,321 which was a 13% decrease as compared to the November 2022 total of 2,657. Total November 2023 YTD passenger enplanements on SkyWest flights totaled 13,981 which was a 18% decrease as compared to the November 2022 YTD total of 17,140.

Financial Reports – Comments and Notes (Swanson)

Highlights from the November 2023 financials include:

- Unrestricted cash in bank at \$1,892,514 (Cash in bank operating funds less security deposits returnable.)
- Total YTD income came in \$77,123 over the same period in 2022 (3%) and is tracking \$213,900 ahead of 2023 budget projections.
- Total YTD operating expenses came in \$644 under budget and is tracking just \$12,500 over the 2022 expenditures.
- Net operating income before depreciation equaled \$244,464 YTD at the end of November.

The disbursements from the bond proceed project fund accounts during November are included as a separate report in the enclosed financial statements.

Financial Reports – November 2023 Significant Capital Expenditures/Payables Report Enclosed

Financial Reports – Accounts Receivable Past Due 31 days or more as of December 15, 2023
(Swanson)

Account	Amount	Days	Comments
AGCO Corporation	\$618	31-90	Utilities and Finance Charges
Central States Enterprises	\$993	31-90	Land Rent
Enel Green Power	\$337	31-60	Building Rent
Enterprise Rent-A-Car	\$200	>90	Facility Fee
Gartner Refrigeration	\$315	61-90	Finance Charges
Kansas Military Board	\$2,071	31>90	Building Rent
Milenium Inc.	\$540	31-60	Land Rent
The Sherwin Williams Co.	\$4,156	61>90	Utilities and Finance Charges

Short-term Leasing Activity

Textron/Cessna Aircraft returned to SLN in mid-November and leased portions of Hangar 600 for runway performance flight test work at Salina. The 2-day operation resulted in \$1,340 in additional revenue.

Fort Riley's Combat Aviation Brigade continues to lease space for military operations. Total revenue received from Ft. Riley during the month of November equaled \$35,070 and operations continued into early December.

Agenda Item #6 – Scheduled air service and SkyWest Airlines updates. (Rogers)

The USDOT is expected to issue an Order selecting SkyWest Airlines d/b/a United Express for a new three-year EAS contract effective January 1, 2024. The new contract coupled with the possibility of the return of a Denver overnight flight would restore the Salina Denver and Chicago schedule to pre-pandemic and pre-pilot shortage levels. The new EAS contract and a Denver overnight flight also result in an end to the current schedule tag with Hays, KS. Passenger enplanements are projected to increase by at least 8,000 passengers annually. Gary Foss and I expect that the actual number will be higher.

Enclosed is a draft copy of the incentive agreement between the Airport Authority and SkyWest. We would proceed with the agreement with full City and County incentive funding. I will be able to update you on the county commission final action scheduled for Tuesday, December 19.

Agenda Item #7 – Consideration and Approval of a ground Lease with the Kansas Board of Regents Related to the Acquisition and Construction of the K-AIRES Center. (Rogers and Bengtson)

Enclosed is the proposed ground lease with the Kansas Board of Regents (KBOR) for the tract of ground needed for the K-AIRES construction project. Also enclosed is a copy of the resolution needed for the board's approval of the ground lease.

KBOR is leasing the tract which is the part of the K-State Salina campus to the Airport Authority to provide the Airport Authority with the property interest needed to issue lease revenue bonds for K-AIRES Center design and construction. By means of a lease purchase agreement, the Airport Authority will lease the newly constructed K-AIRES Center back to KBOR and K-State. The ground lease is at zero rental. There are no specials or taxes associated with the property.

The architectural and engineering firm selection committee comprised of representatives of the Salina Airport Authority, K-State, K-State Salina, SCEDO, and Pure Imagination, interviewed nine firms that

responded to a request for statements of qualifications and interest. This past week the committee narrowed the list of qualified firms down to three finalists.

- Wellner Architects, Inc., Kansas City, MO
- Burns & McDonnell, Kansas City, MO
- Multistudio, Kansas City, MO and Lawrence, KS

The selection of a design firm associated with construction management firm will be completed by mid-January 2024.

Recommendation: Approval of the Ground Lease by and between the Kansas Board of Regents and the Salina Airport Authority, approval of SAA Resolution No. 23-18 approving a ground lease for the acquisition, construction and equipping the K-AIRES Center and authorize Chair Roberg to sign the ground lease and resolution.

Agenda Item #8 – Consideration and Approval of a Lease Agreement with Universal Forest

Product's UFP Harrisonville, LLC for Building B620 Located at 1940 Arnold Ave. (Swanson and Cunningham)

Universal Forest Products (UFP), headquartered in Grand Rapids, MI, established a presence in Salina at the Airport Industrial Center in February 2012. The Salina location is one of approximately 170 operations across the globe. Since 2012, the Salina operation of UFP that manufactures wood products such as industrial shipping crates, has grown from 15,000 SF to 30,000 SF in building space and from 1.22 acres of land to 3.41 acres. This new Lease Agreement represents the third expansion of the Salina facility.

Facility: Bldg. 620 (30,000 SF)
Term: Three Years with Two 3-year Options to Renew
Effective: May 1, 2024
Rental Rate: \$11,700/month - \$140,400/year
Rate Adj. CPI every 2-years
Type: Modified Net – Tenant responsible for utilities, taxes, ins. and routine maintenance.

Recommendation: Approval of the Lease Agreement with UFP Harrisonville, LLC and authorize Chair Roberg to sign the Lease.

Agenda Item #9 – Consideration of a Cheney Construction proposal for building B620 improvements. (Cunningham and Swanson)

Salina Airport Authority has received a proposal from Cheney Construction Inc., for site improvements at 1940 Arnold Ave, Building 620, Universal Forest Products (UFP). Improvements include concrete slab expansion and new fencing to increase storage yard capacity for UFP. The construction project includes expansion of concrete in two areas totaling 18,380 sq. ft. north of Building 620 along with relocation and addition of new fencing totaling approximately 600 ft. northeast of Building 620. Enclosed is a site plan for the construction project. The improvements will allow continued growth for UFP.

Recommendation: Approval of the Cheney Construction Inc. contract in the amount of \$166,800 for the construction project including two concrete areas and new fencing located at 1940 Arnold Ave, building B620, leased by Universal Forest Products.

Agenda Item #10 – AIM Center Update. (Miller and Dreiling)

At Wednesday's meeting Pieter and Lindsey will provide an update on preparations for the first AIM Center training class. Equipment purchases continue to be made. Tools and equipment are now arriving. Marketing and recruitment efforts are underway, and the first students are signing up. The architectural firm for the remodel of Room 111 at hangar H626 has been selected and the design of the AIM Center's training room has started. At the meeting, we will share the initial architectural drawings for Room 111.

On Thursday, December 21 Lindsey and I will brief Governor Kelly and the Governor's Military Council on our progress in standing up the AIM Center. Our briefing will focus on how the AIM Center will enable members of the military that are ending their enlistment to use the AIM Center to transition their military job training to an aviation maintenance career.

Agenda Item #11 – Approval of SAA Resolution No. 23 – 19 Reappointing Jim Maes to a Second Three-Year Term on the Salina Community Economic Development Organization (SCEDO) Board of Directors. (Rogers and Windhorst)

In November 2015, the Airport Authority joined with the City of Salina, Saline County, and the Salina Chamber of Commerce to form and establish the Salina Community Economic Development Organization (SCEDO). As a founding member of the SCEDO and per SCEDO Members Agreement, the Airport Authority is responsible for appointing two individuals to the SCEDO's nine-member board of directors.

On December 15, 2020, the Airport Authority appointed Jim Maes to a three-year term on the SCEDO board of directors effective February 1, 2021. Mr. Maes is eligible for a second three-year term and has indicated that he would accept a reappointment to the SCEDO board of directors. Currently Mr. Maes is the board's vice-chair and will probably be elected as SCEDO board chair in 2024.

Recommendation: Approval of SAA Resolution No. 23-19 reappointing Jim Maes to the SCEDO board of directors for a three-year term starting on February 1, 2024.

Agenda Item #10 – Review and Discussion of the Airport Authority's 2024 Operating Plan and Budget. (Rogers and Swanson)

Enclosed is a copy of the Airport Authority's 2024 Operating Plan and Budget for your review prior to the board meeting. The 2024 budget builds upon 2023's financial performance that sets new highs for operating revenue and net income before depreciation. At the board meeting we'll discuss how the 2024 operating plan and budget will be the foundation for continued success in accomplishing the Airport Authority's goals that are aligned with core values.

Agenda Item #11 - An Executive Session of the Board of Directors to Discuss Matters of Non-Elected Personnel. (Roberg)

I move that the Salina Airport Authority board of directors' recess into executive session for fifteen (15) minutes to discuss the subjects of the initial phase of the Executive Director's performance evaluation and matters affecting the privacy interests of other individual employees 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.

Please let me know if you had questions that you would like me to prepare for prior to the board meeting.

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

December 20, 2023 – 8:00 AM

AGENDA

Call to Order: (Roberg)

1. Determine that a quorum is present and confirm that a meeting notice has been published. (Windhorst)
2. Recognition of guests. (Roberg)
3. Additions to the agenda and agenda overview. (Rogers)

Action Items: (Roberg)

4. Approval of the minutes of the November 15, 2023, regular board meeting. (Roberg)
5. Review of airport activity and financial reports for the month ending November 30, 2023. (Rogers and Swanson)
6. Review of pending improvements for Salina and Saline County scheduled air service. (Rogers)
7. Consideration and approval of a ground lease agreement with the Kansas Board of Regents related to the acquisition and construction of the K-AIRES Center. (Rogers and Bengtson)
8. Consideration and approval of a lease renewal agreement with Universal Forest Product's UFP Harrisonville, LLC. for building B620 located at 1940 Arnold Ave. (Swanson and Cunningham)
9. Consideration of a Cheney Construction proposal for building B620 improvements. (Swanson and Cunningham)
10. AIM Center update. (Miller and Dreiling)
11. Approval of SAA Resolution No. 23-19 reappointing Jim Maes to a second three-year term on the Salina Community Economic Development Organization (SCEDO) board of directors. (Windhorst)
12. Review and approval of the Airport Authority's 2024 Operating Plan and Budget. (Rogers and Swanson)



Staff Reports: (Rogers)

13. Presentation of the SAA's STARS Award to ARFF and Operations Officer Andrew Hodge for outstanding performance in the execution of his duties at the Salina Regional Airport.

Directors' Forum: (Roberg)

Visitor's Questions and Comments: (Roberg)

Announcements: (Windhorst)

Executive Session (Roberg)

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

I move that the Salina Airport Authority board of directors' recess into executive session for fifteen (15) minutes to discuss the subjects of the initial phase of the Executive Director's performance evaluation and matters affecting the privacy interests of other individual employees 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: (Roberg)

**MINUTES OF THE REGULAR MEETING OF THE BOARD
OF DIRECTORS OF THE SALINA AIRPORT AUTHORITY
NOVEMBER 15, 2023
HANGAR 600, ROOM 100**

Call to Order

Chair Tod Roberg called the meeting to order at 8:00 A.M. and confirmed that a quorum was present. Business and Communications Manager Kasey Windhorst noted the board packet was published and distributed on Thursday, November 9, 2023.

Attendance

Attendance was taken. Present were Directors Roberg, Carlin, Gunn, Boos and O'Brien. Executive Director Tim Rogers; Deputy Executive Director Pieter Miller; Director of Administration and Finance Shelli Swanson; Director of Facilities and Construction Maynard Cunningham; Business and Communications Manager Kasey Windhorst; Airport Administration Specialist Michelle Moon; and Attorney Greg Bengtson attended. Guests at the meeting were Mitch Robinson, Salina Community Economic Development Organization; Julie Yager-Zucker, Avflight Salina; Lindsey Dreiling, Dreiling Aviation Services; Mitch Walter, Gillmore & Bell; David Arteberry, Stiefel; Cody Heiman, First Bank Kansas; Dustin Herrs, City of Salina; Mark Millard and Trevor Franzen, Superior Contracting and Manufacturing Services, Co., Inc.; and Trent Davis, City Commissioner (VTC).

Agenda

Executive Director Rogers provided an overview of the agenda. Rogers added the addition of Item 9A, City of Salina Neighborhood Revitalization Plan review.

Minutes

Director Gunn moved to approve the minutes of the October 18, 2023 regular board meeting as presented. Director Boos seconded the motion. Motion carried 5-0.

Airport Activity

Rogers reviewed the air traffic, fuel flowage and enplanement reports for the month of October. The Salina air traffic control tower (ATCT) recorded 7,112 operations for October 2023, reflecting a 14% decrease from 2022 flights. October 2023 fuel flowage, at 228,702 gallons, was up 55% over 2022. Rogers thanked Julie Yager-Zucker, Avflight Salina, for their exceptional service. Avflight Salina supported several C-5 flights in October, with each plane fueling 23,000 Gallons. For passenger enplanements, SkyWest had an October 2023 count of 1,174, 7.5% less than October 2022. Total passenger count for 2023 year-to-date is 12,800, a decrease from October 2022 YTD of 15,822. This 19% decrease in travel at SLN is attributed to the tag with Hays.

Rogers updated the board on the Essential Air Service (EAS) proposals received for SLN. The 3-year EAS contract is effective January 1, 2024. The proposal from SkyWest breaks the tag with Hays, providing non-stop service to Denver and Chicago. Salina Airport Authority staff requests community comments from the City of Salina, Saline County, and the Chamber of Commerce supporting SkyWest's proposal.

Financial Review

Swanson presented the financial report for the period ending October 31, 2023. Total year-to-date operating expenses came in \$5,907 under budget and is tracking just slightly over the 2022 expenditures. Total year-to-date income came in \$69n391 over the same period in 2022 which is

tracking \$189,748 ahead of budget. Net operating income before depreciation is \$222,839 year-to-date at the end of October. Swanson reviewed significant capital expenditures and provided a report of the disbursements from the bond proceeds project fund accounts for the month of October. Chair Roberg directed staff to file the financials for audit.

Resolution No. 23-17 - Taxable General Obligation Temporary Notes (GOTN)

Swanson reviewed the actions of the board on the issue to date. David Arteberry presented the bid tab, concluding that Sunflower Bank provided the lowest interest rate. Mitch Walter reviewed the resolution, authorizing the issuing of the bonds, accepting Sunflower Bank's terms and schedule, and authorizing the Executive Director to sign. Rogers noted that all five institutions submitting bids for the bonds expressed interest in participating in the fuel facility project. Director Carlin moved to adopt SAA Resolution No. 23-17, authorizing the Executive Director to sign the bond proposal from Sunflower Bank. Director Gunn seconded the motion. Motion carried 5-0.

Land Purchase Option Agreement

Rogers provided a historical overview of the lease relationship between Superior Contracting and Manufacturing Services, Co., Inc., and the Salina Airport Authority. Swanson reviewed the Option Agreement, process, and terms. Trevor Franzen stated that the company recognizes a need for buildings useful to both warehouse and manufacturing tenants. The new building would be directly south of the current facility. Director Gunn moved to approve the Option Agreement with Superior Contracting and Manufacturing Services, Co., Inc. for Lot 2, Block 1, Airport Industrial Center Subdivision and authorize Chair Roberg to sign the agreement. Director Boos seconded the motion. Director Carlin abstained. The motion passed 4 – 0.

Hangar H504 Bids Received for Stormwater Drainage Improvements

Miller provided an overview of the condition of Hangar H504. A Request for Bids was issued November 1, 2023 and three (3) bids were received prior to the November 10, 2023 deadline. Cunningham reviewed the bid tab, noting the low bid was from James Coy Construction. Director O'Brien moved to approve the contract with James Coy Construction in the amount of \$20,678 for hangar H504 grading, drainage, and concrete improvements at a cost not to exceed \$24,150 and authorize the executive director to sign the contractor agreement. Director Gunn seconded the motion. Motion carried unanimously.

AIM Center Purchase of Tools and Equipment

Miller presented the Phase 1 list of tools and equipment needed for the AIM Center training facility. Swanson discussed the ALOFT grant and application for this purchase as well as plans for Phase 2 buying. Miller noted that the tools and equipment are instructor driven, researched through the Sourcewell cooperative purchasing site for best pricing, and targeted to arrive prior to the first class in January 2024. Lindsey Dreiling provided an update on the marketing efforts for the AIM Center. Director Carlin moved to approve the purchase of Phase 1 and Phase 2 AIM Center tools and equipment at a cost not to exceed \$2,000,000 and authorize the deputy director to execute the purchase orders and contracting documents. Director O'Brien seconded the motion. Motion carried 5 – 0.

City of Salina Neighborhood Revitalization Plan

Rogers provided an overview of the plan and the airport authority's participation since 2004. The city is asking the Authority to approve incorporating the ag-service site, located at 1097 W Old Hwy 40, into the revitalization plan. Dustin Herr presented the plan's benefits to landowners in the form of tax rebates for 10 years, and benefits to the City through higher tax revenues from raised property values in the targeted depressed areas. Bengtson reviewed the contract history, the process of interlocal payment, resolution, and renewed participation. The Revitalization Plan is reviewed for renewal every five (5) years by the six (6) participating local entities. Director Gunn moved to authorize Chair Roberg to sign the resolution, reaffirming the authority's participation in the program with the addition of the Ag-Service Site. Director O'Brien seconded; motion carried 5-0.

SAA 2024 Operating Plan

Swanson presented and distributed the 2024 budget summary. The full budget will be distributed to the board at the December board meeting.

Staff Reports

Rogers presented Zach Turner, ARFF/Operations Specialist, to the board and recognized Turner with the first STAR Core Values award.

Rogers provided the board with the 2024 Legislative Agenda for review, noting aviation development funding in the Governor's budget.

Rogers updated the board on the FAST SAF project budget and proposed plans to add the

remaining tanks to the new fuel facility project. Grant application is due November 25, 2023.

The K-AIRES project status was discussed. Nine (9) consulting firms submitted responses to the Request for Statements of Experience, Qualifications, and Interest.

Rogers recognized Lindsey Dreiling for completing her doctoral dissertation and achieving her Ph.D. from K-State.

Executive Session

At 9:36 A.M., Director Boos made the following motion:

I move that the Salina Airport Authority board of directors' recess into executive session for fifteen (15) minutes to discuss the subject of the initial phase of the Executive Director's performance evaluation and matters affecting the privacy interest of other individual employees 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 9:51 A.M.

Director Gunn seconded the motion. The motion passed unanimously.

The open meeting resumed at 9:51 A.M.

There was no board action following executive session.

Upon a motion duly made, the meeting adjourned at 9:52 A.M.

Minutes approved at the December 20, 2023 board meeting.

Kasey L. Windhorst, Board Clerk

(SEAL)

DRAFT

SALINA AIRPORT AUTHORITY

AIRPORT ACTIVITY REPORT

2023

AIR TRAFFIC/ATCT

November, 2023	7,521 Operations 601 Instrument Operations 554 Peak Day
November, 2022	5,940 Operations 770 Instrument Operations 427 Peak Day
January 2023 - November 2023	77,422 Operations
January 2022 - November 2022	64,698 Operations
January 2021 - November 2021	75,507 Operations

FUEL FLOWAGE

November, 2023	142,909 Gallons
November, 2022	227,214 Gallons
January 2023 - November 2023	1,941,967 Gallons
January 2022 - November 2022	2,247,892 Gallons
January 2021 - November 2021	1,925,048 Gallons

		Avflight	
		Military/Gov't	Self-fuel
KSU-S	Avflight Salina	Portion	Station Portion
November, 2023	9,877	133,032	43,325
November, 2022	8,969	218,245	107,961
January 2023 - November 2023	121,774	1,820,193	623,405
January 2022 - November 2022	119,137	2,128,755	858,221
January 2021 - November 2021	123,054	1,801,994	365,352

SkyWest Airlines

ENPLANEMENTS

DEPLANEMENTS

TOTAL

November, 2023	1,181 Passengers	1,140 Passengers	2,321
November, 2022	1,318 Passengers	1,339 Passengers	2,657
January 2023 - November 2023	13,981 Passengers		
January 2022 - November 2022	17,140 Passengers		
January 2021 - November 2021	16,321 Passengers		

ENPLANEMENTS - Charter Flights

November, 2023	14 Passengers
November, 2022	21 Passengers
January 2023 - November 2023	514 Passengers
January 2022 - November 2022	2,657 Passengers
January 2021 - November 2021	1,227 Passengers

TOTAL ENPLANEMENTS - Scheduled Flights & Charter Flights

November, 2023	1,195 Passengers
November, 2022	1,339 Passengers
January 2023 - November 2023	14,495 Passengers
January 2022 - November 2022	19,797 Passengers
January 2021 - November 2021	17,548 Passengers

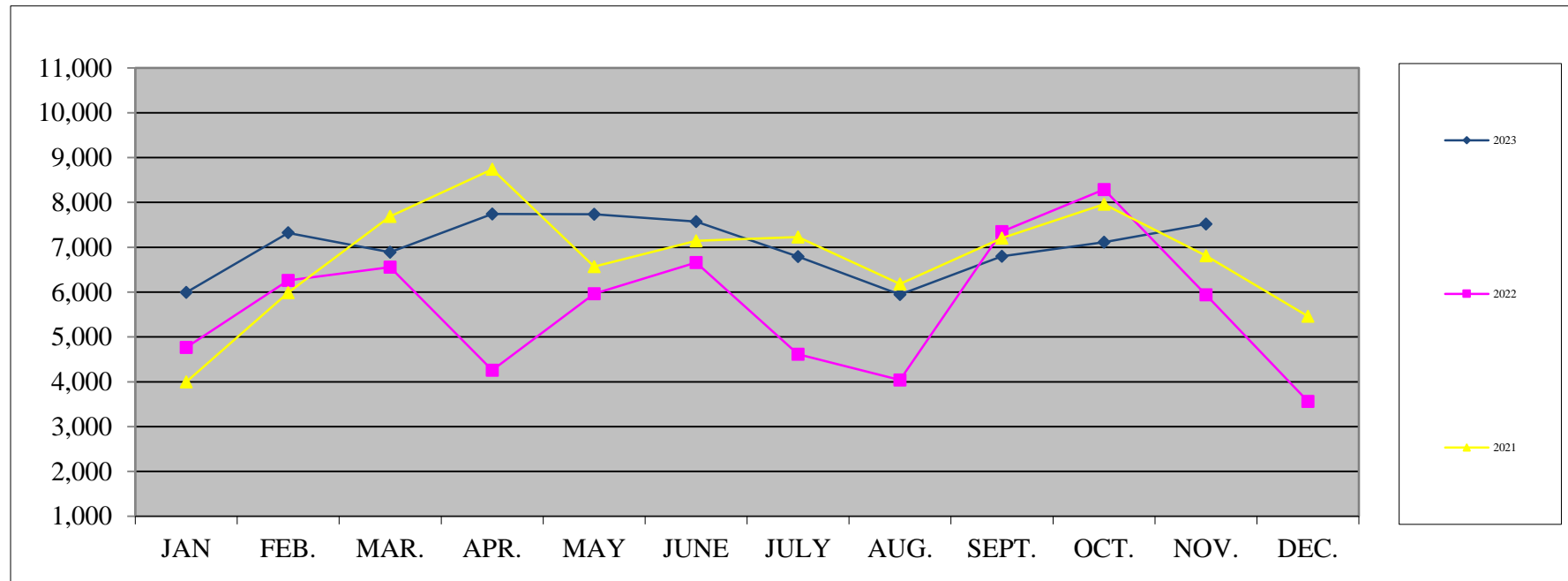
AIRPORT TRAFFIC RECORD

2022 - 2023

	ITINERANT					LOCAL			
	AC	AT	GA	MI	Total Itinerant	Civil	Military	Total Local	Total Operations
2023									
January, 23	125	1,650	655	267	2,697	3,018	278	3,296	5,993
February, 23	130	2,351	701	299	3,481	3,615	224	3,839	7,320
March, 23	138	1,757	652	349	2,896	3,766	228	3,994	6,890
April, 23	130	2,074	759	348	3,311	4,246	186	4,432	7,743
May, 23	128	1,893	898	341	3,260	4,184	290	4,474	7,734
June, 23	133	1,930	856	373	3,292	4,010	270	4,280	7,572
July, 23	130	1,553	842	252	2,777	3,780	234	4,014	6,791
August, 23	120	1,422	873	306	2,721	2,934	290	3,224	5,945
September, 23	134	1,836	1,541	228	3,739	2,986	76	3,062	6,801
October, 23	148	1,785	786	181	2,900	4,092	120	4,212	7,112
November, 23	129	1,741	858	193	2,921	4,448	152	4,600	7,521
December, 23									
Totals January - November	1,445	19,992	9,421	3,137	33,995	41,079	2,348	43,427	77,422
2022									
January, 22	124	1,618	610	156	2,508	2,062	194	2,256	4,764
February, 22	128	2,269	680	151	3,228	2,974	58	3,032	6,260
March, 22	131	2,009	722	329	3,191	3,188	178	3,366	6,557
April, 22	176	1,876	616	151	2,819	1,381	58	1,439	4,258
May, 22	186	1,617	711	176	2,690	3,093	182	3,275	5,965
June, 22	178	1,782	749	450	3,159	3,209	292	3,501	6,660
July, 22	148	1,508	773	88	2,517	2,040	56	2,096	4,613
August, 22	122	1,392	644	168	2,326	1,630	84	1,714	4,040
September, 22	140	2,305	1,058	673	4,176	2,912	264	3,176	7,352
October, 22	140	2,622	1,451	182	4,395	3,802	92	3,894	8,289
November, 22	124	1,560	699	269	2,652	3,210	78	3,288	5,940
December, 22									
Totals January - November	1,597	20,558	8,713	2,793	33,661	29,501	1,536	31,037	64,698
Difference	-152	-566	708	344	334	11,578	812	12,390	12,724
YTD % Change	-10%	-3%	8%	12%	1%	39%	53%	40%	20%
Legend:	AC: Air Carrier		AT: Air Taxi						
	GA: General Aviation		MI: Military						

AIR TRAFFIC

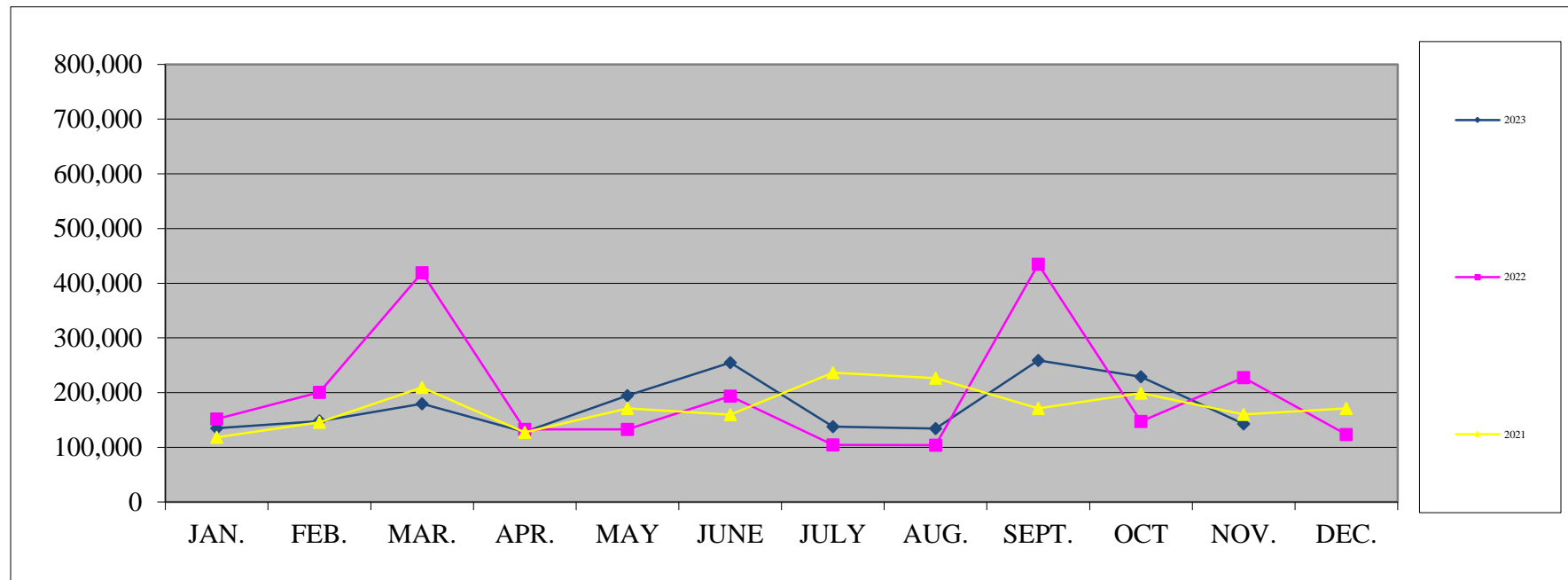
	<u>JAN</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG.</u>	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>DEC.</u>	<u>TOTAL</u>
2023	5,993	7,320	6,890	7,743	7,734	7,572	6,791	5,945	6,801	7,112	7,521		77,422
2022	4,764	6,260	6,557	4,258	5,965	6,660	4,613	4,040	7,352	8,289	5,940	3,564	68,262
2021	3,996	5,989	7,688	8,739	6,570	7,142	7,230	6,181	7,206	7,958	6,808	5,463	80,970
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



FUEL FLOWAGE

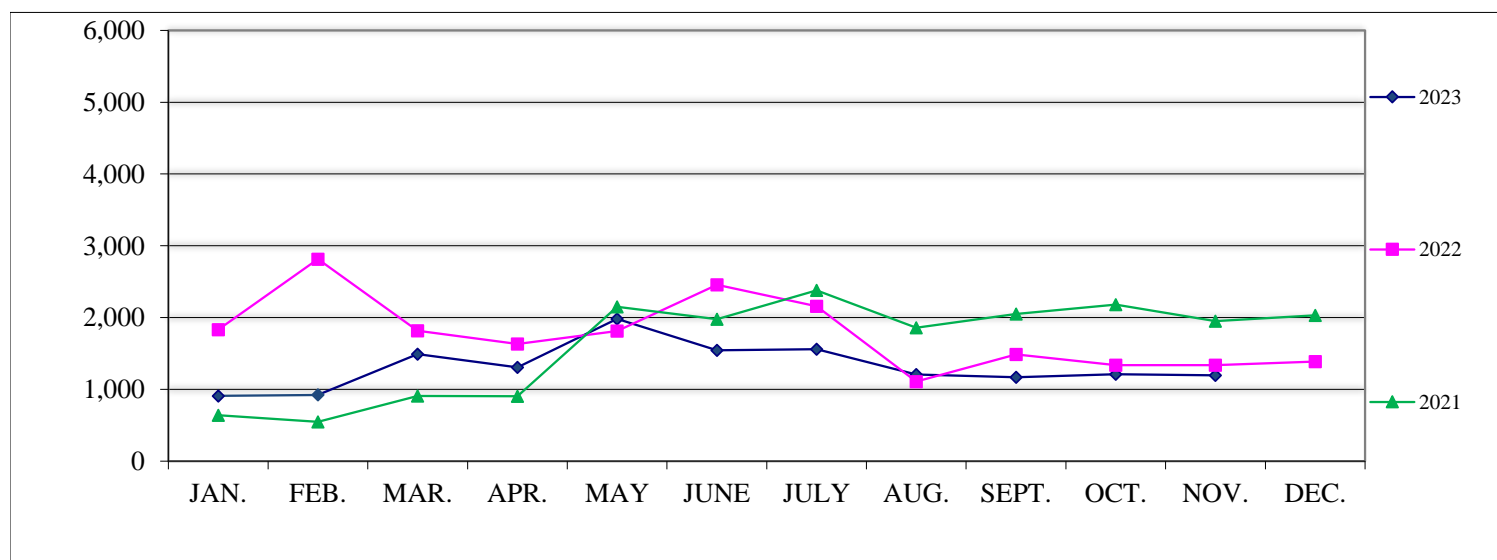
Gallons of Fuel Sold at SLN

	<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>
2023	134,955	147,775	179,414	128,122	194,746	254,599	137,603	134,249	258,893	228,702	142,909		1,941,967
2022	151,697	200,550	418,947	132,791	132,881	193,611	104,328	103,932	434,725	147,216	227,214	123,281	2,371,173
2021	118,269	145,726	209,376	127,107	171,289	159,725	236,452	226,367	171,259	199,197	160,279	171,150	2,096,198
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



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>
2023	910	922	1,489	1,307	1,982	1,544	1,558	1,209	1,167	1,212	1,195		14,495
2022	1,833	2,815	1,815	1,634	1,813	2,458	2,157	1,109	1,486	1,338	1,339	1,386	20,252
2021	638	548	909	904	2,151	1,979	2,379	1,859	2,050	2,182	1,949	2,032	19,407
2020	1,232	4,716	2,219	52	105	338	392	1,705	552	624	602	628	10,561
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



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

SALINA Airport *Authority*

NOVEMBER 2023

FINANCIAL STATEMENTS

Moody's Credit Opinion -
Salina Airport Authority, KS /
8 May 2023

Salina Airport Authority
Statement of Net Position Prev Year Comparison
As of November 30, 2023

12/13/2023

	Nov 30, 23	Oct 31, 23	\$ Change	Nov 30, 22	\$ Change	% Change
ASSETS						
Current Assets						
Checking/Savings						
Cash in Bank-Bond Funds	6,844,768	7,234,479	-389,711	1,019,481	5,825,287	571%
Cash in bank-Operating Funds	2,010,500	2,013,273	-2,773	1,966,244	44,256	2%
Cash in Bank - AIM Center	990	997	-7	0	990	100%
Cash in Bank - Mill Levy	811,063	819,024	-7,961	734,865	76,198	10%
Total Checking/Savings	9,667,321	10,067,773	-400,452	3,720,590	5,946,731	160%
Accounts Receivable						
Accounts Receivable	138,584	99,050	39,534	192,178	-53,594	-28%
Total Accounts Receivable	138,584	99,050	39,534	192,178	-53,594	-28%
Other Current Assets						
Mill Levy receivable	19,989	19,989	0	0	19,989	100%
Other current assets	798,321	807,833	-9,512	986,060	-187,739	-19%
Undeposited Funds	12,320	48,554	-36,234	10,222	2,098	21%
Total Other Current Assets	830,630	876,376	-45,746	996,282	-165,652	-17%
Total Current Assets	10,636,535	11,043,199	-406,664	4,909,050	5,727,485	117%
Fixed Assets						
Fixed assets at cost	107,391,231	106,729,357	661,874	101,402,440	5,988,791	6%
Less accumulated depreciation	-56,203,721	-55,953,721	-250,000	-52,665,187	-3,538,534	-7%
Total Fixed Assets	51,187,510	50,775,636	411,874	48,737,253	2,450,257	5%
Other Assets						
Deferred Outflow of Resources	1,147,779	1,147,779	0	1,085,654	62,125	6%
Other assets	3,009,970	3,009,970	0	3,331,006	-321,036	-10%
Total Other Assets	4,157,749	4,157,749	0	4,416,660	-258,911	-6%
TOTAL ASSETS	65,981,794	65,976,584	5,210	58,062,963	7,918,831	14%
LIABILITIES & EQUITY						
Liabilities						
Current Liabilities						
Accounts Payable						
Accounts payable	634,660	451,115	183,545	895,159	-260,499	-29%
Total Accounts Payable	634,660	451,115	183,545	895,159	-260,499	-29%
Total Credit Cards	0	7,024	-7,024	4,110	-4,110	-100%
Other Current Liabilities						
Accrued debt interest payable	131,748	87,158	44,590	133,097	-1,349	-1%
Debt, current portion	1,760,000	1,760,000	0	1,710,800	49,200	3%
Deferred Agri Land Revenue	0	5,917	-5,917	0	0	0%
Deferred Mill Levy revenue	227,739	455,479	-227,740	196,542	31,197	16%
Other current liabilities	279,598	276,423	3,175	297,781	-18,183	-6%
Total Other Current Liabilities	2,399,085	2,584,977	-185,892	2,338,220	60,865	3%
Total Current Liabilities	3,033,745	3,043,116	-9,371	3,237,489	-203,744	-6%
Long Term Liabilities						
Debt - Long Term	33,029,395	33,029,395	0	24,927,207	8,102,188	33%
Deferred Inflows of Resources	3,621,787	3,621,787	0	4,430,714	-808,927	-18%
Less current portion	-1,760,000	-1,760,000	0	-1,710,800	-49,200	-3%
Net OPEB Liability (KPERS)	9,003	9,003	0	13,911	-4,908	-35%
Net Pension Liability	942,015	942,015	0	509,789	432,226	85%
Security Deposits Returnable	117,986	117,986	0	128,146	-10,160	-8%
Total Long Term Liabilities	35,960,186	35,960,186	0	28,298,967	7,661,219	27%
Total Liabilities	38,993,931	39,003,302	-9,371	31,536,456	7,457,475	24%
Equity						
Invested in Capital Assets net	25,227,270	25,396,445	-169,175	25,940,105	-712,835	-3%
Net assets, Designated	90,000	90,000	0	90,000	0	0%
Net assets, Unrestricted	1,291,774	1,122,599	169,175	-3,108,240	4,400,014	142%
Net Income	378,817	364,236	14,581	3,604,642	-3,225,825	-89%
Total Equity	26,987,861	26,973,280	14,581	26,526,507	461,354	2%
TOTAL LIABILITIES & EQUITY	65,981,792	65,976,582	5,210	58,062,963	7,918,829	14%

Salina Airport Authority
Profit & Loss Budget Performance
November 2023

6:40 PM
12/13/2023
Accrual Basis

	Nov 23	Jan - Nov 23	YTD Budget	\$ Over Budget	% of Budget	Annual Budget
Ordinary Income/Expense						
Income						
Airfield revenue						
Fuel Flowage Fees	14,352	176,042	165,000	11,042	107%	180,000
Hangar rent	112,999	994,900	864,417	130,483	115%	943,000
Landing fees	2,132	23,673	28,004	-4,331	85%	30,550
Ramp rent	6,380	69,961	61,417	8,544	114%	67,000
Total Airfield revenue	135,863	1,264,576	1,118,838	145,738	113%	1,220,550
Building and land rent						
Agri land rent	5,917	69,539	65,083	4,456	107%	71,000
Building rents - Long Term						
Short-term leasing	31,387	371,415	518,833	-147,418	72%	566,000
Building rents - Long Term - Other	90,928	978,730	778,250	200,480	126%	849,000
Total Building rents - Long Term	122,315	1,350,145	1,297,083	53,062	104%	1,415,000
Land rent						
Basic Land Rent	11,399	125,963	116,942	9,021	108%	127,574
Property tax - tenant share	9,167	100,833	98,474	2,359	102%	107,426
Total Land rent	20,566	226,796	215,416	11,380	105%	235,000
Tank rent	1,306	13,592	13,420	172	101%	14,640
Total Building and land rent	150,104	1,660,072	1,591,002	69,070	104%	1,735,640
Other revenue						
Airport Marketing	0	20,000	18,333	1,667	109%	20,000
ARFF Training	0	4,320	0	4,320	100%	0
Commissions	1,652	27,728	18,333	9,395	151%	20,000
Other income	6,115	52,460	68,750	-16,290	76%	75,000
Total Other revenue	7,767	104,508	105,416	-908	99%	115,000
Total Income	293,734	3,029,156	2,815,256	213,900	108%	3,071,190
Gross Profit	293,734	3,029,156	2,815,256	213,900	108%	3,071,190
Expense						
Administrative expenses						
A/E, consultants, brokers	7,095	91,138	42,778	48,360	213%	46,667
Airport promotion	33,761	251,334	230,083	21,251	109%	251,000
Bad Debt Expense	0	0	4,583	-4,583	0%	5,000
Computer/Network Admin.	2,513	43,617	47,960	-4,343	91%	52,320
Dues and subscriptions	1,938	24,852	26,739	-1,887	93%	29,170
Employee retirement	7,834	89,272	84,776	4,496	105%	92,483
FICA and medicare tax expense	6,051	70,817	67,204	3,613	105%	73,313
Industrial development	4,792	52,708	55,000	-2,292	96%	60,000
Insurance , property	18,750	206,667	206,250	417	100%	225,000
Insurance, medical	19,364	198,898	203,500	-4,602	98%	222,000
Kansas unemployment tax	0	739	917	-178	81%	1,000
Legal and accounting	0	48,258	55,000	-6,742	88%	60,000
Office salaries	49,272	577,996	549,719	28,277	105%	599,693
Office Supplies	496	5,846	9,167	-3,321	64%	10,000
Other administrative expense	802	12,133	13,613	-1,480	89%	14,850
Postage	0	1,626	1,833	-207	89%	2,000
Property appraisal expense	0	0	0	0	0%	0
Property tax expense	12,083	132,917	132,917	0	100%	145,000
Special Events	0	1,099	1,833	-734	60%	2,000
Telephone	637	17,129	25,850	-8,721	66%	28,200
Training	0	5,464	10,404	-4,940	53%	11,350
Travel and meetings	277	5,647	13,750	-8,103	41%	15,000
Total Administrative expenses	165,665	1,838,157	1,783,876	54,281	103%	1,946,046

	Nov 23	Jan - Nov 23	YTD Budget	\$ Over Budget	% of Budget	Annual Budget
Maintenance expenses						
Airfield maintenance	5,287	51,436	45,833	5,603	112%	50,000
Airport Security	0	1,648	2,292	-644	72%	2,500
Building maintenance	14,677	203,257	169,583	33,674	120%	185,000
Equipment fuel and repairs	7,631	82,515	73,333	9,182	113%	80,000
Fire Services	0	3,646	29,333	-25,687	12%	32,000
Grounds maintenance	0	14,080	20,167	-6,087	70%	22,000
Maintenance salaries	32,393	373,987	365,772	8,215	102%	399,024
Other maintenance expenses	1,212	16,301	20,167	-3,866	81%	22,000
Snow removal expense	3,369	3,782	18,333	-14,551	21%	20,000
Utilities	16,177	195,883	256,667	-60,784	76%	280,000
Total Maintenance expenses	80,746	946,535	1,001,480	-54,945	95%	1,092,524
Total Expense	246,411	2,784,692	2,785,356	-664	100%	3,038,570
Net Ordinary Income	47,323	244,464	29,900	214,564	818%	32,620
Other Income/Expense						
Other Income						
Capital contributed	0	712,318	2,291,667	-1,579,349	31%	2,500,000
Gain on sale of assets	0	29,653	0	29,653	100%	0
Interest income						
Int. Income -2023 Bond Proceeds	30,291	206,113	23,833	182,280	865%	26,000
Interest income on deposits	4,359	78,586	9,167	69,419	857%	10,000
Total Interest income	34,650	284,699	33,000	251,699	863%	36,000
Mill levy income	227,739	2,511,552	2,505,132	6,420	100%	2,732,871
Total Other Income	262,389	3,538,222	4,829,799	-1,291,577	73%	5,268,871
Other Expense						
Debt interest expense net						
Bond issue cost	630	163,466	105,000	58,466	156%	105,000
Interest Expense on Debt	44,591	490,496	490,495	1	100%	535,086
Total Debt interest expense net	45,221	653,962	595,495	58,467	110%	640,086
Depreciation expense	250,000	2,750,000	2,750,000	0	100%	3,000,000
Total Other Expense	295,221	3,403,962	3,345,495	58,467	102%	3,640,086
Net Other Income	-32,832	134,260	1,484,304	-1,350,044	9%	1,628,785
Net Income	14,491	378,724	1,514,204	-1,135,480	25%	1,661,405

Salina Airport Authority
Profit & Loss Prev Year Comparison
January through November 2023

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12/13/2023
Accrual Basis

	Jan - Nov 23	Jan - Nov 22	\$ Change	% Change
Ordinary Income/Expense				
Income				
Airfield revenue				
Fuel Flowage Fees	176,042	201,586	-25,544	-13%
Hangar rent	994,900	908,156	86,744	10%
Landing fees	23,673	37,124	-13,451	-36%
Ramp rent	69,961	61,206	8,755	14%
Total Airfield revenue	1,264,576	1,208,072	56,504	5%
Building and land rent				
Agri land rent	69,539	67,965	1,574	2%
Building rents - Long Term				
Short-term leasing	371,415	428,399	-56,984	-13%
Building rents - Long Term - Other	978,730	865,820	112,910	13%
Total Building rents - Long Term	1,350,145	1,294,219	55,926	4%
Land rent				
Basic Land Rent	125,963	138,375	-12,412	-9%
Property tax - tenant share	100,833	103,801	-2,968	-3%
Land rent - Other	0	0	0	0%
Total Land rent	226,796	242,176	-15,380	-6%
Tank rent	13,592	13,420	172	1%
Total Building and land rent	1,660,072	1,617,780	42,292	3%
Other revenue				
Airport Marketing	20,000	20,000	0	0%
ARFF Training	4,320	5,610	-1,290	-23%
Commissions	27,728	23,875	3,853	16%
Other income	52,460	76,696	-24,236	-32%
Total Other revenue	104,508	126,181	-21,673	-17%
Total Income	3,029,156	2,952,033	77,123	3%
Gross Profit	3,029,156	2,952,033	77,123	3%
Expense				
Administrative expenses				
A/E, consultants, brokers	91,138	77,567	13,571	17%
Airport promotion				
Air Serv. Mktg - SAA	241,000	221,219	19,781	9%
Airport promotion - Other	10,334	8,298	2,036	25%
Total Airport promotion	251,334	229,517	21,817	10%
Computer/Network Admin.	43,617	37,321	6,296	17%
Dues and subscriptions	24,852	30,854	-6,002	-19%
Employee retirement	89,272	81,409	7,863	10%
FICA and medicare tax expense	70,817	65,345	5,472	8%
Industrial development	52,708	52,708	0	0%
Insurance , property	206,667	211,848	-5,181	-2%
Insurance, medical	198,898	181,007	17,891	10%
Kansas unemployment tax	739	715	24	3%
Legal and accounting	48,258	55,944	-7,686	-14%
Office salaries	577,996	532,857	45,139	8%
Office Supplies	5,846	9,704	-3,858	-40%
Other administrative expense				
Merchant Processing Fees	7,474	6,684	790	12%
Other administrative expense - Other	4,659	5,110	-451	-9%
Total Other administrative expense	12,133	11,794	339	3%
Postage	1,626	1,503	123	8%
Property tax expense	132,917	135,127	-2,210	-2%
Special Events	1,099	1,553	-454	-29%
Telephone	17,129	19,563	-2,434	-12%
Training	5,464	7,518	-2,054	-27%
Travel and meetings	5,647	12,732	-7,085	-56%
Total Administrative expenses	1,838,157	1,756,586	81,571	5%

	Jan - Nov 23	Jan - Nov 22	\$ Change	% Change
Maintenance expenses				
Airfield maintenance	51,436	55,697	-4,261	-8%
Airport Security	1,648	377	1,271	337%
Building maintenance	203,257	196,650	6,607	3%
Equipment fuel and repairs	82,515	78,299	4,216	5%
Fire Services	3,646	21,018	-17,372	-83%
Grounds maintenance	14,080	17,660	-3,580	-20%
Maintenance salaries	373,987	351,835	22,152	6%
Other maintenance expenses	16,301	24,562	-8,261	-34%
Snow removal expense	3,782	15,433	-11,651	-75%
Utilities	195,883	254,075	-58,192	-23%
Total Maintenance expenses	946,535	1,015,606	-69,071	-7%
Uncategorized Expenses	0	0	0	0%
Total Expense	2,784,692	2,772,192	12,500	0%
Net Ordinary Income	244,464	179,841	64,623	36%
Other Income/Expense				
Other Income				
Capital contributed				
ARPA Grant No. 45 - Equipment	0	0	0	0%
ARPA Grant No. 45 - Operating	0	75,272	-75,272	-100%
Capital contributed - Other	712,318	4,377,830	-3,665,512	-84%
Total Capital contributed	712,318	4,453,102	-3,740,784	-84%
Gain on sale of assets	29,653	0	29,653	100%
Interest income				
Int. Income -2023 Bond Proceeds	206,113	0	206,113	100%
Interest income on deposits	78,586	7,556	71,030	940%
Total Interest income	284,699	7,556	277,143	3,668%
Mill levy income	2,511,552	2,235,125	276,427	12%
Total Other Income	3,538,222	6,695,783	-3,157,561	-47%
Other Expense				
2021-05-26 Storm Damage Repairs	0	7,107	-7,107	-100%
2021-12-15 Storm Damage Repairs	0	71,787	-71,787	-100%
Debt interest expense net				
Bond issue cost	163,466	11,640	151,826	1,304%
Interest Expense on Debt	490,496	517,486	-26,990	-5%
Total Debt interest expense net	653,962	529,126	124,836	24%
Depreciation expense	2,750,000	2,662,957	87,043	3%
Total Other Expense	3,403,962	3,270,977	132,985	4%
Net Other Income	134,260	3,424,806	-3,290,546	-96%
Net Income	378,724	3,604,647	-3,225,923	-89%

Salina Airport Authority
Capital Additions Budget vs. Actual
As of November 30, 2023

6:56 PM
12/13/2023
Accrual Basis

	Nov 23	Jan-Nov 23	Annual Budget	+/- Annual Budget	% of Annual Budget
ASSETS					
Fixed Assets					
Fixed assets at cost					
Airfield					
AIP-42 Rwy 17/35 Rehab		8,947	50,410	-41,463	18%
AIP-47 Fuel Farm-A/E & Bidding		226,155	200,000	26,155	113%
AIP-48 Rwy 12/30 Rehab Design		0	375,000	-375,000	0%
AIP-49 Fuel Farm Construction	23,028	35,646	8,417,585	-8,381,939	0%
AIP-50 SRE Equip A/E & Acq.		12,803	45,000	-32,197	28%
AIP-XX AFFF to F3 Transition		6,816	25,000	-18,184	27%
AIP-XX Term. Bldg. Exp. Design		52,259	55,000	-2,741	95%
AIP-XX Term. Parking Lot Design	2,400	23,300	560,000	-536,700	4%
Airfield Improvements		79,695	50,000	29,695	159%
Fuel Farm Construction-Non Fed		28,028	1,860,000	-1,831,972	2%
GA Hangar Construction	72,207	1,573,169	2,912,809	-1,339,640	54%
K-AIRES Center		0	5,000	-5,000	0%
Rwys 17/35 - 12/30 LED Lighting		57,128	30,000	27,128	190%
Total Airfield	97,635	2,103,946	14,585,804	-12,481,858	14%
Buildings & Improvements					
Bldg. 120 Terminal building					
Concourse Imps.		7,200	20,000	-12,800	36%
Total Bldg. 120 Terminal building	0	7,200	20,000	-12,800	36%
Building improvements					
Bldg. 412 Imps.		36,475	25,000	11,475	146%
Bldg. 520 Imps.		708	20,000	-19,292	4%
Bldg. Imps. Other		53,295	75,000	-21,705	71%
Hangar 504 Improvements		2,604	10,000	-7,396	26%
Hangar 626 Rehabilitation	538,718	2,967,566	5,020,000	-2,052,434	59%
Hangar 959 Rehabilitation		58,750	100,000	-41,250	59%
Total Building improvements	538,718	3,119,398	5,250,000	-2,130,602	59%
FBO Improvements					
Bldg. 700 Imps. Avflight North		4,370	20,000	-15,630	22%
Hangar 409-1 Imps Avflight So.	3,020	3,020	20,000	-16,980	15%
Total FBO Improvements	3,020	7,390	40,000	-32,610	18%
Pumphouse 305		5,069	15,000	-9,931	34%
Total Buildings & Improvements	541,738	3,139,057	5,325,000	-2,185,943	59%
Equipment					
Airfield Equipment		10,211	15,000	-4,789	68%
ARFF equipment	8,219	14,788	25,000	-10,212	59%
Communications equipment		16,996	20,000	-3,004	85%
Computer equipment		18,802	15,000	3,802	125%
Industrial center equipment		3,800	25,000	-21,200	15%
Office equipment		0	7,500	-7,500	0%
Other Equipment	14,283	14,283	15,000	-717	95%
Shop equipment		7,900	15,000	-7,100	53%
Terminal bldg equipment		0	10,000	-10,000	0%
Total Equipment	22,502	86,780	147,500	-60,720	59%
Land					
Airport Indust. Cent. Imps.		1,955	15,000	-13,045	13%
Rail Spur Imps.		0	20,000	-20,000	0%
Total Land	0	1,955	35,000	-33,045	6%
Total Fixed assets at cost	661,875	5,331,738	20,093,304	-14,761,566	27%

Salina Airport Authority

Significant Capital Expenditures Detail

November 2023

Type	Date	Name	Memo	Amount	Balance
Fixed assets at cost					
Airfield					
AIP-49 Fuel Farm Construction					
Bill	11/17/20	City of Salina	Commercial Building permit fee	23,028.22	23,028.22
Total AIP-49 Fuel Farm Construction				23,028.22	23,028.22
AIP-XX Term. Parking Lot Design					
Bill	11/30/20	Coffman Associates, Inc.	Terminal Bldg Parking Lot CatEx Est. 1 - Task 1 to 50%	2,400.00	2,400.00
Total AIP-XX Term. Parking Lot Design				2,400.00	2,400.00
GA Hangar Construction					
Bill	11/06/20	City of Salina	Permit Fees (2015 Jumper Rd) SWPPP Fee	195.00	195.00
Bill	11/17/20	City of Salina	Permit Fees (2015 Jumper Rd) Commercial Building permit fee	3,990.30	4,185.30
Bill	11/17/20	City of Salina	Permit Fees (2015 Jumper Rd) Commercial Building permit fee	4,938.16	9,123.46
Bill	11/17/20	City of Salina	Permit Fees (2015 Jumper Rd) Commercial Building permit fee	7,771.56	16,895.02
Bill	11/20/20	Precision Electrical Co...	Progress Est 1 - GA Aviation C-Hangars - Electrical	55,208.00	72,103.02
Bill	11/21/20	Lowe's Business Accou...	C-Hangar self fueling signs	103.49	72,206.51
Total GA Hangar Construction				72,206.51	72,206.51
Total Airfield				97,634.73	97,634.73
Buildings & Improvements					
Building improvements					
Hangar 626 Rehabilitation					
Bill	11/02/20	Hutton Corporation	H626 rehabilitation project (MRO) Design fee - Professional Services to 95% completi...	2,460.00	2,460.00
Bill	11/30/20	Hutton Corporation	Hangar 626 Renovations - Progress estimate 8, November 2023	530,107.66	532,567.66
Bill	11/30/20	Hutton Corporation	H626 rehabilitation project (MRO) Design fee - Professional Services to 97.5% compl...	6,150.00	538,717.66
Total Hangar 626 Rehabilitation				538,717.66	538,717.66
Total Building improvements				538,717.66	538,717.66
FBO Improvements					
Hangar 409-1 Imps Avflight So.					
Bill	11/30/20	Motion Industries	H409, southeast hangar door motor replacement parts	3,019.69	3,019.69
Total Hangar 409-1 Imps Avflight So.				3,019.69	3,019.69
Total FBO Improvements				3,019.69	3,019.69
Total Buildings & Improvements				541,737.35	541,737.35
Equipment					
ARFF equipment					
Bill	11/03/20	Weis Fire & Safety Equ...	ARFF #2 (1992 E-ONE TITAN 4x4) Repairs - valve replacement & electrical issues	8,219.00	8,219.00
Total ARFF equipment				8,219.00	8,219.00
Other Equipment					
Bill	11/22/20	Grainger Inc.	AIM Center Equipment - Shears, plunger cans, magnifier lights	2,795.72	2,795.72
Bill	11/22/20	Grainger Inc.	AIM Center Equipment - Wire strippers, wash bottles, flux brushes	1,426.47	4,222.19
Bill	11/24/20	Grainger Inc.	AIM Center Equipment - Magnifier lights	1,013.28	5,235.47
Bill	11/29/20	Digi-Key Electronics	AIM Center Electronics components	8,245.37	13,480.84
Bill	11/30/20	Digi-Key Electronics	AIM Center Equipment - Power Electronics Trainer	795.00	14,275.84
Bill	11/30/20	Digi-Key Electronics	Freight	6.99	14,282.83
Total Other Equipment				14,282.83	14,282.83
Total Equipment				22,501.83	22,501.83
Total Fixed assets at cost				661,873.91	661,873.91
TOTAL				661,873.91	661,873.91

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12/13/23

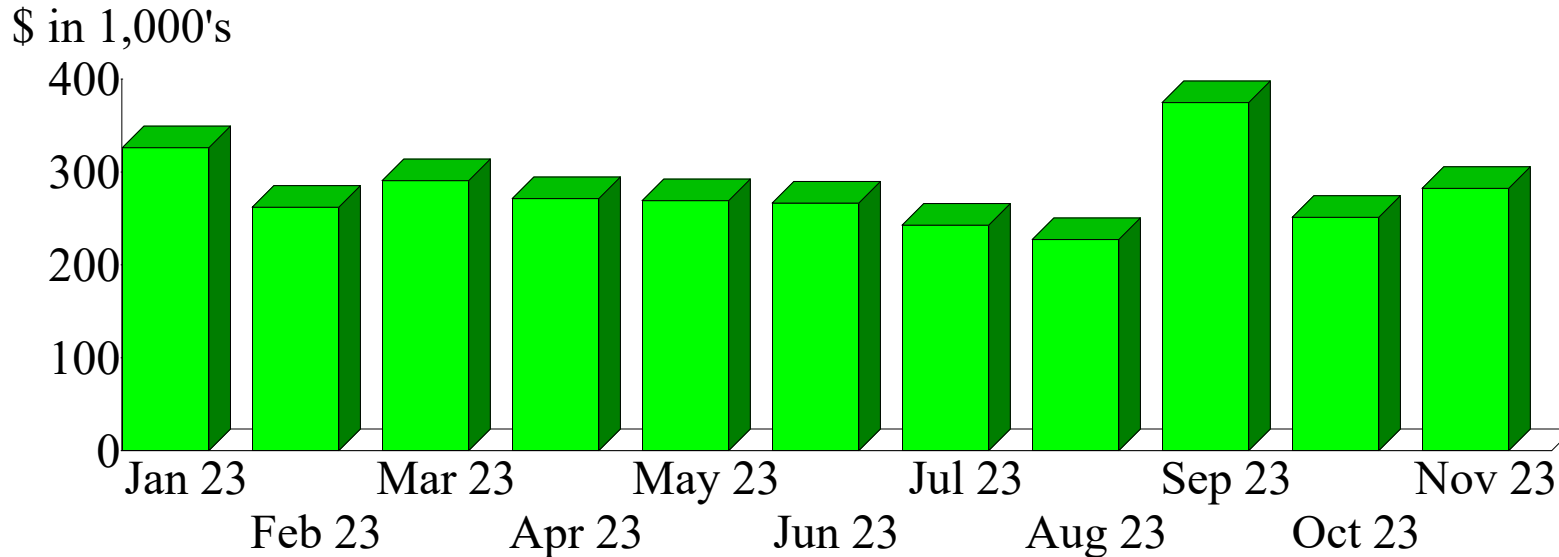
Accrual Basis

Salina Airport Authority
Distributions from the Bond Project Funds
As of November 30, 2023

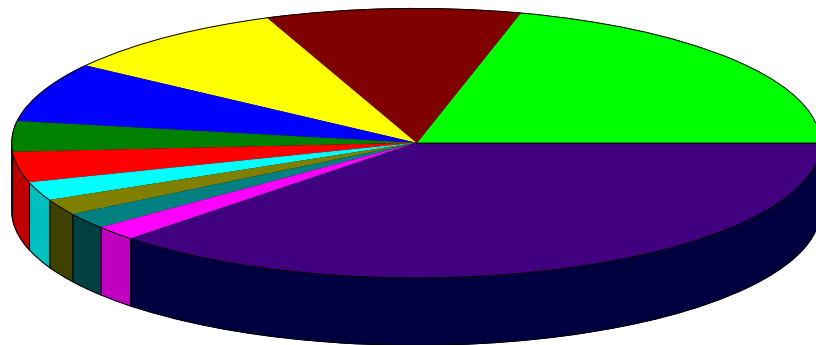
Type	Date	Name	Memo	Debit	Credit	Balance
Cash in Bank-Bond Funds						7,233,510.65
BSB 2022-1 GO Temp Note (9668)						4,926.47
Deposit	11/30/20		Interest	4.65		4,931.12
Total BSB 2022-1 GO Temp Note (9668)				4.65	0.00	4,931.12
Equity- 2023 GO Bond (8824)						7,228,584.18
Bill Pmt -...	11/20/20	City of Salina	Commercial building permit fee		23,028.22	7,205,555.96
Bill Pmt -...	11/22/20	Precision Electrical Co...	SAA GA C-Hangars Electrical - Progress Payment 1		55,208.00	7,150,347.96
Bill Pmt -...	11/22/20	Hutton Corporation	230019 - SAA Hangar 626 Renoations Progress Payment 7		341,771.22	6,808,576.74
Deposit	11/30/20		Interest	30,287.88		6,838,864.62
Total Equity- 2023 GO Bond (8824)				30,287.88	420,007.44	6,838,864.62
Total Cash in Bank-Bond Funds				30,292.53	420,007.44	6,843,795.74
TOTAL				30,292.53	420,007.44	6,843,795.74












Sales by Month
January through November 2023

 Dollar Sales



Sales Summary
January through November 2023

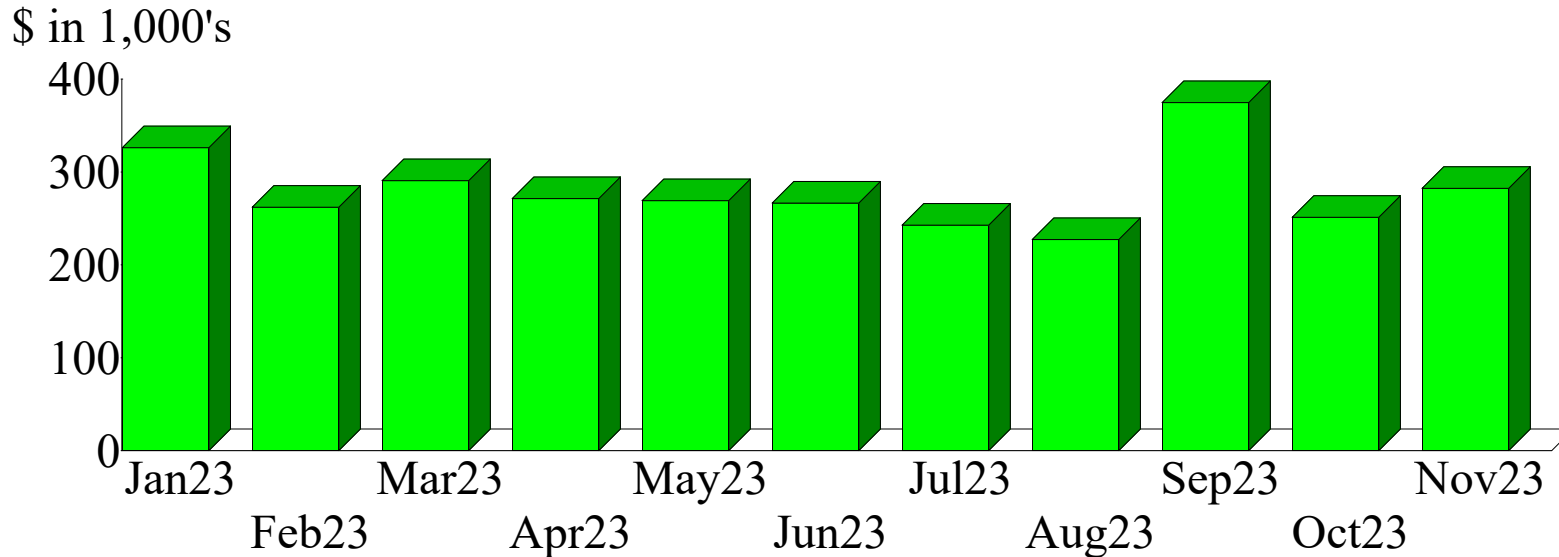


	1 Vision Aviation, PLLC	20.95%
	Avflight Salina	10.32
	Kansas Erosion Products, LLC.	9.28
	Stryten Salina, LLC	7.29
	Universal Forest Products (UFP)	3.80
	K-State Salina	3.77
	SFC Global Supply Chain	2.36
	Durham School Service, L.P.	2.00
	Nellis AFB	1.94
	Gartner Refrigeration, Inc.	1.89
	Other	36.39
Total		\$3,064,385.72

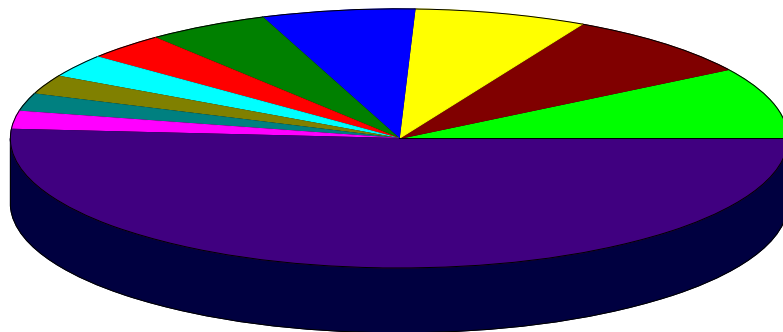
By Customer

Sales by Month January through November 2023

■ Dollar Sales



Sales Summary January through November 2023



By Item

■ H-00959-1 (Hangar Facility H959 - 2	9.01%
■ H-0606-3 (Hangar 606, 2630 Arnold C	8.32
■ B-01021 (Building #1021 located at 36	7.22
■ B-00655-3 (Bldg. #655 (96,611 SF) - 2	6.47
■ FFF-Avflight Salina (Fuel Flowage Fee	5.24
■ B-00620-1 (Building #620 (30,000 SF)	3.43
■ H-0600-1 (Hangar 600 - 20,217 sq. ft.)	3.02
■ H-0600-4 (Hangar 600 - 2720 Arnold C	2.44
■ Insurance(CP) (Insurance Reimburse	2.34
■ H-00409-1 (FBO Hangar - 2010 Roger	2.32
■ Other	50.20
Total	\$3,064,385.72

OVERNIGHT FLIGHT AGREEMENT

This Agreement is made and entered into this ____ day of _____ 2023, by and between SkyWest Airlines, Inc. (SKW), whose affiliated companies are doing business as United Express, and the Salina Airport Authority (Authority).

WITNESSETH:

WHEREAS, SKW has been asked to reschedule the existing mid-day Salina Regional Airport (SLN) flight that operates to/from Denver International Airport (DEN) flight to a nonstop overnight flight where the aircraft remains overnight (RON) at SLN; and

WHEREAS, SKW will incur an estimated \$3 million in RON flight startup costs related to flight crew, aircraft maintenance, air crew training, ground station staff training, and air crew hotel expense; and

WHEREAS, SKW seeks a one-time reimbursement of a portion of the SLN RON start-up costs as an inducement to schedule a SLN RON flight; and

WHEREAS, the Authority can reimburse SKW for up to \$900,000 in RON flight start-up costs; and

WHEREAS, the offer to reimburse SKW up to \$900,000 in RON start-up costs provides SKW the incentive to operate a nonstop, seven (7) day per week, SLN to/from DEN RON flight

WHEREAS, SKW would initiate the nonstop, SLN to/from DEN RON flight as soon as possible and that the flight will operate for the duration of the airline's three year, SLN USDOT EAS contract effective January 1, 2024.

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

1. SKW will establish an SLN to/from DEN RON flight utilizing CRJ-200 aircraft.
2. SKW will schedule the SLN RON flight to operate nonstop days per week to provide SLN an early morning departure to DEN and an evening arrival from DEN.
3. The Authority will reimburse SKW up to a maximum of \$900,000 for expenses incurred and related to RON flight start-up. The reimbursement will be over a 12-month period starting at the effective date of this agreement.
4. SKW will submit monthly invoices and supporting documents to the Authority for reimbursement of RON flight start-up expenses.

5. The Authority will reimburse SKW for RON flight start-up expenses on the basis of overnight flights completed per month at a rate of \$2,500 per completed RON flight.

6. This Agreement shall be governed by the laws of the State of Kansas. 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 Kansas.

7. 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.

8. 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:

Salina Airport Authority
3237 Arnold Ave.
Salina, KS 67401
Attn: Timothy F. Rogers

SkyWest Airlines, Inc.
444 South River Road
St. George, UT 84790
Attn: Daniel Belmont

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

By: _____
Timothy F. Rogers, Executive Director

Date

SKYWEST AIRLINES, Inc

By: _____
Daniel Belmont, Director of Market Development

Date

GROUND LEASE

BY AND BETWEEN

THE KANSAS BOARD OF REGENTS

As Lessor

AND

SALINA AIRPORT AUTHORITY, SALINA, KANSAS

As Lessee

DATED AS OF [____], 20[__]

GROUND LEASE

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GROUND LEASE

THIS GROUND LEASE entered into as of the last date of execution hereof (the “Commencement Date”) between **The Kansas Board of Regents** (the “Board” and “Lessor”), on behalf of Kansas State University and the **Salina Airport Authority** (the “Authority” and “Lessee”).

WITNESSETH:

WHEREAS, the Board is vested under the Constitution and laws of the State of Kansas (the “State”) with jurisdiction and control over Kansas State University (the “University”), including its Kansas State University Polytechnic Campus in Salina, Kansas; and

WHEREAS, the Authority is a body corporate and politic, created by the City of Salina, Kansas under the laws of the State; and

WHEREAS, the University, the Board, and the Authority hereto have determined it to be advisable for the Authority to cause the Procurement (as defined herein) of the Kansas Advanced Immersive Research for Emerging Systems (K-AIRES) Center (the “K-AIRES Center Facility”); and

WHEREAS, the K-AIRES Center Facility is to be located on a tract of land (the "Real Property") more specifically described in *Schedule I* attached hereto, title to which Real Property is held by the Board on behalf the University; and

WHEREAS, in consideration of the Procurement of the K-AIRES Center Facility by the Authority, including the anticipated issuance of the Bonds to pay a portion of the costs thereof, the Board, as Lessor, is willing to lease the Real Property to provide the Authority, as Lessee, a leasehold interest therein; and

THEREFORE, in consideration of the mutual covenants and agreements contained herein, the sufficiency of which consideration is hereby acknowledged, the Board and the Authority (collectively referred to as the “Parties”) agree as follows:

ARTICLE I

Section 1.1. Definitions.

The following words, terms and phrases as used herein shall have the following meanings unless the context or use indicates another or different meaning or intent:

“Authority” means the Salina Airport Authority, Salina, Kansas, a duly constituted airport authority and body corporate and politic, organized and existing under the laws of the State, and its successors and assigns.

“Authorized Authority Representative” means the Executive Director of the Authority or such other person as duly authorized by the Board of Directors of the Authority.

“Authorized Board Representative” means the person designated as such by the Board.

“Bonds” means the Authority’s Lease Revenue Bonds or such other financing instruments as are mutually agreeable to the Authority and the Board, the proceeds of which will finance that portion of

Project costs not paid from other sources of funds.

“CC&Rs” means all laws, ordinances, statutes, restrictive covenants, by-laws, codes or regulations of all federal, state and local government and quasi-governmental agencies having jurisdiction applicable to the Real Property and this Ground Lease and the Authority’s use thereof.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq.*

“Certificate of Completion” means a Certificate executed by the Authorized Authority Representative in a form acceptable to the Board that the K-AIRES Center Facility has been completed in accordance with the Construction Contracts.

“Commencement Date” means the last day of execution of this Ground Lease.

“Common Areas” means areas that are of or for the common benefit of the K-AIRES Center Facility (including any portions subject to an easement or right of way) together with appurtenant improvements, including but not limited to, vehicular parking areas, lakes, retention ponds, drainage areas, parks, recreation areas, sidewalks, median strips, signage areas, traffic controls and signage.

“Construction Contracts” means any contracts with respect to the Procurement the K-AIRES Center Facility entered into by the Authority.

“Construction Fund” means the fund or account held by the Authority in its system of accounting (including such subaccounts and ledger accounts as may be necessary) through which all Project expenditures shall be paid.

“Construction Period” means the term beginning on the Commencement Date until the Project Completion Certificate is delivered by the Authority.

“Consent Decree” means the Consent Decree between the Authority, the University, the City of Salina, Kansas and Unified School District No. 305 of Saline County, Kansas (collectively the “Salina Public Entities”), and the United States of America, entered into as of October 20, 2020, record of which was entered by the United States District Court for the District of Kansas on November 23, 2020, pertaining to environmental response actions to be taken by the Salina Public Entities at the Salina Airport and Industrial Center.

“Default” means any event or condition the occurrence of which, with the lapse of time or the giving of notice or both, constitutes an Event of Default pursuant to this Ground Lease.

“Environmental Law” means CERCLA, SARA, and any other federal, state or local environmental statute, regulation or ordinance presently in effect or coming into effect during the term of this Ground Lease.

“Facility Additions” means any additions to the K-AIRES Center Facility acquired, constructed or installed from proceeds of any series of Bonds authorized and issued pursuant to the Indenture and Project Lease.

“Full Insurable Value” means the full actual replacement cost less physical depreciation.

“Ground Lease” or “Lease” means this Ground Lease by and between the Board and Authority, as from time to time supplemented and amended in accordance with the provisions hereof, the Project Lease, and the Indenture.

“Ground Lease Term” means a term commencing as of the Commencement Date and ending on December 31, 2063 (or such earlier date as the principal of, redemption premium, if any, and interest on all outstanding Bonds is paid in full in accordance with the terms of the Indenture), unless otherwise terminated as set forth herein.

“Hazardous Substances” shall mean “hazardous substances” as defined in CERCLA.

“Impositions” means all taxes and assessments, general and special, which may be lawfully taxed, charged, levied, assessed or imposed upon or against or payable for or in respect of the Project or any part thereof, or any improvements at any time thereon, including any new lawful taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen.

“Indenture” means the Trust Indenture between the Authority and the trustee identified therein providing for the issuance of the Bonds, as from time to time amended in accordance with the provisions thereof, the Project Lease, and this Ground Lease.

“Notice Address” means the following:

(a) With respect to the University:

Kansas State University Polytechnic Campus
2310 Centennial Road
Salina, Kansas 67401
Attn: CEO and Dean

With mail and email copies to:

Office of General Counsel
111 Anderson Hall
919 Mid-Campus Drive North, Manhattan, KS 66506
attys@k-state.edu

(b) With respect to the Board:

Kansas Board of Regents
1000 SW Jackson Street, Ste. 520
Topeka, Kansas 66612
Attn: General Counsel

(c) With respect to the Authority

Salina Airport Authority (Salina, Kansas)
3237 Arnold Ave
Salina, Kansas 67401
Phone No. 785-827-3914
Fax No. 785-827-2221
Attn: Executive Director

“Notice Representative” means the persons set forth below, each duly authorized to act on behalf of the Board, University, and Authority, respectively.

- (a) With respect to the Board, General Counsel
- (b) With respect to the University, CEO and Dean
- (c) With respect to the Authority, the Executive Director

“Permitted Encumbrances” means any easements and rights-of-way of record at the time of lease of the Real Property, and any other minor defects, irregularities, encumbrances, easements, mechanic’s liens, rights-of-way and clouds on title as do not in the aggregate materially affect the marketability or the usefulness of the Project.

“Plans” means the plans and specifications for the acquisition and construction of the K-AIRES Center Facility.

“Procure” or “Procurement” means the design, acquisition, construction, installation and equipping of the K-AIRES Center Facility and all improvements related thereto.

“Project” means collectively the Real Property and the K-AIRES Center Facility constructed thereon, together with any Project additions.

“Project Lease” means the lease agreement between the Authority, as lessor, and the counterparty thereto, as lessee, which Project Lease shall further provide for the Procurement and operation of the Project, including the repayment of the Bonds from rent payment to be made by the Project Lease Tenant to the Authority.

“Project Lease Tenant” means the party or parties designated as the lessee under the Project Lease.

“Project Lease Subtenant” means any party or parties subleasing the Project or any portion thereof from the Project Lease Tenant.

“Real Property” means the real property (or interests therein) described in *Schedule 1* attached hereto, including the existing improvements located thereon.

“SARA” means the Superfund Amendments and Reauthorization Act of 1986, as now in effect and as hereafter amended.

“Trustee” means the party designated as such under the Indenture, and its successor or successors, and any other corporation or association with at the time may be substituted in its place

pursuant to and at the time serving as Trustee under the Indenture.

Section 1.2. Rules of Interpretation.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine gender. Unless the context shall otherwise indicate, the 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. In addition, all references to the Board shall be interpreted to also include a reference to the University, as applicable.

(b) Wherever in this Ground Lease it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

(c) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this instrument as originally executed. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Ground Lease as a whole and not to any particular Article, Section or subdivision.

(d) The Table of Contents and the Article and Section headings of this Ground Lease shall not be treated as a part of this Ground Lease or as affecting the true meaning of the provisions hereof.

Section 1.3. Representations by the Board. The Board represents as follows:

(a) It is vested under the Constitution and laws of the State with jurisdiction and control over the University, with lawful power and authority to enter into this Ground Lease.

(b) The Board has duly authorized the execution and delivery of this Ground Lease by an authorized representative thereof.

Section 1.4. Representations and Covenants by the Authority. The Authority represents, covenants and warrants as follows:

(a) It is a body corporate and politic, duly constituted under the Constitution and laws of the State, including K.S.A 27-315 to 27-336. Under the provisions of the Act, the Authority has the power to enter into and perform the transactions contemplated by this Ground Lease and to carry out its obligations hereunder.

(b) It has not, in whole or in part, assigned, leased, hypothecated or otherwise created any other interest in, or disposed of, or caused or permitted any lien, claim or encumbrance to be placed against its interest in, the Real Property, *provided, however*, it shall have the authority to pledge its interest in the Project to the payment of the Bonds.

(c) Except as otherwise provided herein or in the bond trust indenture or other instrument providing for the issuance of the Bonds (the “Indenture”), it will not during the Ground Lease Term, in whole or in part, assign, lease, hypothecate or otherwise create any other interest in, or dispose of, or cause or permit any lien, claim or encumbrance to be placed against its interest in the Real Property.

(d) It has duly authorized the execution and delivery of this Ground Lease by an authorized representative thereof. The Authority has obtained or will cause to be obtained any and all permits,

authorizations, licenses and franchises necessary to Procure the K-AIRES Center Facility and enable the operation and utilization of the Project for its intended purposes.

ARTICLE II

Section 2.1. Real Property. The Board is the owner of the Real Property which is more particularly described on *Schedule 1* attached hereto and incorporated by reference herein, together with all rights, easements and appurtenances thereto.

Section 2.2. Grant of Leasehold. Lessor, in consideration of the Authority's Procurement of the K-AIRES Center Facility, including the anticipated issuance of the Bonds, hereby rents, leases and lets unto the Authority, and the Authority hereby rents, leases and hires from Lessor, upon and subject to the terms and conditions hereinafter set forth, the Real Property for the Ground Lease Term. The Board will deliver, and the Authority will accept possession of the Real Property on and after the Commencement Date. The taking of possession of the Real Property by the Authority will be deemed conclusively to establish that the Real Property is in satisfactory condition as of the date possession was so taken. Except as expressly represented, warranted, or covenanted herein, neither the Board nor University make any representation or warranty with respect to the condition of the Real Property, or the suitability thereof for the construction of the K-AIRES Center Facility and the business operations of any tenants or sub-tenants thereof. The Authority will accept the Real Property in its "AS IS, WHERE IS" condition. Pursuant to this Ground Lease, the Authority shall have a leasehold interest in the Project, including all improvements to or constituting part of the K-AIRES Center Facility, provided that the Project Lease shall reasonably provide the Project Lease Tenant and any Project Lease Subtenants with quiet enjoyment of the Project during the term of the Project Lease. Upon termination of this Ground Lease, fee simple title, free of all liens and encumbrances, to all such permanent improvements and fixtures will immediately vest in the Board, and the Authority shall execute such deeds or other instruments reasonably required by the Board to evidence such ownership of record.

Notwithstanding anything else herein, the Parties acknowledge that this Ground Lease may be amended, modified, supplemented or superseded by a subsequent ground lease entered into in connection with the issuance of the Bonds and the execution of the Project Lease.

Section 2.3. Consideration and Rent. The Procurement of the K-AIRES Center Facility and execution and delivery of the Project Lease by the Authority are hereby acknowledged as good and sufficient consideration to be received by the Lessor for the grant of this Ground Lease. No fixed annual cash rentals shall be payable hereunder; *provided*, the Authority shall pay, without notice, and without abatement, deduction, or setoff, except as otherwise specially allowed herein, as rent, all sums, taxes, assessments, costs, expenses or other payments that the Authority in any of the provisions of this Ground Lease assumes or agrees to pay.

Section 2.4. Compliance with Laws and Restrictive Covenants. The Authority shall comply with all CC&Rs applicable to this Ground Lease, the Project and the Authority's use thereof.

Section 2.5. Common Areas. The Authority and Board acknowledge that the Real Property and the K-AIRES Center as constructed shall contain certain Common Areas. Such Common Areas shall be improved, kept and maintained as may be set forth in the Project Lease and any sublease thereof.

Section 2.6. Easements Granted to Authority. The Board and Authority agree to reasonably cooperate with one another in good faith relative the granting of any necessary easements or licenses on the Real Property. Without limiting the generality of the foregoing, the Board agrees to timely grant to the

Authority sidewalk and/or utility easements (including without limitation electricity, water and sewer) and licenses over and across any adjacent property of the Board as are reasonably needed for the development of the K-AIRES Center Facility.

Section 2.7. Easements Reserved. The Board retains such easements over and across the non-building portions of the Real Property as will permit pedestrian and vehicular ingress, egress, and parking, and such easements as will allow for the use, maintenance, and enjoyment of the Common Areas of the Project.

Section 2.8. Assignment and Sublease. Lessee covenants that it will not, without Lessor's written consent, unless required by law, sell, assign, sublease or otherwise part with or encumber its interest in the Real Property at any time during the Ground Lease Term, *provided, however*, that pursuant to the Project Lease, the Project Lease Tenant may sublease such portions of the Project to such other parties (including both for-profit and non-profit organizations) as the Project Lease Tenant may determine are necessary and advisable in furtherance of the Project's operation as the K-AIRES Center. In the event that the University is not the Project Lease Tenant, the University shall approve any sublease of the Project or portions thereof, which approval shall not be unreasonably withheld. Except as otherwise set forth herein, Neither Party shall assign or in any manner transfer its interest under this Ground Lease, nor will it suffer or permit any assignment thereof by operation of law, except in accordance with the limitations, conditions and requirements set forth herein.

Section 2.9. Project Lease. Except as provided herein, nothing in the Project Lease shall diminish or impair the rights of the Parties arising under this Ground Lease.

Section 2.10. Evidence of Title. As a condition to the issuance of the Bonds, the Authority shall furnish evidence of title in the form of a policy of title insurance, insuring the Authority's leasehold interest in the Real Property, subject to Permitted Encumbrances, in an amount equal to the principal amount of the Bonds or such other amount as may be mutually acceptable to the Parties. The Parties agree that any and all proceeds therefrom if (a) received before the completion of the K-AIRES Center Facility shall be paid into and become a part of the Construction Fund, (b) if received thereafter but before the Bonds and interest thereon have been paid in full, shall be paid into and become a part of the principal and interest payment account for the Bonds, and (c) if received after the Bonds, redemption premium, if any, and interest thereon have been paid in full, shall belong and be paid to the Project Lease Tenant.

ARTICLE III

Section 3.1. Authority and Responsibility for Procurement of K-AIRES Center Facility. The Authority is responsible for, and authorized to perform, subject to all applicable CC&Rs, the Procurement and opening of the K-AIRES Center Facility, including without limitation all contractor, architect, engineering, attorney, accounting, licensing, testing, code enforcement and inspection costs. Except as stated herein or otherwise agreed to by the parties, neither the Board nor the University shall be responsible for any Project cost or expense. For the avoidance of doubt, Project costs shall mean all costs that may be properly capitalized under generally accepted accounting principles incurred in connection with Procurement of the K-AIRES Center Facility and paid from the Construction Fund.

Section 3.2. Plans. All Project improvements shall be constructed and maintained in accordance with the Plans approved by the Parties and in accordance with and as further specified by the CC&Rs, if any. Any material change to the Plans is subject to the prior written approval of the University, which approval shall not be unreasonably withheld, conditioned or delayed. The Authority shall provide Plans that include, unless otherwise agreed to by the Parties, the following:

- (a) Design Narrative (Building Organization and Features);
- (b) Preliminary Site Plan showing building and improvements location, height and exterior perimeter dimensions, and also showing parking and site utility connections;
- (c) Preliminary Floor Plans with furnishings shown;
- (d) Exterior Elevations and/or renderings;
- (e) Structural System Design Criteria;
- (f) Mechanical Systems Design Criteria;
- (g) Signage, logo and building name plans; and
- (h) Telecommunications and Internet Design and Capacity Criteria.

Signage and building name must meet all University criteria for promoting and further supporting the mission and vision of the Parties, as well as all requirements and restrictions under any CC&Rs and all applicable state and local laws, ordinances and rules set forth by the Kansas Board of Regents, as applicable. The Authority understands and agrees that it is important to the University that all buildings comprising the K-AIRES Center facility integrate with the University's signage and branding standards.

Section 3.3. ADA and OSHA Compliance. With respect to the Procurement of the K-AIRES Center Facility, the Authority shall be solely responsible for complying with all standards and regulations issued by the Occupational Safety and Health Administration or the Occupational Safety and Health Act. The Authority shall further be solely responsible for complying with all accessibility requirements under the Americans with Disabilities Act (ADA) and Uniform Federal Accessibility Standards (UFAS) in all development and construction completed on the Project. This may include, but shall not be limited to, abiding by the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities.

Section 3.4. Construction Contracts. The Authority shall have the authority enter into such Construction Contracts as are necessary to Procure the K-AIRES Center Facility. The Authority shall cause the Construction Contracts to be fully performed by the contractor(s), subcontractor(s) and supplier(s) thereunder in accordance with the terms thereof, and the Authority covenants to cause the Procurement of the K-AIRES Center Facility to be done in accordance with the Construction Contracts.

Section 3.5. Commencement and Timeline for Construction. The Parties shall include a timeline for commencement and completion in the Plans, subject to modification by mutual agreement. The Parties will approve key milestones and design as determined to be reasonable and necessary to stay within the timeline and facility needs of the University and any Project Lease Subtenants.

Section 3.6. Outside Date for K-AIRES Center Facility Financing. Subject to the mutual agreement of the Parties to the contrary, if the Bonds have not been issued by December 31, 2026, then the Board may terminate this Ground Lease by giving notice to the Authority of such termination. Such

termination will be effective as of a date specific in such notice, which may not be less than 30 nor more than 90 days after the date such notice is given.

Section 3.7. Furnishings and Equipment Purchased by Project Tenant. If no part of the purchase price of an item of personal property is paid from funds deposited in the Construction Fund then such item of personal property shall not be deemed a part of the Project.

Section 3.8. Access to Real Property. The Authority, for itself and its duly authorized representatives and agents, including the Project Lease Tenant and the Trustee, shall have the right to enter the Real Property at any reasonable time throughout the term of this Ground Lease for the purposes of performing any work made necessary by reason of any Event of Default under this Ground Lease or the Project Lease, and, while an Event of Default (as defined therein) is continuing under the Project Lease, for the purpose of exhibiting the Project to prospective purchasers, lessees or mortgagees.

Section 3.9. Mechanic's, Laborer' or Materialmen's Liens. If, during the Construction Period, any mechanic's, laborer's or materialmen's liens, other encumbrance lien or charge is placed upon the Project, the Authority shall promptly and in any event no later than 30 days after the date of filing (1) obtain a release or discharge of the lien, or (2) furnish a bond satisfactory for the release of the same. If the Authority fails to obtain a release, discharge or post a bond within the 30-day period, then the Board may, in addition to any other right or remedy it may have, and without waiting its rights to declare a default, discharge such lien by bonding or otherwise. Any costs, expenses, charges, penalties, interest, allowances and reasonable attorney's fees incurred by the Board or University in the course of discharging or bonding shall be paid by the Authority to the Board or University, as applicable, on demand. Subsequent to the Construction period, the Project Lease Tenant shall be responsible for discharging all such foregoing liens and charges.

Section 3.10. Impositions. Prior to the issuance of the Bonds and the execution of the Project Lease, the Authority shall be responsible for all Impositions. Subsequent to the execution of the Project Lease, the Project Lease Tenant shall bear, pay and discharge, before the delinquency thereof, any and all taxes and assessments, general and special, which may be lawfully levied or assessed against or in respect of the Real Property, or any part thereof, or any improvements at any time erected thereon, and all water and sewer charges, assessments (including special assessments) and other similar governmental charges whatsoever, foreseen or unforeseen, which if not paid when due would encumber the fee simple title to the Real Property.

ARTICLE IV

Section 4.1. Short Form Lease. Upon request of either Party, which request may occur more than once, the other will execute a short form lease or memorandum of lease in proper form for recording, setting forth the Commencement Date and the basic provisions of this Ground Lease.

Section 4.2. Covenants. The Authority agrees and acknowledges that the Real Property may be subject to CC&Rs. Any CC&Rs run with the land and extend the same to mortgagees, trustees, receivers, or other persons claiming a right, power, or interest in any contract issued under this Ground Lease or over the Authority's leasehold. Any assignment or sublease of this Ground Lease or any portion of the Project will require acknowledgement of the assignee or subtenant that the terms of any CC&Rs are binding on such assignee or subtenant. If written notice of a default under any CC&Rs is not provided directly to the Authority, the Board or University will, after receipt of any such notice, promptly furnish the Authority with a copy thereof. If the Authority fails to perform any of the terms, provisions, covenants, or conditions of this Ground Lease on its part to be performed, which failure constitutes a

default under the CC&Rs, then the Board or University may, but will not be obligated to, perform any such term, provision, covenant or condition on the Authority's behalf if the Authority fails to cure the default within thirty (30) days of receiving notice of such default. Any sums so paid by the Board or University will be deemed to be rent owing by the Authority and will be due and payable upon demand.

ARTICLE V

Section 5.1. Environmental Matters. The Parties acknowledge that the University and the Authority are parties to the Consent Decree. To the extent applicable, the Authority herein covenants and agrees that it will cause the Procurement of the K-AIRES Center Facility in a manner consistent with and subject to the terms of the Consent Decree. Any environmental remediation actions located on the Real Property required under the Consent Decree and related Corrective Action Decision by the Kansas Department of Health and Environment shall be subject to the terms of the Consent Decree and Corrective Action Decision and shall not be disturbed or impaired by this Ground Lease or the Project Lease.

Upon execution of the Project Lease, the Project Lease Tenant (including any sub-tenants) shall be responsible for maintaining the Project in compliance with all applicable Environmental Laws. In the event that the Project Lease Tenant does not expeditiously proceed with any compliance action with respect to the Project lawfully required by any local, state or federal authority under applicable Environmental Law, the Authority, immediately after notice to the Project Lease Tenant, may elect (but may not be required) to undertake such compliance. Any moneys expended by the Authority in efforts to comply with any applicable Environmental Law (including the cost of hiring consultants, undertaking sampling and testing, performing any cleanup necessary or useful in the compliance process and attorneys' fees) shall be due and payable as additional rent under the Project Lease, with interest thereon at the average rate of interest per annum on the Bonds, plus two (2) percentage points, from the date such cost is incurred. There will be unlimited recourse to the Project Lease Tenant to the extent of any liability incurred by the Authority with respect to any breaches of the provisions of this section.

As applicable and to the extent permitted by law, the Project Lease Tenant shall indemnify the Board, the University, the Authority and the owners of the Bonds and agree to defend and hold them harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and costs associated with or incurred in the investigation, defense and settlement of claims) that they may incur, directly or indirectly, as a result of or in connection with the assertion against them or any of them of any claim relating to the presence on, escape or removal from the K-AIRES Center Facility of any Hazardous Substance or other material regulated by any applicable Environmental Law, or compliance with any applicable Environmental Law, whether before, during or after the term of this Ground Lease, including claims relating to personal injury or damage to property.

ARTICLE VI

Section 6.1. Telecommunications, Utilities & Operating Expenses. The Project Lease Tenant shall be responsible for all telecommunication services, utility service deposits and charges (including but not limited to natural gas, electricity, water, trash, garbage removal, and sewer) and other operating expenses in connection with the operation of the Project. To the extent such charges are paid or otherwise incurred by the University and not otherwise provided for in the Project Lease, such charges shall be payable as rent by the Authority hereunder.

Section 6.2. Repair and Maintenance of Facility. During the Ground Lease Term, the Authority shall be responsible for the repair and maintenance of the exterior the K-AIRES Center Facility. For the avoidance of doubt the “exterior” of the K-AIRES Center Facility shall mean the roof and exterior walls of the K-AIRES Center Facility. The Project Lease Tenant shall be responsible for all other repair and maintenance costs of the K-AIRES Center Facility. To the extent such charges are paid or otherwise incurred by the University and not otherwise provided for in the Project Lease, such charges shall be payable as rent by the Authority hereunder.

Section 6.3. Alterations. To the extent that the University is not the Project Lease Tenant, the University agrees to cooperate with the Project Lease Tenant regarding any alterations or changes to the K-AIRES Center Facility for the purposes of securing necessary permits for any changes, alterations or additions.

ARTICLE VII

Section 7.1. Insurance. During the term of this Ground Lease the Authority shall be required to maintain in full force and effect the following policies of insurance; *provided, however*, that upon the issuance of the Bonds and execution of the Project Lease, the terms of this **Article** may be superseded by the terms of the Project Lease regarding insurance requirements applicable to the Project:

(a) Commercial general liability insurance insuring against claims for bodily injury, personal injury and property damage occurring in or about the Project, in an amount not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence as provided by the Kansas Tort Claims Act or other similar future law (currently \$500,000 per occurrence); which policy must provide that such insurance may not be cancelled by the issuer thereof without at least 30 days’ advance written notice to the Board and the Trustee, such insurance to be maintained throughout the Term of this Ground Lease;

(b) Workers’ compensation insurance in accordance with statutory law.

(c) Property insurance insuring the K-AIRES Center Facility for perils covered by a special causes of loss form in an amount equal to the Full Insurable Value of the K-AIRES Center Facility. Such insurance coverage shall name the Authority, the Board, and the Trustee as loss payees, as their interests appear, and, upon the issuance of the Bonds, all net proceeds received under such policy or policies by the Authority shall be paid over to the Trustee as set forth in the Project Lease and Indenture.

(d) With regard to new buildings and improvements constituting a part of the K-AIRES Center Facility, performance and labor and material payment bonds and statutory bonds (with sureties approved by the Authority) with respect to the applicable Construction Contracts in the full amount of such Construction Contracts. Said bonds shall name the Authority and Trustee as obligees. All payments received by the Authority or the Trustee under said bonds shall become a part of and be deposited in the Construction Fund. With regard to materials and/or labor furnished to the K-AIRES Center Facility at the order of the Project Lease Tenant without formal contract, or by subcontract with the Project Lease Tenant acting as general contractor, with respect to materials or labor which could form the basis of a statutory mechanic’s lien, if the amount of the transaction does not exceed \$10,000, the Trustee may disburse payments therefor upon receipt of releases or waivers of statutory mechanic’s or subcontractor’s liens by all vendors or subcontractors receiving payment or furnishing labor or materials as a subcontractor of the vendor or subcontractor receiving payment.

Section 7.2. General Insurance Provisions.

(a) Prior to the expiration dates of the expiring policies or within 30 days of renewal, originals or certificates or acceptable binders of the policies provided for in this Article, each bearing notations evidencing payment of the premiums or other evidence of such payment, shall be delivered to the Authority and shall be available for inspection. All policies of such insurance and all renewals thereof must contain a provision that such insurance may not be cancelled or amended by the issuer thereof without at least thirty (30) days' written notice to the Authority and the Board, and shall be payable to the Authority, the Trustee and the Project Lease Tenant as their respective interests appear. The Authority and hereby agrees to do anything necessary, be it the endorsement of checks or otherwise, to cause any such payment, as long as such payment is required by this Ground Lease.

(b) Each policy of insurance hereinabove referred to shall be issued by a nationally recognized responsible insurance company qualified under the laws of the State to assume the risks covered therein except that the Project Lease Tenant may be self-insured as to any required insurance coverages under a program of self-insurance approved by the State Commissioner of Insurance or other applicable State regulatory authority to the extent required by law, and with the consent of the Authority, which consent will not be unreasonably withheld.

(c) Certificates of insurance evidencing the insurance coverages herein required shall be filed with the Authority continuously during the term of this Ground Lease.

(d) Each policy of insurance hereinabove referred to may be subject to a reasonable deductible in an amount approved by the Authority.

(e) During the Construction Period, each policy of insurance required herein may be provided through blanket policies maintained by the Authority.

Section 7.3. Insurance After Completion. In the Project Lease, the Authority shall require the Project Lease Tenant to, at its sole cost and expense, keep the Project continuously insured against loss or damage by fire, lightning and all other risks covered by the broadest form extended coverage insurance endorsement then in use in the State in an amount equal to the Full Insurable Value thereof in such insurance company or companies as it may select and shall at all times maintain general accident and public liability insurance required hereunder, all of which policies shall name the Project Lease Tenant, the Authority, and the Trustee as insureds or mortgagees, as their interests appear.

Section 7.4. Waiver of Subrogation. Anything in this Ground Lease to the contrary notwithstanding, the Board and Authority hereby waive and release each other of and from any and all right of recovery, claim, action, or cause of action against each other, their agents, officers, and employees, for any loss or damage that may occur to the Project, regardless of cause or origin, including negligence of Parties and their agents, officers and employees, but only to the extent insurance proceeds are actually received by the waiving Party to cover such loss or damage. The Parties agree immediately to give their respective insurance companies written notice of terms of the mutual waivers contained in this Section, and to have the insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverages by reason of the mutual waivers.

ARTICLE VIII

Section 8.1. Indemnity. The Authority shall indemnify the Board from any and all claims, demands, liabilities and costs, including attorney's fees, arising from damage or injury, actual or claimed, to property or persons occurring or allegedly occurring in, on or about the Project from the commencement

date of this Ground Lease until the execution of the Certificate of Completion. Subsequent to the execution of the Certificate of Completion, the indemnity described in this section shall be subject in all respects to the provisions of the Project Lease.

ARTICLE IX

Section 9.1. No Right To Encumber; Bonds. Neither the Authority, nor any assignee, subtenant or conveyance grantee of the Authority may mortgage, grant a collateral assignment of or a security interest in, or otherwise encumber such party's interest in this Ground Lease or the Project. Notwithstanding the foregoing, the Authority may issue Bonds to finance the Procurement of the K-AIRES Center Facility and pledge its interest in the Project to the repayment of the Bonds, provided that at no time during the Ground Lease Term will the Bonds (Including the Indenture): (a) encumber the underlying fee interest in the Real Property; or (b) extend or survive beyond the expiration of the Ground Lease Term. The Bonds (including the Indenture) is subject and subordinate to all rights and interests of the Board under this Ground Lease, and the Bonds (including the Indenture) shall be an encumbrance or lien only on the Authority's interest in the Ground Lease and leasehold estate and not on the Board's fee interest in the Real Property. The Bonds (including the Indenture) shall be subject to the terms of this Ground Lease, and the Trustee shall not acquire any rights greater than those of the Authority.

Section 9.2. Non-Disturbance of Leasehold Interest. Lessor and the Authority each covenant and agree with one another, that as long as the Authority shall continue to perform all obligations provided for in this Ground Lease, including the discharge of all obligations and covenants hereunder, the Authority shall have a leasehold interest in the Real Property, notwithstanding the occurrence of any Event of Default under the Project Lease, until this Ground Lease is terminated according to its terms.

Section 9.3. Release of Leasehold Interest. Upon cancellation or termination of this Ground Lease, the Authority shall release its leasehold interest in the Real Property to the Board and shall execute any release documents as may be reasonably requested by the Board.

Section 9.4. Notices. All notices required to be given hereunder shall be given to the Notice Representative designated for each party as set forth herein.

Section 9.5. Rights and Remedies. The rights and remedies reserved by the parties hereto, their successors and assigns and those provided by law shall be construed as cumulative and continuing rights and remedies.

Section 9.6. Waiver. No waiver of any breach of any covenant or agreement contained in this Ground Lease shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in the event of a breach by either party of any covenant, agreement or undertaking, the nondefaulting party may nevertheless accept from the other any performance without in any way waiving its right to exercise any of its rights and remedies provided for herein or otherwise with respect to any other default.

ARTICLE X

Section 10.1. Casualty. If K-AIRES Center Facility should at any time during the term of this Lease be damaged or destroyed by fire or otherwise, subject to the terms of the Project Lease, the Project Lease Tenant will take all reasonable steps to restore and rebuild the same as nearly as possible to the

condition they were immediately in prior to such damage or destruction, and such restoration and rebuilding, prosecuted with due diligence, will be completed as soon as reasonably possible.

Section 10.2. Total or Partial Taking. If the Board's entire fee simple interest in the Real Property is taken under any statute or by right of eminent domain, or by private purchase in lieu thereof, then this Ground Lease will terminate automatically as of the date possession is given to the condemning authority. If there is a taking of any material part of the Real Property as to render K-AIRES Center Facility substantially unusable for the purposes for which it is constructed, then either Party shall have the right to terminate this Ground Lease upon 60 days' notice to the other Party. If this Ground Lease is not terminated in the event of a partial taking as described herein, the Ground Lease will continue in full force and effect, and each Party will continue to comply with its obligations hereunder, except to the extent compliance is rendered impossible or impracticable by reason of the taking.

Section 10.3. Compensation for a Taking. All compensation awarded or paid upon a taking will be distributed to the Project Lease Tenant and applied to call for redemption any portion of the Bonds then outstanding and subject to redemption for such purpose. Any remainder shall be distributed to the Project Lease Tenant and shall be used to restore or repair the Project to the extent necessary to make the remaining portions of the Project when complete will be substantially the same in character as prior to such taking. If the amount of the award is not sufficient for Project Lease Tenant to so repair and restore, and the Project Lease Tenant elects not to so restore or repair, then the Project Lease Tenant may promptly raze and level the Project, remove any debris, and convert the Project into a parking area or level grassed area and this Ground Lease will terminate.

Section 10.4. Taking for Temporary Use. If there is a Taking of the Project for temporary use, this Lease will continue in full force and effect, and Lessee will continue to comply with Lessee's obligations under this Lease, except to the extent compliance is rendered impossible or impracticable by reason of the Taking.

ARTICLE XI

Section 11.1. Default. Each of the following events will be an Event of Default hereunder by the Lessee and a breach of this Ground Lease:

- (a) If Lessee is dissolved, or makes an assignment for the benefit of creditors;
- (b) If involuntary proceedings under any such bankruptcy law or insolvency act, or for the dissolution of a corporation are instituted against Lessee, or if a receiver or trustee of appointed of substantially all of the property of Lessee, and such proceedings are not dismissed, or such receivership or trusteeship vacated within 200 days after such institution or appointment;
- (c) If Lessee makes an assignment, transfer, lien or mortgage without right and approval under this Ground Lease;
- (d) If Lessee fails to make any payment constituting rent within 20 days of receipt of written notice that the same is due and payable
- (e) If Lessee materially breaches or fails to perform any of the agreements, terms, covenants or conditions hereof, including non compliance with any CC&Rs, on Lessee's part to be performed other than the payment of rent, and such nonperformance continues for a period of 30 days after receipt of written notice thereof by Lessee (provided, however, that Lessee will not be in default hereunder if Lessee, within

such 30 day cure period, commences and at all times thereafter diligently pursues all practicable efforts to cure the default).

Section 11.2. Remedies in the Event of Lessee Default. If any such default occurs and is not cured within the applicable cure period, if any, in addition to all other rights the Board has under this Lease, under law, or in equity, the Board will have the right to cancel and terminate this Ground Lease, as well as all of the right, title, and interest of Lessee hereunder, by giving to Lessee written notice of such cancellation and termination, and upon such notice, this Ground Lease and the Term hereof, as well as all of the right, title, and interest of Lessee hereunder, will terminate. Both will be relieved of any further obligation to the other under the terms of this except that Lessee shall not be relieved of any obligation for any provision or obligation that survives the termination or expiration of this Ground Lease and shall not be relieved of any additional remedy available to the Board, including, but not limited to, unpaid rent, attorney's fees and related costs incurred to mitigate its damages. In the event of a Lessee default, the Board will also have the right, but not the obligation, to pursue any other remedy available to the Board at law or in equity.

Section 11.3. Noncurable Defaults. Upon the occurrence of those noncurable defaults described in Section 11.1 (a) – (b), at the election of the Board, this Lease shall forthwith and without notice terminate and all rights of Lessee hereunder shall cease, and in addition to that election right, the Board.

Section 11.4. Lessor's Right to Cure. Upon any uncured default, the Board, at its option may, but will not be obligated to, make any payment required of Lessee herein, or comply with any agreement, term, covenant, or condition required hereby to be performed by Lessee and the amount so paid, together with interest thereon at the rate of ten percent (10%) per annum from the date of such payment by the Board, will be deemed to be rent hereunder payable by Lessee and collectible as such by the Board. The Board will have the right to enter the Real Property for the purpose of correcting or remedying any such default and to remain therein until the same has been corrected or remedied, but neither any such expenditure, nor any such performance, by the Board will be deemed to waive or release Lessee's default or the right of the Board to take such action as may be otherwise permissible hereunder in the case of such default.

ARTICLE XII

Section 12.1. Beneficiaries. The parties acknowledge and agree that the Trustee and owners of the Bonds shall be deemed to be third party beneficiaries hereto.

Section 12.2. Amendments. This Ground Lease may be amended or modified by the mutual agreement of the parties hereto; provided upon the issuance of the Bonds and so long as any Bonds are outstanding, this Ground Lease may be amended or modified only in the manner prescribed in the Project Lease with respect to amendments thereto.

Section 12.3. Construction and Enforcement. This Ground Lease shall be construed and enforced in accordance with the laws of the State of Kansas.

Section 12.4. Partial Invalidity. If for any reason any provision hereof shall be termed to be invalid or unenforceable, such partial invalidity shall not affect the remainder of the provisions hereof.

Section 12.5. Binding Effect. The covenants, agreements and conditions herein shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

Section 12.6. Section Headings. The section headings hereof are for the convenience of reference only and shall not be treated as a part of this Ground Lease or as affecting the true meanings of the provisions hereof.

Section 12.7. Execution of Counterparts; Electronic Transactions. This Ground Lease may be executed simultaneously in multiple counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. The transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first above written.

KANSAS BOARD OF REGENTS

By: _____
Name:
Title:

Approved as to form

Office of General Counsel
Kansas State University

Approved as to form

Office of General Counsel
Kansas Board of Regents

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 20__ by _____, _____ of the Kansas Board of Regents.

Notary Public

Typed Name of Notary Public

(SEAL)

My Appointment Expires:

"LESSOR"

SALINA AIRPORT AUTHORITY

By: _____
Tim Rogers
Executive Director

(SEAL)

ATTEST:

Kasey Windhorst
Board Clerk

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF SALINE)

The foregoing instrument was acknowledged before me this ____ day of _____, _____ by
Tim Rogers, Executive Director of the Salina Airport Authority, Kansas.

Notary Public

Typed Name of Notary Public

(SEAL)

My Appointment Expires:

"LESSEE"

SCHEDULE I

SCHEDULE I TO THE GROUND LEASE DATED AS OF [DATE], BETWEEN THE KANSAS BOARD OF REGENTS AND THE SALINA AIRPORT AUTHORITY, SALINA, KANSAS

PROPERTY SUBJECT TO LEASE

(A) The following described real estate located in SALINE COUNTY, KANSAS, to wit:

A PORTION OF LOTS 6 AND 8, BLOCK 1 SCHILLING SUBDIVISION NO. 3 TO THE CITY OF SALINA, COUNTY OF SALINE, STATE OF KANSAS, AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 6; THENCE ON THE WEST LINE OF SAID LOT, N 00°05'06" W 237.53 FEET TO THE NORTHEAST CORNER OF LOT 13, BLOCK 1, SCHILLING SUBDIVISION; THENCE N 89°58'57" E 372.26 FEET; THENCE S 00°05'05" E 108.15 FEET TO THE NORTH LINE OF A PLATTED 100 FOOT DRAINAGE RIGHT-OF-WAY; THENCE ON SAID NORTH RIGHT-OF-WAY LINE, S 52°00'07" W 210.22 FEET TO THE SOUTH LINE OF SAID BLOCK 1; THENCE ON SAID SOUTH LINE, S 89°58'52" W 206.41 FEET TO THE POINT OF BEGINNING.

CONTAINS 1.80 ACRES, MORE OR LESS.

the real property constituting the "Real Property" as referred to in the Ground Lease, subject to Permitted Encumbrances.

RESOLUTION NO. 23-18

A RESOLUTION APPROVING A GROUND LEASE FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE K-AIRES CENTER.

WHEREAS, the Salina Airport Authority (the “Authority”), the State of Kansas, acting through the Department of Commerce (the “State”), and Kansas State University, particularly Kansas State University Polytechnic Campus in Salina, Kansas (the “University”) have determined that the acquisition and construction (collectively the “Procurement”) of the Kansas Advanced Immersive Research for Emerging Systems Center (the “K-AIRES Center”) is in furtherance of and aligned with the collective interest of the Authority, the State and the University; and

WHEREAS, the Authority is primarily responsible for the Procurement of the K-AIRES Center; and

WHEREAS, title to the real property upon which the K-AIRES Center is to be located (the “Land”) is held by the Kansas Board of Regents, on behalf of the University; and

WHEREAS, in order to facilitate the Procurement of the K-AIRES Center, the Board of Directors of the Authority has deemed it necessary and advisable for the Authority to enter into a Ground Lease with the Kansas Board of Regents pursuant to which the Authority, as lessee, will lease the Land from the Board of Regents, as lessor, upon the terms and conditions set forth in the Ground Lease; and

WHEREAS, a form of the Ground Lease has been presented to the Board of Directors of the Authority in connection herewith.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SALINA AIRPORT AUTHORITY, SALINA, KANSAS, AS FOLLOWS:

Section 1. Approval. The Ground Lease is approved in substantially the form presented. The Chair is authorized to execute the Ground Lease on behalf the Authority with such changes as may be approved by the Executive Director and counsel to the Authority. The Chair’s execution of the Ground Lease shall constitute conclusive evidence of such approval.

Section 2. Further Authority. The Chair, Executive Director, counsel to the Authority and other officers and representatives of the Authority are hereby authorized and directed to execute such documents and take such other action as may be necessary to carry out the intent hereof. To the extent applicable, the transactions described in this Resolution may be conducted, and documents related to the Ground Lease 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 3. Effectiveness. This Resolution shall be in full force and effect from and after its adoption.

ADOPTED by the governing body of the Authority on December 20, 2023.

**SALINA AIRPORT AUTHORITY
(SALINA, KANSAS)**

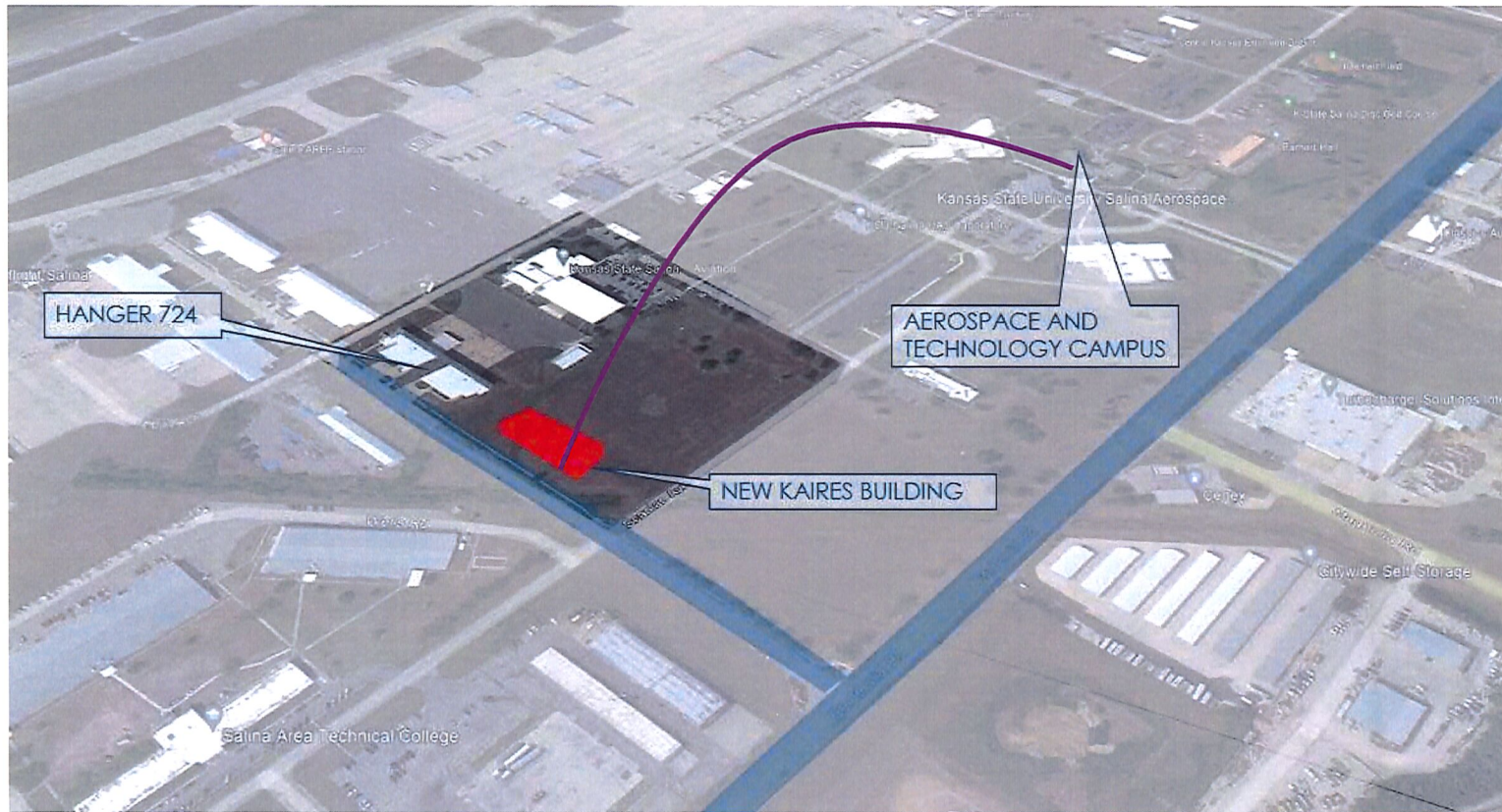
Name: Tod Roberg
Chair

(SEAL)

ATTEST:

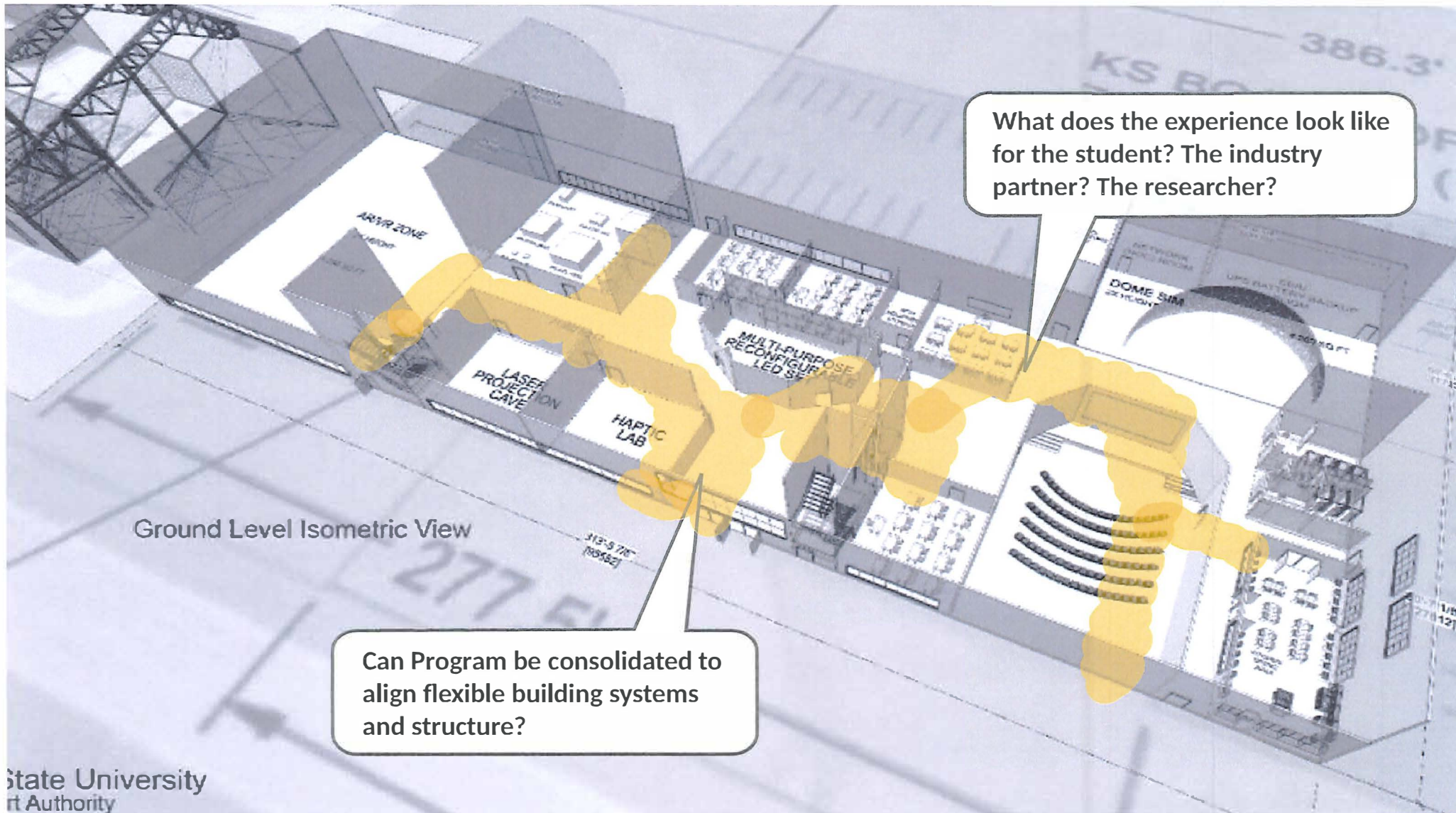
By: _____
Name: Kasey Windhorst
Board Clerk

The Site



The Site





LEASE AGREEMENT

This Lease Agreement (the “Lease”), made and entered into this ____ day of December, 2023, by and between the **SALINA AIRPORT AUTHORITY** of Salina, Saline County, Kansas, (the “Authority”), and **UFP HARRISONVILLE, LLC.**, a corporation, authorized to do business in Kansas, with principal offices located at 2600 Precision Drive, Harrisonville, MO 64701, (“Lessee”), WITNESSETH:

RECITALS

- A. The Lessee has been a Tenant of the Authority since February 29, 2012, in Building 620 and on adjacent land all located at the Salina Airport Industrial Center located within the City of Salina, Saline County, Kansas (“2012 Lease”).
- B. The 2012 Lease has been amended by six (6) difference addendums and is currently expiring on April 30, 2024- (“Amendments”) (collectively the 2012 Lease and Amendments hereafter defined as “Original Lease”).
- C. Due to Lessee’s current and future growth opportunities, Lessee desires to expand the land area included in the leased Premises and requests the Authority to construct certain capital improvements.
- D. The Authority has developed plans to construct capital improvements. The capital improvements will be constructed in three separate phases identified as: Phase I Improvements, Phase II Improvements, and Phase III Improvements (“hereafter defined”).
- E. The Authority and Lessee wish to terminate the Original Lease, as of 11:59 pm on April 30, 2024, and enter into this new Lease as follows:

1. Property Description.

- 1.1. **Legal Description of Leased Tract.** The Authority in consideration of the rents, covenants, agreements, and conditions hereinafter agreed to be paid and performed by the Lessee, leases unto the Lessee the following described premises:

Building 620 containing approximately 30,000 sq. ft. and the adjacent land containing approximately 3.41 acres, legally described as Lots 15 and 16 of Block 4, Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas as further depicted on the attached Exhibit A.

together with any improvements to be constructed thereon and the appurtenances thereunto belonging, as depicted on the attached Exhibit A (the “Premises”).

2. Term Effective Date and Holdover.

2.1. Term and Effective Date of Lease. This Lease shall be for a term of three (3) years commencing effective 12:00 am May 1, 2024(“Effective Date”), and terminating on 11:59 pm on April 30, 2027(“Primary Term”), subject to the option for renewal and extension hereinafter set forth.

2.2. Holdover. If the Lessee remains in possession of all or any part of the Premises after the expiration of this Lease, without the express or implied consent of the Authority, such occupancy shall be considered to be a “Holdover Tenancy” from month-to-month only, and not a renewal or extension of this Lease for any further term. In such case, the Basic Rent for such Holdover Tenancy shall be payable in the amount of 150% of the amount specified in Section 4.1 herein. Such Holdover Tenancy shall be subject to every other provision, covenant and agreement contained herein, including any applicable rental adjustments as per Section 5.1.1 herein. The foregoing provisions of this Subsection are in addition to and do not affect the right of re-entry or any right of the Authority hereunder or as otherwise provided by law and in no way shall such provisions affect any right which the Authority may have otherwise to recover damages, to the extent permissible by applicable law, from Lessee for loss or liability incurred by the Authority resulting from the failure by Lessee to surrender the Premises, or for any other reason. Nothing contained in this Subsection shall be construed as consent by Authority to any holding over by Lessee and the Authority expressly reserves the right to require Lessee to surrender possession of the Premises to Authority as provided in this Lease, and to the extent permissible by applicable law, upon the expiration of this Lease.

3. Option to Renew. The Lessee is hereby given the option to renew this Lease for two (2) additional terms of three (3) years each at the expiration of the Primary Term. In the event the Lessee elects to exercise its option hereunder, it must notify the Authority in writing six (6) months prior to the expiration of the then current term.

4. Early Termination. In the event that a facility located within the Salina Airport Industrial Center becomes available for lease that in Lessee’s sole discretion is better suited for its business operations and the lease terms are mutually agreed upon by the parties, then the Authority shall give the Lessee the option to terminate this Lease Agreement, with no penalty or additional liability.

5. Rentals.

5.1. Basic Rental. Lessee agrees to pay the Authority a Basic Rent for the leasing of the Premises the sum of Eleven Thousand Seven Hundred and no/100 (\$11,700) per month, the first of which shall be due on May 1, 2024. The rental shall be payable monthly in advance and shall be due on the first day of each month for that month.

5.1.1. On the second (2nd) anniversary date after the Effective Date and every two (2) years thereafter during the term of this Lease, and, if exercised, during the Option Periods provided for in Section 4 above, the Basic Rent shall be adjusted by increasing the Basic Rent for the prior 24-month period by the same percentage as the percentage of increase in the U.S. Government Consumer Price Index (C.P.I.) over the same prior 24-month period. If the C.P.I. over the same 24-month period has not shown a net increase, the Basic Rent for the option period shall remain the same as the Basic Rent for the prior 24-month period. The C.P.I. shall be the statistical report prepared and published by the Bureau of Labor Statistics for the United States for all items for urban consumers, or such other index or report substituted therefore by the U.S. Government. The reference basis for the C.P.I. shall be 1967 equals 100 or the most current index base as established by the Bureau of Statistics. The difference between such index nearest to the first day of the prior 24-month period and the last available index to the last day of the prior 24-month period divided by such index nearest to the first day of the prior 24-month period will determine either the percentage of increase, or that the Basic Rent will remain the same as the prior 24-month period, as provided above.

5.2. Additional Rental. In addition to the Basic Rent, Lessee covenants and agrees that it will be responsible for Additional Rent, which shall include the following components:

5.2.1. Taxes. Lessee agrees to pay all real estate taxes, which may be levied against the Premises after the effective date of this Lease. Upon the Authority's receipt of a statement for taxes or assessments, the Authority will invoice the Lessee. When applicable, the Lessee may determine whether to exercise the option to pay only the first half or the entire obligation. Lessee agrees to make payment to the Authority of the full amount due under the chosen option and no later than May 5 for taxes or assessments due May 10 and no later than December 15 for taxes due December 20 starting in 2023.

5.2.2. Late Charge. If the rental due hereunder is not received by the Authority within five (5) days of due date, a late charge of six percent (6%) of the total amount due and currently owing, or Seventy-Five Dollars (\$75.00), whichever is greater, will be assessed against the Lessee. Failure to pay the rent and the late charge within twenty (20) days shall be grounds for termination of this agreement, solely at the discretion of the Authority, and not as a termination right for Lessee, in addition to recovery of the unpaid rent and the late charge.

5.2.3. Security Deposit. Upon Lessee's execution and delivery of this Lease, Lessee agrees to pay a Security Deposit in the amount equal to the Basic Rent (\$11,700). The Security Deposit shall be held by the Authority without liability for interest, as security for the performance by Lessee of Lessee's covenants and obligations under this Lease; it being expressly understood that the Security Deposit shall not be considered an advance payment of rent or a measure of the Authority's damages in case of default by Lessee. The Authority may commingle the Security Deposit with the Authority's other funds. The Authority may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrearages of rent or to satisfy any other covenant or obligation of Lessee hereunder. Following any such application of the Security Deposit, Lessee shall pay to the Authority on demand the amount so applied in order to restore the Security Deposit to its original amount. If Lessee is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by the Authority to Lessee

5.2.4. Keys. All keys issued to Lessee by the Authority must be returned to the Authority by 12:00 P.M., Noon, on the date this Lease expires or is terminated. If all keys are not returned or if Lessee loses a key during the term of the Lease or any extension thereof, a fee will be charged for each key lost and for each building interior and exterior lock change. The charge per key and lock change will be according to the current rates and charges schedule as adopted annually in the Authority's fiscal year budget

5.2.5. Property Insurance. As per Section 6.9 below, The Authority agrees to notify Lessee on or before December 15 of each year as to the property insurance premium for the coming calendar year and Lessee agrees to reimburse the Authority on or before March 1 of each year for its pro-rata share of the commercial property insurance covering the Improvements located on the Premises in an amount not to exceed \$12,000.

5.3. Rental Renegotiations. Lessee acknowledges that it is aware that as required by AAIA Section 511. (a)(9), the Authority must maintain a fee and rental structure for its facilities and services, which will make the Airport as self-sustaining as possible under the circumstances. In the event that an FAA and/or DOT audit should determine that the rentals provided for herein are inadequate, the parties agree to renegotiate the rentals. In the event the parties are unable to successfully renegotiate and agree to a revised fee and rental structure as a result of an FAA and/or DOT audit, Lessee will have the option to terminate the Lease following a ninety (90) day period of good faith negotiations.

6. Insurance.

- 6.1. Lessee's Liability Insurance. Lessee shall purchase from and maintain in a company or companies lawfully authorized to do business in the State of Kansas such insurance as will protect Lessee from claims set forth below which may arise out of or result from Lessee's operations and for which Lessee may be legally liable, whether such operations be by Lessee or by its independent contractors or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.
- 6.1.1. Claims under workers' compensation, disability benefit and other similar employee benefit acts, which are applicable to Lessee's operation;
 - 6.1.2. Claims for damages because of bodily injury, occupational sickness or disease, or death of the Lessee's employees;
 - 6.1.3. Claims for damages because of bodily injury, sickness or disease, or death of any person other than Lessee's employees;
 - 6.1.4. Claims for damages insured by usual personal injury liability coverage;
 - 6.1.5. Claims for damages, other than the leased property, because of injury to or destruction of tangible property, including loss of use resulting there from;
 - 6.1.6. Claims for damages because of bodily injury, death of a person or property arising out of ownership, maintenance or use of a motor vehicle;
 - 6.1.7. Claims for bodily injury or property damage arising out of products liability and/or completed operations; and
 - 6.1.8. Claims involving contractual liability insurance applicable to Lessee's obligations under Section 18.1 of this lease agreement.
- 6.2. The insurance required by Section 6.1 and Section 6.2 shall be written for not less than limits of liability specified below or as required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of this lease agreement. All insurance policies must be issued by an insurance carrier which has a Best's general policyholder's rating (as published in the most recent issue of Best's Key Rating Guide, Property-Casualty) of not less than A- and a financial size category of V or greater (which equates to an adjusted policyholders' surplus of \$4-\$25 million). Coverage from Lloyd's of London and Industrial Risk Insurance (IRI) is also acceptable only if there is 100% reinsurance with an acceptably rated company. The reinsurance agreement must have a total value (100 percent) assumption of liability endorsement. In addition, reinsurance agreements must have at least 90 days prior notice of cancellation provisions.

6.2.1. Commercial General Liability, which is no more restrictive than ISO Form CG0001 1/96 or any revision thereof with minimum limits of liability of:

\$ 2,000,000	General Aggregate
\$ 2,000,000	Products-Completed Operations Aggregate
\$ 1,000,000	Personal & Advertising Injury
\$ 1,000,000	Each Occurrence
\$ 100,000	Fire Damage (Any one fire)
\$ 5,000	Medical Expense (Any one person)

The policy shall be endorsed to provide the required limits on a "per policy" basis.

6.2.2. Comprehensive Auto Liability for owned, non-owned and hired vehicles with combined single limits of liability of \$1,000,000 per occurrence.

6.2.3. Workers' Compensation with statutory limits.

6.2.4. Employer's Liability coverage with limits of at least:

\$ 500,000	Each Accident
\$ 500,000	Disease-Policy Limit
\$ 500,000	Disease-Each Employee

6.3. Certificates of Insurance acceptable to the Authority shall be filed with the Authority prior to commencement of this Lease. These certificates and the insurance policies required by this Section 6 shall contain a provision that coverages afforded under the policies will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the Authority. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by Lessee with reasonable promptness in accordance with Lessee's information and belief.

6.4. Lessee agrees that its insurance policies will be amended to be primary without right of contribution from the Authority or its insurance policies, that Lessee's insurance policies will be amended to state that its insurer agrees to waive its right of subrogation against the Authority and that the above insurances will not be invalidated for the Authority by any action, inaction or negligence of the insured.

All amounts of claims, losses or damages resulting from deductible clauses or self-insured retentions shall be for the account of the Lessee.

6.5. Lessee agrees that all liability policies, except workers' compensation, will be amended to name the Authority, its subsidiaries, parent, affiliates, executive officers, directors and employees as additional insureds.

6.6. The requirement of Lessee to purchase and maintain insurance shall not, in any manner, limit or qualify the liabilities and obligations otherwise assumed by Lessee under this lease agreement.

6.7. Claims Made Insurance

6.7.1. Lessee shall, to the extent reasonably possible, obtain the liability insurance required hereunder on an occurrence basis. If any insurance required herein is to be issued or renewed on a claims made basis, the retroactive date of such insurance shall be no later than the commencement date of this Lease and shall provide that in the event of cancellation or non-renewal of the insurance, the discovery period for insurance claims (tail coverage) shall be for a period of not less than two years.

6.8. Authority's Liability Insurance

6.8.1. The Authority shall be responsible for purchasing and maintaining the Authority's usual liability insurance.

6.9. Property Insurance

6.9.1. The Authority shall secure and maintain in force at all times during the term of this Lease or any extensions thereof, Commercial Property Insurance with Special Clause of Loss Perils coverage on the buildings and improvements owned by the Authority which are located on the Premises in an amount of not less than 100% of the full replacement cost of the Improvements, as determined by the Authority on an annual basis, using Boeckh, Marshall/Swift or another comparable commercial building cost estimating guide. Lessee agrees to reimburse the Authority annually for the premium paid by the Authority for such insurance. Authority will advise Lessee annually of the insurance premium on or before December 15 of each year and the premium, not to exceed \$12,000, shall be paid in advance and due March 1.

6.9.2. Loss of Use Insurance (rent loss/business income/extra expense).

6.9.2.1. The Authority, at the Authority's option, may purchase and maintain such insurance as will insure the Authority's property due to fire or other hazards, however caused, and the cost thereof shall be paid by the Authority. The Authority waives all rights of action against Lessee for loss of use of the Authority's property, including consequential losses due to fire, theft or other hazards however caused.

6.9.2.2. Lessee, at Lessee's option, may purchase and maintain such insurance as will insure Lessee against loss of use of the Leased Premises due to fire or other hazards, however caused, and the cost thereof shall be paid by Lessee. Lessee waives all rights of action against the Authority for loss of use of the leased Premises, including consequential losses due to fire, theft or other hazards however caused.

6.9.3. Waivers of Subrogation. The Authority and Lessee waive all rights against each other, for damages caused by fire or other causes of loss to the extent covered by property insurance obtained pursuant to this Section 5.9 or other property insurance applicable to the leased Premises, except such rights as they have to proceeds of such insurance held by Lessee as fiduciary. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though (1) that person or entity would otherwise have a duty of indemnification, contractual or otherwise, (2) did not pay the insurance premium directly or indirectly, (3) and whether or not the person or entity had an insurable interest in the property damaged.

6.9.4. Damage to Building Contents Owned by Lessee. Lessee acknowledges that it shall be fully responsible for any loss or damage to its personal property located on or about the Premises that it shall be solely responsible for such personal property, and Lessee releases the Authority and its current and former officers, directors, employees, and agents from any liability, therefore.

7. Use of Premises. Lessee agrees to use the Premises for the sole purpose of manufacturing wood products and other activities normally associated therewith. All activities will comply with applicable law or regulations.

7.1. Lessee agrees that the Premises shall not be used or occupied for any purpose that constitutes a nuisance or may be objectionable to adjacent property; that it will not allow the escape from the Premises of any fumes, odors, smoke, obnoxious gas, gases or other substances which are offensive or which constitute a nuisance or interfere with the conduct of other business in the area. Lessee will provide adequate devices to control excessive electromagnetic emissions.

8. Environmental Concerns.

8.1. Defined Terms. The following terms are defined in the Lease Agreement and shall mean:

8.1.1. **“Environmental Law”** means any now-existing or hereafter enacted or promulgated federal, state, local, or other law, statute, ordinance, rule, regulation or court order pertaining to (i) environmental protection, regulation, contamination or clean-up, (ii) toxic waste, (iii) underground storage tanks, (iv) asbestos or asbestos-containing materials, or (v) the handling, treatment, storage, use or disposal of Hazardous Substances, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act and The Resource Conservation Recovery Act, all as exist from time to time.

8.1.2. **“Hazardous Substances”** means all (i) “hazardous substances” (as defined in 42 U.S.C. §9601(14)) (ii) “chemicals” subject to regulation under Title III of the Superfund Amendments and Reauthorization Act of 1986, as amended from time to time (iii) natural gas liquids, liquefied natural gas or synthetic gas, (iv) any petroleum, petroleum-based products or crude oil or any fraction, or (v) any other hazardous or toxic substances, wastes or materials, pollutants, contaminants or any other substances or materials that are included under or regulated by any Environmental Law.

8.2. Authority’s Responsibility. The Authority is party to a settlement reached with the United States of America to complete the cleanup of environmental contamination caused by the Department of Defense at the Salina Regional Airport and Airport Industrial Center, formerly the Schilling Air Force Base. The Authority shall be responsible for the cleanup and removal of any Hazardous Substances which are determined to have been present on the Premises prior to May 1, 2012. Authority agrees to indemnify and hold Lessee harmless from and against all claims, expenses, loss, or liability arising from the presence of any such contamination which occurred prior to May 1, 2012.

8.2.1. The Authority shall be responsible for any contamination caused by or during the performance of Authority’s work as landlord, even if it occurs after May 1, 2012.

8.3. Lessee Responsibility. The Lessee shall be responsible for the cleanup and removal of any Hazardous Substances, petroleum products, and petroleum additives released by Lessee on the Premises at any time Lessee occupies the Premises from and after May 1, 2012. Lessee agrees to indemnify and hold the Authority harmless from and against all claims, expenses, loss, or liability arising from any such contamination which occurs at any time Lessee occupies the Premises from and after May 1, 2012.

- 8.3.1. Lessee agrees to comply with all storm water and waste collection requirements of any federal, state, or local governmental laws, rules and regulations.
- 8.3.2. Lessee agrees that it will comply with all federal, state, and local regulations regarding the handling, storage, and dispensing of Hazardous Substances, including petroleum products, on the Premises.
- 8.3.3. Lessee agrees that it will immediately notify the Authority in the event of any spills or leaks of Hazardous Substances, including any liquid hydrocarbon materials, on the Premises, and to clean up the affected area in accordance with Kansas Department of Health and Environment standards.
9. Improvements to Premises. The Authority has developed construction plans for improvements to the Premises. Any improvements to the Premises shall be completed in three phases, to the extent mutually agreed upon, in writing, by the parties. For the avoidance of doubt, only Phase I Improvements (as hereafter defined) have been mutually agreed upon and shall be constructed. Phase II Improvements and Phase III Improvements are to be discussed and if approved by both parties, shall proceed at a later date.
- 9.1. Phase I Improvements: Prior to the Effective Date, the Authority, at its sole expense, shall commence work on the Phase I Improvements as stated below and as further described on the attached Exhibit B, Drawing No. 3171-08-23 UFP B620 Improvements 2023:
- 9.1.1. Construction of two new concrete pads located to the north of Bldg. 620 totaling 18,380 sq. ft. at a minimum depth of 6”;
- 9.1.2. Placement of approximately 42,635 sq. ft. of crushed concrete/asphalt millings for an outside storage area;
- 9.1.3. The removal of approximately 160 ft. of fencing and the addition of approximately 600 ft. of new fencing, including gate relocation;
- Completion, Inspection and Acceptance: The Phase I Improvements shall be completed within one hundred and twenty (120) days of the full execution of this Lease Agreement. Authority shall submit written notice to Lessee when the Phase I Improvements are Substantially Complete. Substantially Complete shall be defined as passing all applicable State and Local Inspections and to the reasonable satisfaction of Lessee.
- 9.2. Phase II Improvements and Phase III Improvements: No later than May 1, 2025, the Authority, at its sole expense, shall provide Lessee with construction costs and proposed Basic Rental for Phase II Improvements and Phase III Improvements (both further defined on the attached Exhibit B). If the parties mutually agree to proceed with additional improvements, then an Amendment to this Lease or a new

Agreement shall be executed outlining the terms and conditions under which the Phase II and III Improvements shall be constructed and leased.

9.3. Lessee may, with the written consent of the Authority, which consent shall not be unreasonably withheld, build and construct improvements on the Premises; provided, however, that prior to commencement of any such work the Lessee shall submit construction and site plans thereof to the Authority for its approval and secure the necessary building permits from the City of Salina. Any repairs, improvements or new construction shall conform to the following:

9.4. Any improvements on the Premises shall be restricted to commercial, industrial or warehouse use.

9.5. All construction shall conform to the applicable Building Code.

10. Ownership of Fixtures. It is understood and agreed by and between the parties hereto that any fixtures attached to the Premises or placed on or about Premises by Lessee shall be considered personal property and shall remain the property of the Lessee, who shall have the right to remove the same from the Premises upon the expiration of this Lease so long as such removal does not impair the structural feature of the improvements presently on the Premises. Provided, however, in the event of termination of this Lease due to a breach of covenant by the Lessee, then all fixtures and improvements shall become the property of the Authority and may not be removed from the Premises.

11. Removal of Fixtures. On or before the date of expiration of this Lease, or any extension thereof, the Lessee shall vacate the Premises, remove its property there from and restore the Premises to as good an order and condition as that existing upon the commencement of the term of this Lease, damages beyond the control of the Lessee and due to normal wear and tear excepted. If, however, the Lessee fails to remove the fixtures and/or to restore the Premises to substantially the same condition as existed at commencement of the Lease, then the Authority may remove the fixtures and restore the Premises and may retain the fixtures until such time as Lessee reimburses the Authority for all its expenses connected therewith.

12. Default.

12.1. Lessee shall be in default of this Lease if it:

12.1.1. Fails to pay the rent when due or to comply with any substantial term, condition or covenant of this Lease within ten (10) days after written notice;

12.1.2. Abandons or surrenders the Premises or the leasehold estate;

12.1.3. Attempts to assign or sublease the Premises other than in accordance with the terms of the lease;

12.1.4. Is adjudicated bankrupt or insolvent, makes a general assignment for the benefit of creditors takes the benefit of any insolvency act, or is unable to meet its obligations as they become due; or

12.1.5. Violates any of the other terms and conditions of this Lease.

12.2. In the event of default by Lessee, the Authority shall have the following cumulative remedies:

12.2.1. Terminate the Lease;

12.2.2. Reenter and repossess the Premises;

12.2.3. Relet the Premises or any part thereof;

12.2.4. Accelerate and collect rentals remaining to be paid under the Lease;

12.2.5. Bring a suit for damages against Lessee; or

12.2.6. Pursue any other remedy available to the Authority under Kansas law.

13. Waiver. Waiver by the Authority of any breach of this Lease shall not be construed as a continuing waiver of a subsequent breach nor imply further indulgence.

13.1. In the event legal action must be taken because of the breach of any agreement or obligation contained in this Lease on the part of the Lessee or Authority to be kept or performed, and a breach shall be established, the prevailing party shall be entitled to recover all expenses incurred thereof, including reasonably attorney fees.

14. Repairs to Improvements on Premises. Authority will keep roof and exterior of the Premises in a good state of repair. Lessee covenants that during the term of this Lease it will properly care for the demised Premises and appurtenances and suffer no waste or injury, make all interior repairs in and about the demised Premises and fixtures and appurtenances, necessary to preserve the same in good order and condition, which repairs shall be in a class equal to the original work. Lessee shall be responsible for all routine maintenance and repairs necessary to keep the heating and/or cooling, plumbing, electrical systems and overhead and all building doors in a good state of repair and in good working condition. Maintenance to be performed by the Lessee includes but is not limited to janitorial services, supply and replacement of lighting fixtures including light bulb and ballast replacement, cleaning of stoppages in plumbing fixtures, drain line and septic systems, replacement of floor covering, building interior and exterior painting, repairing and replacing building and overhead door motors, chains and belts and snow removal and landscaping as originally approved and installed. The Authority shall provide and install the initial supply of hand fire extinguishers as required by applicable building code for the interior of the Premises and the Lessee shall maintain and replace the extinguishers as necessary. Lessee is responsible for maintaining electric loads within the designee capacity of the system. Authority shall be responsible for the replacement of any fixtures, appliances or other portions of the heating, air conditioning, plumbing and/or electrical systems which are not repairable and which must be replaced to keep the systems in good working condition. The Authority will maintain and repair the pavement as necessary to preserve the same. The Lessee shall be responsible for maintaining all pavement markings. The Authority shall maintain and preserve the fencing on the Premises.

15. Utilities. Lessee shall, at its own expense, obtain and pay for all electricity, water, gas, sewer use fees, or other utilities used by it during the term of this Lease or any extensions thereof, including the cost of maintenance and operation of the heating system for the Premises.
16. Liens. Lessee shall pay, satisfy and discharge all liens and obligations of any nature and kind whatsoever created by or the obligations of the Lessee which shall attach to or be imposed upon the Premises and shall indemnify, save and hold harmless the Authority from such payment and from all damages and expenses attendant thereto.
17. Assignment of Lease. Lessee shall not assign this Lease or any interest therein and shall not sublet the Premises or any part thereof, or allow any person to occupy or use the Premises or any portion thereof, without prior written consent of the Authority. A consent to one assignment or subletting for use by any other person shall not be deemed to be a consent to any subsequent assignment.
18. Indemnification and Hold Harmless.
- 18.1. To the fullest extent permitted by law, Lessee shall indemnify and hold harmless the Authority, its affiliates and its officers, directors, employees, agents, representatives, guests and invitees (“Authority Indemnitees”) from and against all claims, damages, losses, liabilities, fines, penalties, costs, and expenses (including attorney’s fees, consultant costs, environmental investigation, remedial or removal costs and natural resource damages) arising out of, relating to or resulting from (i) Lessee’s occupancy and or use of the Premises; (ii) any breach of this Lease Agreement by Lessee; (iii) any leak, spill or other release or disposal of or exposure to (A) any goods while being transported or delivered by Lessee or (B) any other materials, substances or chemicals that Lessee or any of its independent contractors bring onto the leased premises; and/or (iv) the acts, omissions, negligence or willful misconduct of any persons used or employed directly or indirectly by Lessee or any independent contractor. The indemnification obligations under this Subparagraph shall not be limited in any way by the limits of any insurance coverage or limitations on the amount or type of damages, compensation or benefits payable by, for or to Lessee, any independent contractor, or any other person under any insurance policy, worker’s compensation acts, disability acts or other employee benefit acts.
- 18.2. In claims against any person or entity indemnified under this Section 18 by an employee of Lessee, an independent contractor of Lessee’s, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under Section 18.1 shall not be limited by limitation or amount or type of damages, compensation or benefits payable by or for Lessee, or

an independent contractor under workers' compensation acts, disability benefit acts or other employee benefit acts.

19. Inspection of Premises. Lessee agrees that the Authority, the Federal Aviation Administration, or its agents may, at all reasonable times, have free access to Premises and buildings thereon for the purpose of examining or inspecting the condition of the same or exercising any right or power reserved to the Authority or Federal Aviation Administration under the terms and provisions of this agreement.

20. Notices. All notices to be given pursuant to this Lease shall be addressed to the parties as follows:

Authority	Salina Airport Authority Salina Airport Terminal Building 3237 Arnold Salina, KS 67401
------------------	---

Lessee	UFP Harrisonville, LLC Nicholas Blondell Manager of Operations 2600 Precision Drive Harrisonville, MO 64701
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With Copy To	UFP Real Estate, LLC Attn: Legal Department 2801 E. Beltline Ave. NE Grand Rapids, MI 49525
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21. First Right of Refusal. During the term of this lease or any extension thereof, the Authority grants unto the Lessee the first right of refusal to lease Lot 14, Block 4, Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing 1.52 acres more or less) as further depicted on the attached "Exhibit B". The Authority shall first notify Lessee of the intended lease and the terms thereof and the Lessee shall have the right to lease said property on the terms indicated by electing to do so within thirty (30) days from the date thereof. In the event that Lessee does not exercise his right of first refusal to lease said tract, then the Authority may lease said tract to others; provided however, Authority shall not lease said tract to another party at more favorable terms than first offered to and refused by Lessee.

22. Exclusive Right to Lease. Authority grants to Lessee, the exclusive right to lease Lot 14 Block 4 Schilling Subdivision 5 ("Lot 14"), with or without the Phase II and Phase III Improvements. If the parties do not mutually agree on the Phase II and Phase III

Improvements, then Lessee shall have the right to lease Lot 14 (without improvements) at a reasonable mutually agreed upon rate.

23. General Clauses.

23.1. Lessee shall comply with all applicable laws, ordinances and regulations of the state, county and municipality wherein the Premises are located with regard to construction, sanitation, licenses or permits to do business and all other matters.

23.2. Lessee shall pay to the proper governmental agencies and as they become due and payable, all taxes, assessments, and similar charges, which at any time during the term of this Lease may be taxed, except those which the Authority has in this Lease agreed to pay.

23.3. Any property of the Authority damaged or destroyed by the Lessee, incident to the Lessee's use and occupation of Premises, shall be promptly repaired or replaced by the Lessee to the satisfaction of the Authority or in lieu of repair or replacement, the Lessee shall, if so required by the Authority, pay to the Authority money in the amount sufficient to compensate for the loss sustained by the Authority by reason of damage or destruction of the property.

23.4. Lessee acknowledges that it has inspected and knows the condition of the Premises and it is understood that the same is hereby leased without any representation or warranty by the Authority whatsoever and without obligation on the part of the Authority to make any alterations, repairs, or additions thereto.

23.5. Lessee shall not use, or permit to be used, any portion of the property under its control for signs, billboards, or displays, other than those connected with its own operations thereon. Advertising signs must be located on the buildings on the Premises and shall not contain more than 120 square feet in the area. Flashing or illuminated signs in which the light is not maintained constant and stationary in intensity and color shall be prohibited.

23.6. All loading docks for buildings or warehouses shall be maintained on the side or rear of the buildings.

23.7. Lessee shall not be the agent of the Authority in making repairs or other improvements to the Premises and no mechanics liens or claims thereunder shall be valid against the Authority or against the interest of the Authority in the property.

23.8. All materials, supplies, or equipment stored outside of the buildings shall be done so in an orderly manner. Lessor acknowledges and covenants that Lumber storage both inside and outside within the Premises' perimeter screening, and the use of trucks or forklifts shall be permitted by all applicable government regulations.

- 23.9. The Lessee must at all times keep the Premises and buildings in a safe, clean, wholesome condition and comply in all respects to all government, health, and police requirements and the Lessee will remove at its own expense any rubbish which may accumulate on the property.
- 23.10. Open, unpaved areas shall be grassed to present a pleasing appearance and such grass kept reasonably mowed and trimmed.
- 23.11. Authority reserves the right (but shall not be obligated to Lessee) to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of the Lessee in this regard.
- 23.12. Authority reserves the right further to develop or improve the landing area and all publicly owned air navigation facilities of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.
- 23.13. Authority reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the Airport which in the opinion of the Authority would limit the usefulness of the Airport or constitute a hazard to aircraft.
- 23.14. During time of war or national emergency Authority shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly owned air navigation facilities, and/or other area or facilities of the Airport. If any such agreement is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.
- 23.15. It is understood and agreed that the rights granted by this agreement will not be exercised in such a way to interfere with or adversely affect the use, operation, maintenance, or development of the Airport.
- 23.16. There is hereby reserved to the Salina Airport Authority, 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 the 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 the airspace or landing at, taking off from, or operating on or about the Airport.
- 23.17. This Lease shall become subordinate to provisions of any existing or future agreement between the Authority and the United States of America or any agency thereof relative to the operation, development or maintenance of the Airport, the

execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.

23.18. Lessee agrees to comply with all applicable laws, ordinances, rules and regulations of the federal, state, county, and municipality wherein Premises are located, including compliance with future laws and regulations, i.e., those passed after the date of this agreement.

23.19. In the event that Lessee defaults in its payment of rentals or fails to substantially comply with any of the other items of this Lease then, if requested by the Authority, the Lessee agrees to provide it with a financial statement covering its latest fiscal or calendar year, which financial statement shall be in such form as accurately discloses the assets, liabilities, and net worth of the Lessee. If, in the opinion of the Authority, the financial statement provided is incomplete or fails to accurately indicate the financial condition of the Lessee, the Lessee agrees to provide the Authority such further financial information as the Authority may in writing request.

24. Nondiscrimination Assurances.

24.1. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the property described in this Lease, for a purpose for which Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits. The Lessee shall maintain and operate such facilities or benefits and services in compliance with all other requirements imposed pursuant to 49 CFR, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as the regulations may be amended.

24.2. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (i) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities; (ii) that in construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (iii) that the Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as the regulations may be amended.

24.3. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participation in any employment activities covered in 14 CFR, Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered sub organizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, as required by 14 CFR, Part 152, Subpart E, to the same effect.

24.4. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958.

24.5. Lessee agrees to furnish service on a fair, equal and not unjustly discriminatory basis to all users thereof, and to charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that Lessee may make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

25. Binding Effect. This agreement shall be binding upon the heirs, beneficiaries, personal representatives, successors, and assigns of the respective parties to this agreement.

26. Constructive Eviction/Condemnation. In the event that the Premises or any portion of the Premises is made unusable or unfit for the Lessee's continued use, the Premises may be repaired by the Authority, at its own cost, and this Lease shall continue in full force and effect, except that Lessee shall be entitled to a proportionate reduction of rent while the repairs are being made. If the Authority declines to repair the Premises and the Lessee is able to continue its material operations on the Premises, the rent shall be equitably abated. If the Authority declines to repair the Premises and the Lessee is unable to continue its material operations, Lessee shall have the option to either terminate the Lease or continue the Lease with the rent being equitably abated.

IN WITNESS WHEREOF, the respective parties have hereunto caused this instrument to be executed on its behalf by its duly authorized officers all on the date and year hereinafter shown.

SALINA AIRPORT AUTHORITY

Date_____

By:_____
Tod Roberg, Chairman

ATTEST

Date_____

By:_____
Kasey L. Windhorst, Board Clerk

UFP HARRISONVILLE, LLC

Date_____

By:_____

Name: _____

Title:_____

ATTEST

Date_____

By:_____

Name: _____

Title:_____

EXHIBIT A

Drawing No. 3185-10-23 PREMISES

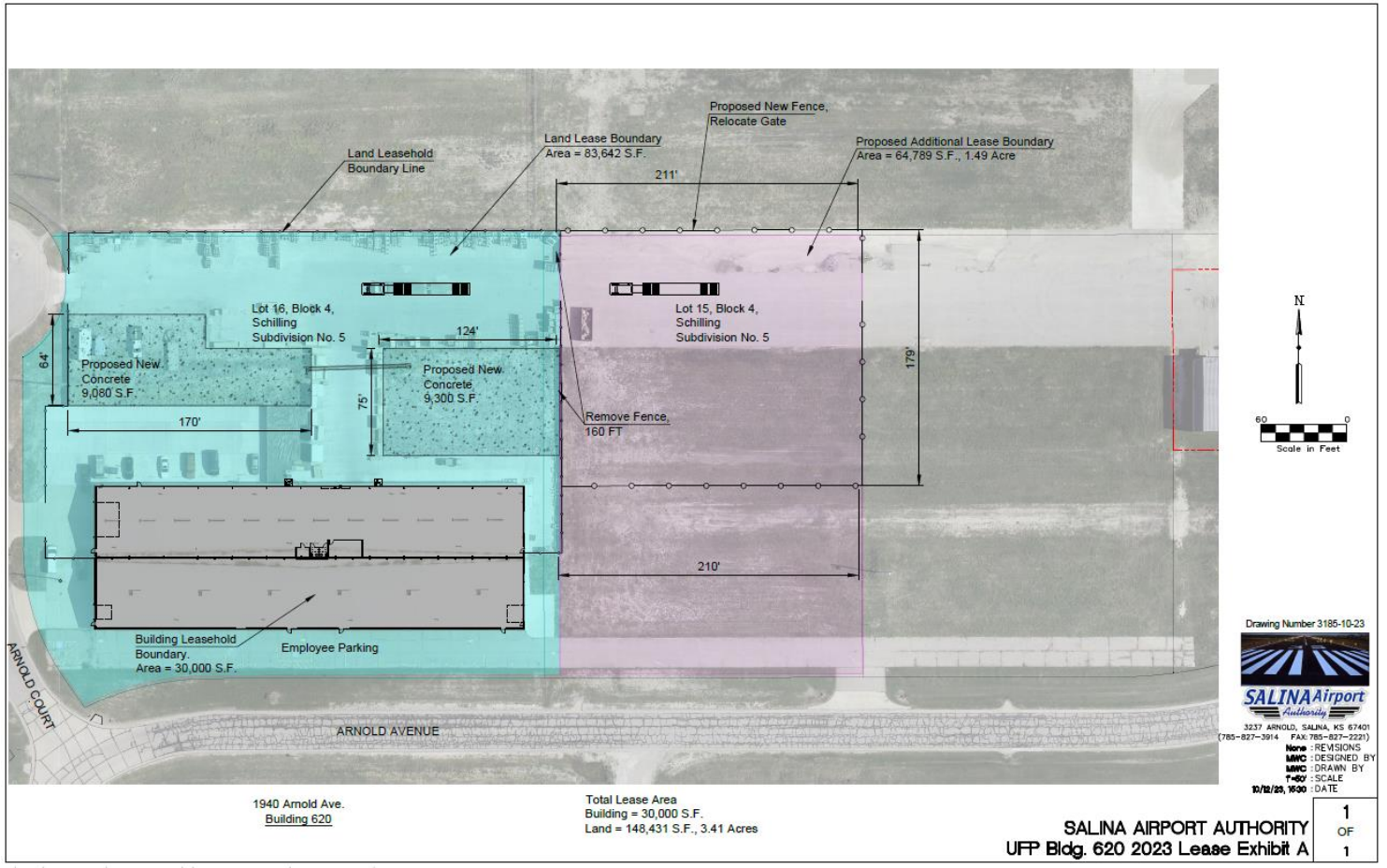
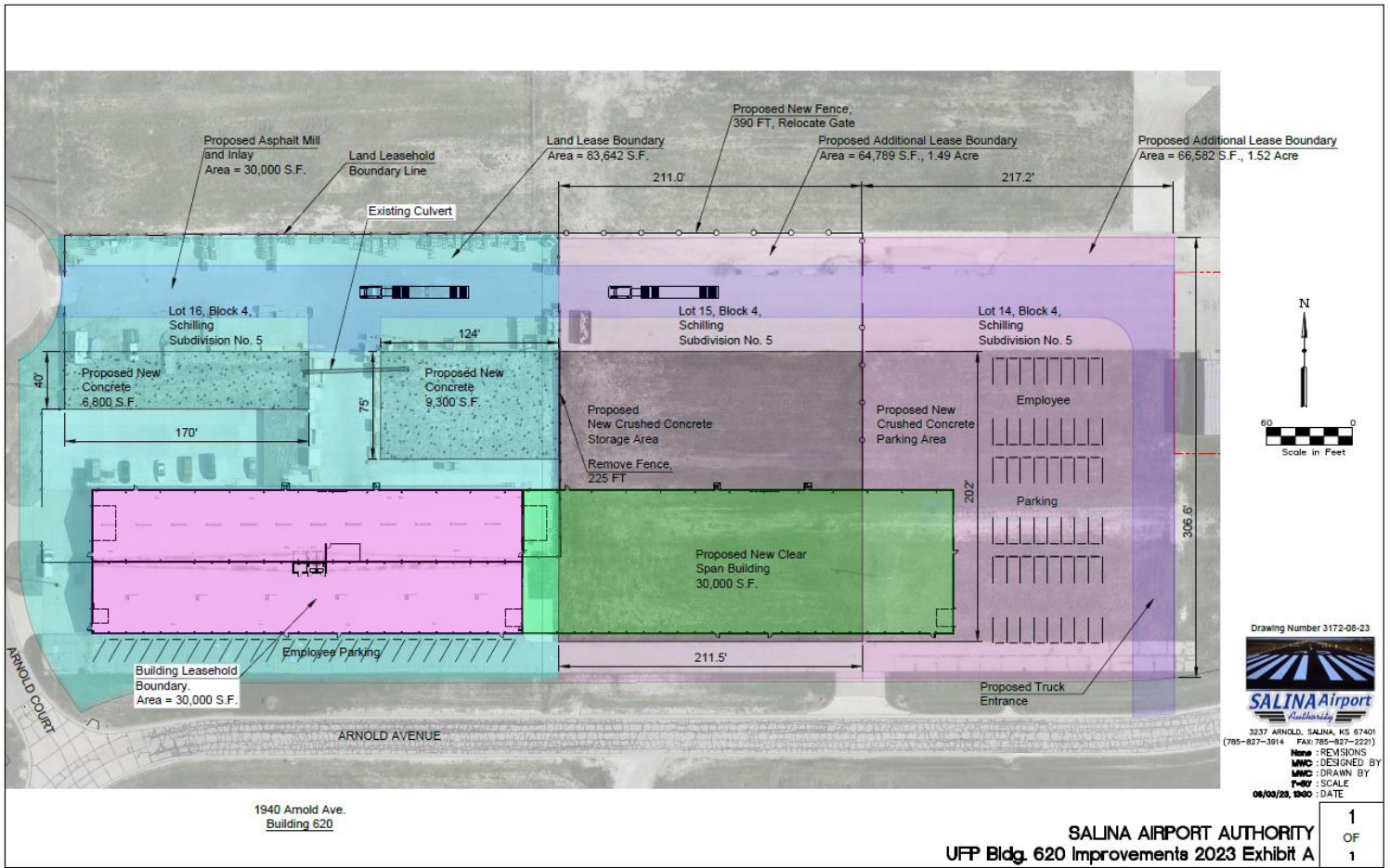


EXHIBIT B

Drawing No. 3171-08-23 UFP B620 Improvements 2023



Phase II and III Improvements currently under discussion are generally described as follows:

Phase II Improvements:

- Fire suppression updates to Premises
- Construction of proposed employee parking lot
- Construction of additional restrooms

Phase III Improvements:

- Construction of new 30,000 sqft. building to the east of existing building structure.



November 22, 2023

Michelle Swanson, C.M.

Salina Airport Authority

3237 Arnold Ave.

Salina, KS 67401

Project Name: SAA Building 620 North Paving Areas and Fence Modifications

Scope of Work: Construct North concrete work per plans and new chain link fence configuration per the owner-produced drawing of the fence east of the existing building.

Provide design build documents to construct north concrete paving and fencing per the attached drawings.

Date of Commencement and Time to Complete: To Be Determined.

With favorable weather conditions, this project should be completed in 60 days.

Contract Sum: \$166,800

Progress Payments

Application for Payment shall show the percentage of completion of each portion of the work as of the end of the period covered by the Application for Payment. Ten percent retainage of work performed shall be held until substantial completion of the project. At this time, the value of punch list items shall be paid less until punch list items are completed.

A blue ink signature of Ronald A. Cheney, written over a horizontal line.

Ronald A. Cheney

President

Cheney Construction Inc.

Print:

Title:

Salina Airport Authority

SALINA AIRPORT AUTHORITY

SAA RESOLUTION NO. 23-19

**A RESOLUTION REAPPOINTING JAMES C. MAES TO THE BOARD OF DIRECTORS
FOR THE SALINA COMMUNITY ECONOMIC DEVELOPMENT ORGANIZATION, INC.**

WHEREAS, the Salina Airport Authority has entered into an agreement with the City of Salina, Saline County, and the Salina Area Chamber of Commerce to form and establish the Salina Community Economic Development Organization, Inc. (Corporation) in accordance with a written Members Agreement dated November 17, 2015; and

WHEREAS, the respective governing boards of the City of Salina, Saline County, Airport Authority and Salina Chamber of Commerce have taken action to approve the Members Agreement.; and

WHEREAS, in accordance with the Members Agreement the Salina Airport Authority Board of Directors appointed James C. Maes to a three (3) year term from February 1, 2021 – January 31, 2023 to the board of directors of the Corporation; and

WHEREAS, James C. Maes is eligible for reappointment for a 2nd full three (3) year term from February 1, 2024 – January 31, 2027 to the board of directors of the Corporation; and

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE SALINA AIRPORT AUTHORITY THAT:

1. James C. Maes is hereby reappointed for a 2nd three (3) year term from February 1, 2024 – January 31, 2024 on the board of directors of the Salina Community Economic Development Organization, Inc. Such term shall coincide with the annual meeting of the directors of the Corporation.

ADOPTED by the Board of Directors of the Salina Airport Authority this 20th day of December, 2023.

SALINA AIRPORT AUTHORITY

By: _____
Tod Roberg, Chairman

ATTEST:

By: _____
Kasey L. Windhorst, Board Clerk

(SEAL)



2024 BUDGET SUMMARY

12/15/2023

	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	Preliminary 2024 Budget	2023/2024	
							+/-	%
Operating Income								
Airfield revenue								
Fuel Flowage Fees	\$ 185,000	\$ 180,417	\$ 180,000	\$ 213,067	\$ 180,000	\$ 205,000	\$ 25,000	13.9%
Hangar rent	660,000	803,610	815,000	976,846	943,000	1,145,000	202,000	21.4%
Landing fees	30,000	30,047	30,450	39,249	30,550	31,000	450	1.5%
Ramp rent	57,335	63,881	65,000	66,254	67,000	68,500	1,500	2.2%
Total Airfield revenue	932,335	1,077,955	1,090,450	1,295,416	1,220,550	1,449,500	228,950	18.8%
Building and land rent								
Agri land rent	66,760	63,638	67,000	63,863	71,000	71,000	0	0.0%
Building rents	1,121,750	1,296,523	1,350,000	1,368,488	1,415,000	1,505,000	90,000	6.4%
Land rent	242,010	260,315	270,000	245,650	235,000	245,000	10,000	4.3%
Tank rent	13,500	14,163	14,040	14,641	14,640	20,000	5,360	36.6%
Total Building and land rent	1,444,020	1,634,639	1,701,040	1,692,642	1,735,640	1,841,000	105,360	6.1%
Other revenue								
Airport Promotion	25,000	20,000	25,000	20,000	20,000	20,000	0	0.0%
Commissions	21,060	21,381	19,000	26,619	20,000	25,000	5,000	25.0%
Other income	77,000	79,692	74,000	83,899	75,000	75,000	0	0.0%
Total Other revenue	123,060	121,073	118,000	130,518	115,000	120,000	5,000	4.3%
Gross Operating Income	\$ 2,499,415	\$ 2,833,667	\$ 2,909,490	\$ 3,118,576	\$ 3,071,190	\$ 3,410,500	\$ 339,310	11.05%
Operating Expense								
Administrative expenses								
A/E, consultants, brokers	32,000	38,249	34,000	89,315	46,667	85,000	38,333	82.1%
Airport promotion	100,000	230,943	245,000	254,191	251,000	255,000	4,000	1.6%
Bad Debt Expense	5,000	107	5,000	-	5,000	5,000	-	0.0%
Computer/Network Admin.	30,000	30,062	28,500	40,734	52,320	55,000	2,680	5.1%
Dues and subscriptions	25,000	30,653	27,500	34,724	29,170	30,000	830	2.8%
Employee retirement	85,345	61,544	80,088	142,507	92,483	117,354	24,871	26.9%
FICA and medicare tax expense	65,840	68,468	67,157	72,480	73,313	86,000	12,687	17.3%
Industrial development	43,500	31,000	60,000	57,500	60,000	60,000	-	0.0%
Insurance, property/liability	205,000	204,106	230,000	198,527	225,000	240,000	15,000	6.7%
Insurance, medical	215,000	194,650	220,000	217,830	222,000	244,000	22,000	9.9%
Kansas unemployment tax	1,000	9,342	1,000	978	1,000	1,000	-	0.0%
Legal and accounting	37,000	55,169	45,900	58,383	60,000	61,000	1,000	1.7%
Office salaries	516,062	575,076	550,000	615,897	599,693	671,000	71,307	11.9%
Office Supplies	6,500	8,222	8,155	11,015	10,000	10,500	500	5.0%
Other administrative expense	15,000	17,941	18,000	12,646	14,850	15,000	150	1.0%
Postage	2,500	1,116	2,040	1,503	2,000	2,000	-	0.0%
Property appraisal expense	-	-	-	-	-	-	-	0.0%
Property tax expense	170,854	136,383	144,565	147,174	145,000	150,000	5,000	3.4%
Special Events	1,000	2,498	1,500	1,554	2,000	2,000	-	0.0%
Telephone	16,000	25,386	25,000	21,287	28,200	28,500	300	1.1%
Training	5,000	2,520	10,000	7,970	11,350	12,000	650	5.7%
Travel and meetings	10,000	10,590	10,000	13,709	15,000	15,000	-	0.0%
Total Administrative expenses	\$ 1,587,601	\$ 1,734,025	\$ 1,813,405	\$ 1,999,924	\$ 1,946,046	\$ 2,145,354	\$ 199,308	10.2%
Maintenance expenses								
Airfield maintenance	50,000	38,861	50,000	56,476	50,000	52,500	2,500	5.0%
Airport Security	2,500	6,582	8,000	377	2,500	2,600	100	4.0%
Building maintenance	75,000	150,087	150,000	230,196	185,000	200,000	15,000	8.1%
Equipment fuel and repairs	60,000	101,396	90,000	84,585	80,000	90,000	10,000	12.5%
Fire Services	25,500	22,798	31,750	21,018	32,000	35,000	3,000	9.4%
Grounds maintenance	7,500	14,255	15,000	17,687	22,000	23,000	1,000	4.5%
Maintenance salaries	380,187	345,746	382,124	383,515	399,024	470,000	70,976	17.8%
Other maintenance expenses	25,000	18,555	20,000	26,463	22,000	22,500	500	2.3%
Snow removal expense	20,000	9,200	20,000	22,135	20,000	22,500	2,500	12.5%
Utilities	220,000	369,491	300,000	293,787	280,000	290,000	10,000	3.6%
Total Maintenance expenses	865,687	1,076,971	1,066,874	1,136,239	1,092,524	1,208,100	115,576	10.6%
Total Expense	2,453,288	2,810,996	2,880,279	3,136,163	3,038,570	3,353,454	314,884	10.4%
Total Operating Net Before Depreciation	\$ 46,127	\$ 22,671	\$ 29,211	\$ (17,587)	\$ 32,620	\$ 57,046	\$ 24,426	74.9%





DEPUTY EXECUTIVE DIRECTOR

3237 Arnold Ave.
Salina, Kansas 67401

Telephone (785) 827-3914 • FAX (785) 827-2221 • E-Mail pmiller@salair.org

DATE: December 14, 2023
TO: Tim Rogers, A.A.E.
FROM: Pieter Miller, C.M.
SUBJECT: **Deputy Executive Director Report December 20th, 2023, for SAA Regular Board Meeting**

Having now been a part of the Salina Airport Authority staff for a little over 10 weeks, I feel that I am developing a solid understanding of the organization, operations, short-term, long-term and ongoing projects as well as becoming more comfortable with the larger role that the SAA plays in the community and the region. As many of the projects that I became a part of during my first month develop, it continues to impress and excite me to be part a part of this organization and as I become more comfortable with the expectations and processes, I am enjoying the professional challenges and experiences in the position of Deputy Executive Director. In support of this, below are some highlights from my role in various SAA, Salina Industrial Park, and Salina Regional Airport projects since the last SAA board meeting.

****AIM Center of Excellence**:** Over the last 6 weeks, the AIM Center of Excellence project continues to push forward. My primary responsibility has been to acquire all manner of classroom supplies, equipment, and materials for all four disciplines to be offered. One of the more challenging aspects of acquisition of so many varied and industry specific tools and supplies is simply understanding what it is I am looking to purchase and still being able to work within the State of Kansas Department of Commerce and Salina Airport Authority purchasing policies. As of December 8th, \$225,000 worth of supplies and classroom materials have been ordered. While we have received many of the ordered items, supply chain and in the case of the workstations, production delays have been hurdles that have needed to be overcome. I am still reasonably sure that the temporary classroom will be ready for the first cohort of students by January 29th. All outstanding orders have a predicted delivery date of the last week of January.

While addressing the temporary classroom supplies, I am also playing an active role in scope and design of the permanent classroom 111 located in Hangar 626. The AIM Classroom Team and I met with Architects One, our A/E consultant chosen to design the classroom and had a very productive meeting to determine the scope of the contract as well as working though various classroom design concepts and ideas. Based on these meetings, the permanent AIM Center Classroom environment and the Hangar 626 lab environment are going to be impressive and widely regarded as one of the best learning classrooms in the industry.

Congruently, Lindsey Dreiling (Dreiling Aviation Services) and the AIM Center steering committee have finalized its 2024 Training Cohort Calendar, offering three sessions - Spring, Summer, and Fall - each comprising two 6-week programs. These programs cover essential aspects of aviation maintenance, progressing from Aviation Fundamentals through Sheet Metal, Electronics,

Composites, Paint, and concluding with Industry & Innovation. Collaborating with K-State Salina, micro credentials are offered to enhance students' industry recognition and employability.

In terms of marketing, the AIM Center strategy is gaining traction through various initiatives. Fili Creative has crafted marketing materials - a 30-second video and a photo series - highlighting partnerships with 1 Vision, Schilling Aviation, and Garmin. The imminent launch of aimcenter.aero, a dedicated landing page, is anticipated to centralize information and registration. National recognition has been secured through features in State Aviation Journal, SAA newsletter, and the November Chamber newsletter. A comprehensive digital marketing campaign and a press release accompany the upcoming registration launch, expected to generate further media interest as is the opportunity for local and industry sponsorships. The sponsorships will provide scholarships for tuition and financial assistance for tools and materials for the AIM program. Additionally, Tim Rogers and Lindsey will have the opportunity to present the AIM Center program to the Governor and Lt. Governor at the Governor's Military Council, strengthening its position as an aviation training leader. The Chamber is actively involved in program administration, ensuring a seamless experience for prospective students from intake to orientation.

****K-AIRES Center RFQ and PI Labs**:** The K-AIRES center development team has finished first round Architectural/Design and Concept interviews that resulted from nine (9) responses to the RFQ for the Kansas Advanced Immersive Research for Emerging Systems Center. Every one of the interviews that I participated in with the selection team was not only informative and interesting, but also technically impressive with the showcasing of similar projects by the firms. I came away from these interviews with a much deeper understanding of what Pure Imagination Labs and K-State Salina are looking for. I can report with absolute confidence that when this project is completed, the PI Labs Studio on the KSU Salina Campus is going to be special. I am positive it will become a point of pride for the Salina Airport Authority, KSU Salina, and the City of Salina.

****North Hangar MRO Development RFQ**:** With the result of the North Hangar MRO RFQ for consultant selection in hand, the team and I are working through the selection process to narrow down whom we are going to interview. There were six firms that submitted Statements of Qualification. The hope is to have interviews set up the week before Christmas with a final selection being made the first week of January. Like many of the ongoing projects, the North Hangar MRO development is on a fast track with hangar completion in mid-summer of 2025. Based on the results of the SoQ from many of the firms, this is an aggressive timeline but can be done.

****In Process/Construction Airfield Projects**** While assisting in some of the larger projects listed above, an important part of my job is to keep informed on construction and facility improvement projects that are already in various stages of completion. This includes the FAA funded fuel farm project, runway 12/30 rehabilitation and multiple smaller, but no less important projects. These include drainage improvements for Hangar 409, restroom remodel in Hangar 509, and waterline/gas line relocates in support of the Schilling Project. Finally, SAA staff and I are beginning project design and planning for renovation and expansion of the M.J. Kennedy Terminal Building. The SAA was recently informed by the FAA that we stand a good chance at being awarded \$7-8 million in grant funding in early 2024. Like other large SAA projects, once the grant is awarded, we must be ready for bid/construction no later than July of 2024. Because of this, we are pushing ahead with project planning for an expanded terminal, focusing on determining priority locations

for remodel & expansion, timelines, estimated costs and foot traffic and technology impacts.

****Kansas Department of Transportation Innovative Grant Application**:** As part of the KDOT Innovative Grant Application, we were successful in submitting the concept project for the Clean-Agent Fire Suppression System for MRO Hangar 626. Before the state would send a grant application, the applicant had to provide a “concept” of the project. The concept submitted was a top-down view of the clean-agent system, how it operated, why it should be considered innovative and the local/regional impacts of such a system on transportation in Kansas. I am happy to report that our concept was accepted, and we received the grant application form from the state shortly before the Thanksgiving holiday. This gave me a full week to complete the application and have it submitted before the end of November. The complete application was far more detailed than the concept submittal and I have every confidence that our project will be one of the top rated in the grant award program. Once we receive the grant award on or before December 31st, we will be able to move forward with purchasing and installation of a cutting edge, clean-agent fire suppression system that will support Hangar 626 MRO operations and the AIM Center of Excellence classroom and lab.

Once again, I am impressed and encouraged by the number and depth of the projects and staff at the Salina Airport Authority. As I continue to become more comfortable in my role, the airfield, the project progression and more importantly, the vision that drives all the staff at Salina, I am thankful and humbled to be a part of this team. It has been clear to me since my first day in October and only reinforced since then that everyone at SAA has taken ownership and is proud of what they have achieved and what we will accomplish in the future. I cannot overstate my excitement and satisfaction about accepting this position and I am hopeful that I can continue to meet the expectations of the staff, the airport authority and the citizens of Salina and Saline County.

DATE: December 14, 2023
TO: Tim Rogers
FROM: Maynard Cunningham
SUBJECT: December 20, 2023, SAA Regular Board Meeting

Facilities and Construction Notes

New Projects

- **M.J. Kennedy Air Terminal Building Renovation & Expansion** – Design of the Terminal Building Renovation & Expansion began with a kickoff meeting on site December 19, 2023, with Jviation. Design has commenced in advance of the anticipated notice of the Bipartisan Infrastructure Law - Airport Terminals Program selection from the FAA in February 2024. The grant application is due July 31, 2024, and award is based on contractor bids received.
- **Hangar 509 (Short Term Lease Space)** – SAA maintenance personnel began renovations in the east restrooms in Hangar 509 on December 4, 2023. Renovations include demolition of all fixtures, partitions, and flooring. All items will be replaced with new, and walls will receive new fiber reinforced panels (FRP) panels and paint.

Current Projects

- **Aviation Innovation & Maintenance (AIM) Center of Excellence at SLN (Hangar 626, Room 111)** – SAA received Statements of Interest and Qualifications from two firms for the renovation of Room 111 at Hangar 626. A selection committee conducted interviews and has chosen Architect One as the architect for Room 111, Technical Training Room renovations.
- **B394 (Driver's License Office)** – Hutton Construction contacted Thrasher Foundation Repair to provide recommendations to level the floor in the restrooms at B394. Thrasher was scheduled to level the floor December 15, 2023. Hutton will complete other repairs including tile, drywall, and painting.
- **PH305 (SLN Fuel Facility Construction) AIP-49** – American Environmental completed Phase I, relocating the self-serve fuel system, on December 15, 2023. Relocation of the water line at the new fuel facility site will begin once KDHE has completed review of the plans and the project is placed out for bids. American Environmental will resume work at the new fuel facility site after completion of the water line relocation.
- **H626 (Hangar Rehabilitation) – Rehabilitation Construction** –



Hutton and subcontractors continue work on the Hangar 626 Rehabilitation project. Metal panel siding installation continues on the exterior of the hangar, with panels remaining to be installed above the hangar doors. Hangar door frames are installed, and metal panels are installed on the exterior, as well as being insulated, awaiting interior metal panels. Electricians and HVAC contractors were able to get all heaters operational so painting on interior walls could continue.

- **General Aviation Hangars (C-Hangars)** – Electricians completed placing the underground conduit from the meter rack to each hangar unit last week. Base rock was placed and graded last week. Digging footings is scheduled to start this week, beginning with the southwest four-unit hangar building. Construction completion is scheduled by April 17, 2024.
- **Runway 12/30 AIP-48** – Design of the rehabilitation of Runway 12/30 includes asphalt mill and overlay, edge lighting, lighted guidance signs, and removal of portions of excess pavement. A 90% design drawing set is scheduled to be sent from Aviation to the FAA for review this month.

Special Projects

- **Former SAFB (Schilling Air Force Base) Environmental Cleanup Project**
 - **Plume B Excavation** – Excavation of a site near Building 614, as part of the Schilling environmental cleanup project, requires relocation of utilities for SAA Building 614 (maintenance shop) prior to the site excavation. Smoky Hill, LLC began relocation of the utilities on November 20, 2023. They are scheduled to be completed the end of January 2024.
 - **Pilot Study** - An access agreement has been established with Flotation Technologies to perform a pilot study to test ground water treatment technology at one of the existing monitoring well sites located on K-State Salina property. Equipment is on site for the pilot study, and they have been able to start pumping water from the well.
- **SLN Multiple Locations** – Personnel from the Salina Fire Marshal's Office performed inspections of multiple locations on November 28, 2023. Four of ten locations inspected that day were identified to have fire extinguishers that required service. Tenants were notified to contact fire equipment service professionals to service the fire extinguishers. One location had emergency exit lights that required service, and an electrician has been hired to complete the service.
- **H959 (1 Vision Aviation)** – Air Discharge Analysis – Dragun and partner Environmental Partners continue to review the latest painting project information provided by 1 Vision. Material calculations indicate that 1 Vision's annual usage is below the state regulation thresholds. Dragun has recommended approaching the state air permitting authority to discuss options for registering the minor source activities.

Completed Projects

- **H504 (Former LifeSave Hangar)** – James Coy Construction, Lindsborg, completed construction of concrete and drainage improvements at Hangar 504 on December 15, 2023.



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DATE: December 15, 2023

TO: Tim Rogers, Executive Director

FROM: Kasey L. Windhorst

SUBJECT: December Board Meeting Update

National Based Aircraft Inventory Program

In 2006, the Federal Aviation Administration (FAA) began documenting the national inventory of based aircraft at all non-primary airports using the n-numbers for each aircraft. A based aircraft is defined as an aircraft that is operational and airworthy, and typically based on the airport for majority of the year. To be eligible for funding through the Federal Airport Improvement Program (AIP) and Bipartisan Infrastructure Law (BIL) programs, one of the requirements is an annual update of current inventory.

SAA staff updated the FAA National Based Aircraft Inventory program report for the Salina Regional Airport during the month of December which resulted in a slight decrease from 110 aircraft validated in CY2022 to 102 aircraft validated for CY2023. The temporary decrease is due to the displaced tenants during the GA hangar construction project.

Refresh COUNT DATA ?						
Aircraft Type	Airport Inventory	Commented Aircraft	Duplicates Other Airports	N-Numbers Not Found	Not Validated Total	Validated Inventory
Single Engine	80	0	3	0	3	77
Multi Engine	10	0	1	0	1	9
Jet	13	0	0	0	0	13
Helicopter	3	0	0	0	0	3
N-Numbers Not Found	8	0	0	8	8	Not Counted
Total Single, Multi, Jet, and Heli	114	0	4	8	12	102
Glider	0					
Military	0					
Ultra-light	0					
Non 5010 aircraft types	0					
Total Found in FAA Acft. Reg. Data	114					

Transportation Security Administration Airport Security Inspection

During the month of December, the Transportation Security Administration (TSA) conducted the SAA's annual airport security inspection. This inspection focused on the SAA's performance in maintaining and executing a current Airport Security Program (ASP).

Prior to the annual inspection, SAA staff recently updated the Airport Security Program (ASP) for the Salina Regional Airport. Revisions included updates to staffing, tenants, cybersecurity, employee vetting procedures and training.

TSA reported no discrepancies, and the SAA is in compliance with current federal security regulations.

AIM Center Staffing

We are currently accepting resumes to fill the part-time aviation instructor positions at the Aviation Innovation and Maintenance (AIM) Center of Excellence at SLN. Instructors will play a pivotal role in training and developing the next generation of aviation professionals and have the opportunity to immerse students in an accelerated, hands-on learning environment. The full job descriptions are posted on the SAA website and available at the links below.

[Aviation Composites Instructor](#)

[Aviation Electronics Instructor](#)

[Aviation Paint Instructor](#)

[Aviation Sheet Metal Instructor](#)

Announcements

Below are the upcoming regular scheduled board meetings for the 1st quarter of 2024. All board meetings will be held at Hangar H600, Room 100.

Wednesday, January 17, 2024, 8:00 a.m.

Wednesday, February 21 2024, 8:00 a.m.

Wednesday, March 20, 2024, 8:00 a.m.

Regular Board Meeting

Regular Board Meeting

Annual Board Meeting