

DATE: August 17, 2020
TO: SAA Board of Directors
FROM: Tim Rogers and Shelli Swanson
SUBJECT: **August 19, 2020 Regular Board Meeting**

Transmitted with this memo are items for your review prior to Wednesday's meeting.

Due to Jaded Thunder units using hangar H600 at the Salina Regional Airport, the meeting will be held at the **Visit Salina Annex, 120 West Ash St.** The Visit Salina conference room will accommodate sufficient room for the recommended distancing of board members, staff, and visitors.

Wednesday's board meeting will focus on the following Airport Authority priorities:

- Salina Airport Industrial Center growth and job creation
- Salina Regional Airport runways and taxiway development
- Airport and Airport Industrial Center building leasing
- Aircraft storage hangar construction

Please note the following agenda comments.

Agenda Item #5 – Review of Airport Activity and Financial Reports for the Month Ending July 31, 2020 (Rogers and Swanson)

Airport Activity – Air Traffic (Rogers)

The Salina air traffic control tower (ATCT) recorded 5,399 operations during July 2020 which was a 33% decrease as compared to the July 2019 total of 8,051. For the year-to-date, a total of 27,701 operations have occurred at the Salina Airport which is 40% less than the July 2019 YTD total of 45,947. Jaded Thunder related flights will boost the August 2020 air traffic count.

Airport Activity – Fuel Flowage (Rogers)

The July 2020 fuel flowage came in at 142,234 gallons which was 28% more than the July 2019 total of 111,147 gallons. For the year-to-date, a total of 979,842 gallons has been delivered on the Airport which is 7% less than the July 2019 YTD total of 1,051,849 gallons. Jaded Thunder early arrivals have already had a positive impact on August fuel deliveries. As of August 15, Avflight had already delivered 214,721 gallons of aviation fuel and is on track for a 600,000-gallon month.

Airport Activity – Passenger Count (Rogers)

During July 2020, SkyWest enplaned 392 passengers, which was an 81% decrease as compared to the July 2019 total of 2,065 passengers. The July YTD total passenger count was 772 which was an 81% decrease as compared to the July 2019 YTD total of 4,082. Advance booking numbers continue to slowly increase.

Financial Reports – Comments and Notes (Swanson)

As we ended July, total operating income arrived within 2% of budget and is tracking 10.6% ahead of the same period in 2019. Although total airfield revenue is running under budget, building and land rent continue to exceed budgeted forecasts. Revenue derived from Fort Riley APOE/D charter flights and current FOL activity underway will boost fuel flowage, landing fees and hangar rental as we progress through the 3rd quarter. The short-term leasing trend continues to remain positive and we are finalizing FOL contracts for additional activities this Fall.

Administrative expenses ended up 6% under budget at the end of July while maintenance expenses also arrived under budget at 7% bringing total operating costs under budget 6% or \$91,754. YTD net operating income before depreciation equaled \$96,926.

The SAA's CARES Act grant reimbursements received through July equals \$698,656.

Financial Reports – July 2020 Significant Expenditures/Payables Report Enclosed

Short-term Leasing Activity (Swanson)

Hutton Construction has leased Bldg. 635 (1,248 sq. ft.) located at 2629 Arnold Court along with the associated concrete pavement (1,395 sq. ft.). Hutton will utilize this small building and pad for construction equipment storage and placement of a construction trailer. This lease commenced August 1, 2020 at a monthly rental rate of \$335 per month plus utility costs for a term of up to 1-year.

K-State Salina has leased a portion of Bldg. 724 (2,704 sq. ft.) located at 1910 Beechcraft Road. K-State will utilize this area for storage of university tables, chairs and miscellaneous classroom furniture. This lease commenced August 1, 2020 at a monthly rental rate of \$450 per month for a term of ten months.

On July 28, the SAA also executed a short-term lease addendum with the US Special Operations Command increasing the building footprint for the Jaded Thunder 20.2 exercise. The contract was increased by \$23,344 to a total of \$147,854 for the three-week exercise.

Financial Reports – Accounts Receivable Past Due 31 days or more as of August 17, 2020 (Swanson)

Account	Amount	Days	Comments
Exide	\$46,526	31-90	Bldg. Rental & Utilities (pre-petition claims submitted)
Max Gebhardt	\$145	31-60	Storage Igloo Rent
Hertz Corp.	\$265	31-90	Commission Fees
Kenny's Body Shop	\$284	31-60	Storage Igloo Rent
Trusted Energy	\$1871	31-60	Facility Rental

Agenda Item #6 – Consideration of Proposals Received for the Issuance of Salina Airport Authority General Obligation, Temporary Notes, Series 2020-1 (Swanson and Arteberry)

David Arteberry with Stifel, Nicolaus & Company will attend the meeting to assist Shelli and present the results of the Airport Authority's general obligation, \$2.1M, temporary notes sale. Bids were received from First Bank Kansas, Bennington State Bank, Bank VI, Commerce Bank, and Intrust Bank. A copy of the bid sheet is enclosed.

First Bank Kansas submitted the low bid with a net interest rate of 0.48% with a net interest cost of \$31,680

over three-years. Also enclosed is a report that summarizes the following related to the bond issue:

- Sources and uses of the bond funds
- Debt service to maturity and call
- Pricing summary
- Detail costs of issuance
- Proof of bond yield
- Derivation of Form 8038 yield statistics

Also included in your meeting packet is a copy of SAA Resolution No. 20-05 that accepts the First Bank Kansas bid.

Recommendation: Approval of SAA Resolution No. 20-05 and authorize the SAA chairman and secretary to sign the resolution.

Note: Director Buer will abstain from any board discussion and action concerning Agenda item #6 due to First Bank Kansas participation in the bond sale. Sunflower Bank did not participate in the bond sale which enables chairman Eichelberger to be involved in Agenda Item #6 discussion and action.

Agenda Item #7 – Review of Salina Regional Airport Capital Improvement Priorities (Rogers and Swanson)

The highest priorities for improvements to the Salina Regional Airport for the remainder of 2020 and through 2023 are:

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

I am waiting for the FAA Central Region to approve the negotiated Runway 17/35 design contract with Jviation. With the FAA's approval of the design contract, the Airport Authority can start and complete Runway 17/35 design yet this calendar year. With a completed design the Airport Authority will be able to obtain construction bids for the Runway 17/35 rehabilitation project early 2021.

Agenda Item #8 – Consideration of SAA Resolution No. 20-06 Setting the Airport Authority's 2020 Mill Levy Required for Federal and State Grant Matching Funds - (Rogers and Swanson)

On June 3, 2020 the Salina Airport Authority published a notice of intent to levy a tax not to exceed one (1) mill to provide matching funds to qualify for any federal or state grant funds relating to the development, improvement, operation or maintenance of the Salina Regional Airport. The notice was published as required by K.S.A. 27-322(b) and appeared in the Salina Journal on June 3, 2020 and June 7, 2020. The notice informed the public that the Airport Authority's use of mill levy funds to qualify for state or federal grants is subject to a petition by qualified electors of the City of Salina. The 30-day period for submittal of a petition by qualified voters expired on July 8. A petition was not filed during the 30 days following the last publication of the Airport Authority's notice of intent.

For 2021 the Airport Authority does require mill levy matching funds to qualify for the following federal (FAA & FEMA) grants:

Project	Total Project	Federal Share	Local Share	Cumulative \$	Mill Levy Match fund on deposit	2020 Levy	Balance to Be funded
Rwy 17/35 Design	654,502	589,052	65,450	65,450	65,450	-	-
Hangar 606 Roof	67,997	57,797	10,200	75,650	75,650	-	-
Rwy 17/35 Construction	5,000,000	4,500,000	500,000	575,650	70,939	450,000	54,711

A mill levy of .989 is needed to raise \$450,000 for matching funds needed in 2021 for a FAA Airport Improvement Program grant for the rehabilitation of Rwy. 17/35 and a FEMA grant for the rehabilitation of the Hangar 606 roof.

Enclosed is a copy of Resolution 20-06 that sets the mill levy required for 2021 matching funds.

Recommendation: Approval of SAA Resolution No. 20-06

Agenda Item #9 – Review of the Salina Airport Authority’s 2021 General Obligation Bond Debt Service Requirements (Swanson)

Enclosed is a copy of the Airport Authority’s 2021 G.O. bond debt service schedule. At the meeting Shelli will review the 2021 debt service schedule and be able to answer questions concerning current and future G.O. bond debt financing.

Agenda Item #10 – Consideration of SAA Resolution No. 20-07 Setting the Airport Authority’s 2020 Mill Levy for the Purpose of Paying General Obligation Bond Debt Principal and Interest in 2021 - (Swanson)

Enclosed is a copy of SAA Resolution No. 20-07 that details the mill levy required to pay G.O. Bond debt principal and interest in 2021. An estimated mill levy of 3.995 mills will raise \$1,817,469 required for G.O. bond debt service payments and debt service reserve.

Recommendation: Approval of SAA Resolution No. 20-07.

Agenda Item #11 – Consideration of a Supplemental Lease Agreement with the Federal Aviation Administration (Swanson)

Since 1989, the Federal Aviation Administration (FAA) has been a tenant of the SAA for the purpose of leasing office and shop space for technicians that service and maintain the Airport’s navigation aids. In September of 2015, the SAA and the FAA entered into an agreement for the leasing of Hangar 409-2 which is set to expire on September 30, 2020. The FAA wishes to renew its occupancy of the facility and is in need of additional space to allow for employee growth and warehouse storage capacity. The enclosed lease agreement provides for the renewal of the existing facility plus adding a portion of Bldg. 412 to the leased area under the following terms and conditions:

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

Recommendation: Approval of the Supplemental Lease Agreement No. DTFACN-16-L-00001 with the Federal Aviation Administration for occupancy of the Salina Systems Service Center staff.

Agenda Item #12 – Consideration of a Real Estate Contract for the Purchase of the Former K-State Polytechnic Gymnasium and Associated Land Located at 3142 Scanlan Ave. (Rogers and Bengtson)

Enclosed is a copy of the proposed contract with K-State and the Kansas board of Regents for the purchase of the former K-State polytechnic gymnasium. The Salina Airport Authority submitted a \$200,100 bid to acquire the site for the expansion of the Schwan's Company Salina plant. The K-State property is essential to the recently announce plans to build a new 400,000 SF Schwan's production facility at the Salina Airport Industrial Center.

Recommendation: Approval of the proposed **Real Estate Purchase Agreement** with K-State and the Kansas Board of Regents and authorize the Airport Authority's chairman and executive director to sign the agreement on behalf of the Airport Authority.

Agenda Item #13 - Consideration of a Real Estate Contract for the Purchase of the Pratt Industries Building and Associated Land Located at 3330 Centennial Rd. (Rogers and Bengtson)

Enclosed is a copy of the proposed contract with Pratt Properties for the purchase of the Pratt Industries building and land located at 3330 Centennial Rd. The Salina Airport Authority negotiated the purchase price of \$1,850,000 to acquire the site for the expansion of the Schwan's Company Salina plant. The Pratt property is essential to the recently announce plans to build a new 400,000 SF Schwan's production facility at the Salina Airport Industrial Center.

Recommendation: Approval of the proposed **Real Estate Purchase Agreement** with Pratt Industries and authorize the Airport Authority's chairman and executive director to sign the agreement on behalf of the Airport Authority.

Agenda Item #14 - Review and Approval of a Kansas Warranty Deed Conveying Ten (10) Tracts of Land Totaling 32.517 to Schwan's Company. (Rogers and Bengtson)

Enclosed is a copy of the deed that conveys 32.517 acres of land to Schwan's Company that will be used for the 400,000 SF expansion announced on Monday, August 10. The bundling of the Airport Authority's lots, the former K-State gym and the Pratt building was an essential consideration of the Schwan's Company decision to bring the 400,000 SF expansion to the Salina Airport Industrial Center.

The deed does convey the property with the following covenants:

- The retention of an aviation easement above the 32.517 acres

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

Recommendation: Approval of the proposed **Kansas Warranty Deed** conveying 32.517 acres to Schwan's Company and authorize the Airport Authority's chairman and secretary to sign the deed on behalf of the Airport Authority.

Agenda Item #15 – City of Salina Guideline and Requirements for Salina Airport Authority Board of Directors Appointees. (Rogers)

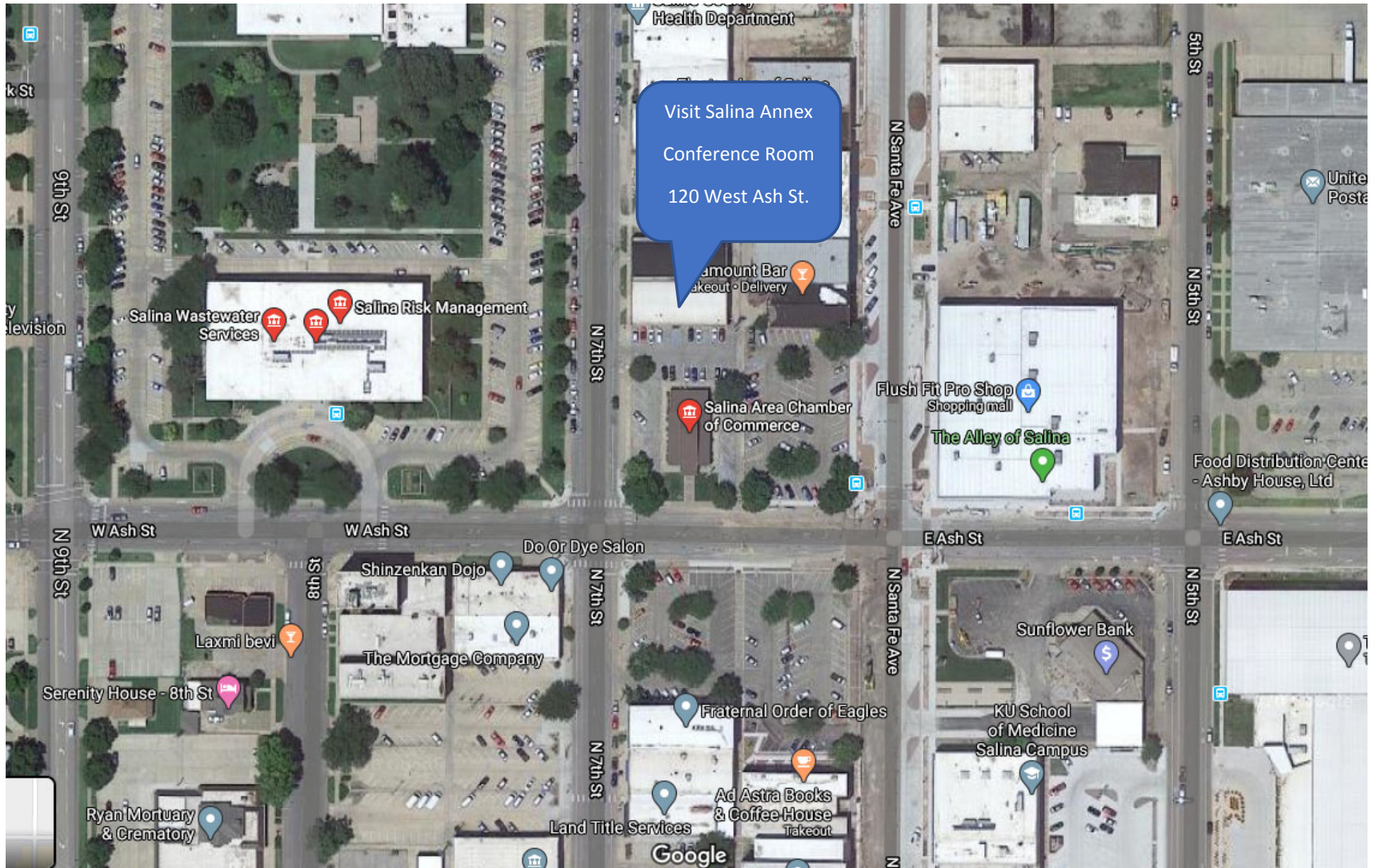
Enclosed is a copy of the most recent guidance from the City of Salina for appointees to city boards and commissions. Please review the guidance prior to the board meeting. Please note the acknowledgement page that Kasey Windhorst will have you sign at the board meeting. She will submit your signed acknowledgements to the city clerk's office.

Agenda Item #16 - Review Aircraft Storage Hangar Construction Options and Costs. (Rogers and Bieker)

At the meeting we will review costs obtained from contractors for the construction of two types of aircraft storage hangars. First is the construction of five (5) individual 48 ft. x 48 ft. hangars. The second is the construction of a five (5) unit 48 ft x 240 ft hangar.

Please contact me if you have any questions or comments.

Visit Salina Annex Conference Room



SALINA AIRPORT AUTHORITY REGULAR BOARD MEETING
Visit Salina Annex Conference Room
120 W. Ash

August 19, 2020 – 8:00 AM

AGENDA

Action Items

1. Call to order, determine that a quorum is present and confirm that the meeting notice has been published. (Eichelberger)
2. Recognition of guests. (Eichelberger)
3. Additions to the agenda and agenda overview. (Rogers)
4. Approval of the minutes of the July 15, 2020 regular board meeting and July 29, 2020 special board meeting. (Eichelberger)
5. Review of airport activity and financial reports for the month ending July 31, 2020. (Rogers and Swanson)
6. Consideration of proposals received for the issuance of Salina Airport Authority General Obligation, Temporary Notes, Series 2020-1 and approval of SAA Resolution No. 20-05 (Swanson and Arteberry)
7. Review of the Salina Airport Authority's 2021 to 2025 Airport Capital Improvement Program (ACIP) (Rogers)
8. Consideration of SAA Resolution No. 20-06 setting the Airport Authority's 2020 mill levy for matching funds required to obtain certain state and federal grants for improvements to the Salina Regional Airport during calendar year 2021. (Swanson)
9. Review of the Salina Airport Authority's 2021 general obligation bond debt service requirements (Swanson)
10. Consideration of SAA Resolution No. 20-07 setting the Airport Authority's 2020 mill levy for the purpose of paying general obligation bond debt principal and interest in 2021. (Swanson)
11. Consideration of a supplemental lease agreement with the Federal Aviation Administration for expanded office space for use by Salina based Systems Service Center staff. (Swanson)
12. Consideration of a real estate contract for the purchase of the former Kansas State University Polytechnic gymnasium and associated land located at 3142 Scanlan Ave. (Rogers and Bengtson)
13. Consideration of a real estate contract for the purchase of the Pratt Industries building and associated land located at 3330 Centennial Rd. (Rogers and Bengtson)



14. Review and approval of a Kansas Warranty Deed conveying ten (10) tracts of land totaling 32.517 to Schwan's Company. (Rogers and Bengtson)
15. Distribution of City of Salina guidelines and requirements for appointees to the Salina Airport Authority board of directors. (Rogers)
16. Review aircraft storage hangar construction options and costs. (Rogers and Bieker)

Directors' Forum (Eichelberger)

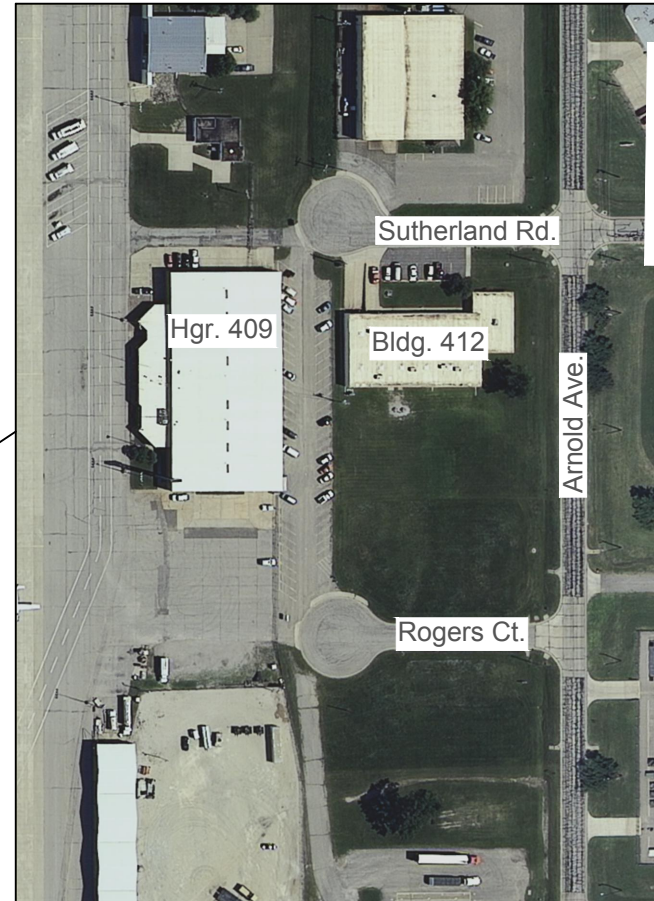
Visitor's Questions and Comments (Eichelberger)

Staff Reports (Rogers)

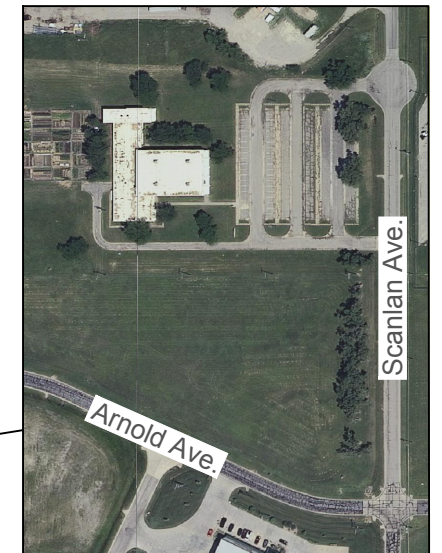
Announcements (Windhorst)

Adjournment (Eichelberger)





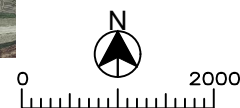
Buildings 409 & 412



K-State Gym



Pratt Industries



Drawing Number 2836-08-20



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

None : REVISIONS
KRB : DESIGNED BY
KRB : DRAWN BY
1" = 2000' : SCALE
8/17/20, 0802 : DATE

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

Call to Order

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

Attendance

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

Additions to the Agenda

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

Minutes

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

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

Airport Activity and Financial Reports

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

Director of Administration and Finance, Shelli Swanson reported on the financials for the month of June 2020. Total operating income arrived within 2% under budget and is tracking 8% ahead of the same period last year. Administrative and maintenance expenses ended up 7% under budget. Year-to-date net operating income before depreciation equaled \$90,320. SAA staff have submitted 365 eligible invoices totaling \$585,992.33 to the FAA for reimbursement under the CARES grant. The grant balance remaining is \$1,250,085.67. The grant funding is reported in

contributed capital on the profit and loss statement under other income and is for the purpose of reimbursing the Authority for airport operation and maintenance expenditures. Chairman Eichelberger directed staff to file the financials for audit.

Airline Industry Recovery Status and Fly SLN Marketing Updates

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

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

Hangar H600 Lease Agreement with Kansas State University Polytechnic

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

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

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

Building B824 Remodeling, Financing and Leasing

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

B824 Financing

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

Summary of Proposals

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

Commerce Bank submitted the lowest bid of 2.79% but included significant other conditions. Staff recommends proceeding with the next lowest bid provided by Bennington State Bank at a rate of 3.300%.

Project Rise

Chairman Eichelberger and Director Buer returned to the conference room. Executive Director Rogers reviewed the property requirements for Project Rise and commented on the land parcels needed. Approximately 8 acres of land is required for drainage purposes. The parcels will be acquired and conveyed to Project Rise. A public announcement is scheduled for Monday, August 10th at Tony's Pizza Event Center.

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

Minutes approved at the August 19, 2020 Board Meeting.

Secretary

(SEAL)

**MINUTES OF THE SPECIAL MEETING OF THE BOARD
OF DIRECTORS OF THE SALINA AIRPORT AUTHORITY
JULY 29, 2020
HANGAR 600 FIRST FLOOR CONFERENCE ROOM**

Call to Order

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

Attendance

Attendance was taken. Chairman Eichelberger, Directors Buer, Gunn, Vancil and Weisel were present. Also present were Executive Director Tim Rogers; Director of Administration and Finance Shelli Swanson; Director of Facilities and Construction Kenny Bieker; Business and Communications Manager Kasey Windhorst and Attorney Greg Bengtson. Mitch Walter, Gilmore & Bell and Michael Bunn, T-hangar tenant were guest. Gina Riekhof, Gilmore & Bell and David Arteberry, Stifel, Nicolaus & Company attended via conference call.

Additions to the Agenda

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

Financing bids received for the Bldg. 824 and Equipment Yard Project

Chairman Eichelberger and Director Buer abstained from discussion and vote. Executive Director Rogers provided an overview of the Bldg. 824 and equipment yard project. Director of Administration and Finance commented the flowchart that depicts the documentation and cashflow of the leasing/finance structure. Swanson reviewed a summary of the proposals received. Bennington State Bank submitted the best proposal when taking in to account the interest rate of 3.30%, other conditions with minimal restrictions and other expenses. Director Weisel moved to approve the acceptance of Bennington State Bank's proposal of 3.30% for the Taxable Municipal Lease Purchase Financing for the improvements at Bldg. 824 and the Transportation Yard. Seconded by Director Vancil. Aye – 3, Nay – 0. Motion passed.

SAA Resolution No. 20-3

Chairman Eichelberger and Director Buer abstained from discussion and vote. Swanson introduced Mitch Walter, Gilmore & Bell. Walter reviewed the lease purchase agreement and escrow agreement with the board. Resolution No. 20-3 provides for improvements to be financed with proceeds from a Site Lease (or commonly referred to as the Base Lease) whereby the Authority in return for the payment of \$460,000, grants the financing institution (Bennington State Bank) a leasehold interest in the property for a 20-year period. Concurrently, the Authority and Bennington State Bank will enter into a Taxable Lease Purchase Agreement (LPA) whereby the bank will lease the property back to the Authority for a period of 10 years in return for rental payments from the Authority in the amount of \$54,327 each year. The LPA will require the Authority obligate during its budget process the funds necessary to make semi-annual payments totaling \$54,327 each year to amortize the cost of the improvements with Aug. 1, 2030 being the final payment. Upon completion of all payments, or earlier prepayment, the Site Lease and LPA will terminate and all rights and interest in the property will revert back to the Authority. Director

Vancil moved to approve Resolution No. 20-3 authorizing a Lease Purchase Agreement to finance the acquisition, construction, furnishing and equipping of facility improvements; and to approve the execution of all certain documents in connection therewith. Seconded by Director Weisel. Aye – 3, Nay – 0. Motion passed.

Sublease Agreement with Durham School Services, L.P.

Swanson reviewed the proposed sublease with Durham School Services, L.P. for lease of Bldg. 824 and the equipment transportation yard for the purpose of operating a transportation service center that would include bus and vehicle storage, maintenance and dispatching. The sublease terms provide for a firm five-year agreement with 3 five-year options. The rental rate structure is as follows:

	Payment Nos.	Occupancy Dates	Basic Rent (Monthly Installments)
Primary Term	1-24	Sept. 1, 2020 - Aug. 31, 2022	\$ 5,185
	25-48	Sept. 1, 2022 - Aug. 31, 2024	\$ 5,350
	49-60	Sept. 1, 2024 - Aug. 31, 2025	\$ 5,520
Option Period 1	61-72	Sept. 1, 2025 - Aug. 31, 2026	\$ 5,520
	73-96	Sept. 1, 2026 - Aug. 31, 2028	\$ 5,690
	97-120	Sept. 1, 2028 - Aug. 31, 2030	\$ 5,870
Option Period 2	121-144	Sept. 1, 2030 - Aug. 31, 2032	\$ 6,050
	145-168	Sept. 1, 2032- Aug. 31, 2034	\$ 6,240
	169-180	Sept. 1, 2034 - Aug. 31, 2035	\$ 6,430
Option Period 3	181-192	Sept. 1, 2035 - Aug. 31, 2036	\$ 6,430
	193-216	Sept. 1, 2036 - Aug. 31, 2038	\$ 6,630
	217-240	Sept. 1, 2038 - Aug. 31, 2040	\$ 6,830
		*Biennially adjusted 3%	

Director Weisel moved to approve the Sublease Agreement with Durham School Services, L.P., seconded by Director Gunn. Motion passed unanimously.

Project Budget for the improvements to Bldg. 824 and the Transportation Equipment Yard Project

Swanson reviewed the proposed project budget that details a total budget of \$460,000. Of the total budget \$429,932 is allocated for construction and \$29,450 for cost associated with the financing such as bond counsel, escrow fees, financial advisor, and other legal and transaction fees. Director Gunn moved to approve the Project Budget in the amount of \$460,000 for the development of the improvements to Bldg. 824 and the equipment yard. Seconded by Director Vancil. Motion passed unanimously.

Executive Session

At 8:30 AM Director Gunn moved the following:

I move the Salina Airport Authority board of directors recess into executive session for fifteen (15) minutes to discuss the subject of the potential acquisition of specific real estate, the identification of which would be contrary to the public interest, based upon the need for the preliminary discussion of the acquisition of real property pursuant to K.S.A. 75-4319(b)(6). The

open meeting will resume in this room at 8:45 AM

Director Weisel seconded the motion. Motion passed unanimously.

The open meeting resumed at 8:45 AM

SAA Resolution No. 20-04

David Arteberry, Stifel, Nicolaus & Company provided an overview and reviewed the project timeline with the board. Director Weisel moved to approve SAA resolution no. 20-04 approving the issuance of general obligation bonds of the Salina Airport Authority for the purpose of financing the cost of certain capital improvements (land acquisition) at the Salina Regional Airport and Airport Industrial Center and authorizing the sale of general obligation temporary notes, Series 2021-1 of the Salina Airport Authority. Seconded by Director Vancil. Motion passed unanimously.

Upon a motion duly made, the meeting adjourned at 8:56 AM

Minutes approved at the August 19, 2020 Board Meeting.

Secretary

(SEAL)

**SALINA AIRPORT AUTHORITY
AIRPORT ACTIVITY REPORT
2020**

AIR TRAFFIC/ATCT

July , 2020	5,399 Operations 817 Instrument Operations 404 Peak Day
July , 2019	8,051 Operations 697 Instrument Operations 490 Peak Day
January 2020 - July 2020	27,701 Operations
January 2019 - July 2019	45,947 Operations
January 2018 - July 2018	38,665 Operations

FUEL FLOWAGE

July , 2020	142,234 Gallons
July , 2019	111,147 Gallons
January 2020 - July 2020	979,842 Gallons
January 2019 - July 2019	1,051,849 Gallons
January 2018 - July 2018	1,376,967 Gallons

		Avflight	
KSU-S	Avflight Salina	Military/Gov't Portion	Self-fuel Station Portion
7,925	134,308	42,733	377
11,909	99,238	10,504	974
37,799	942,043	189,411	1,446
60,883	990,966	288,436	3,531
51,425	1,325,542	651,456	5,448

SkyWest Airlines

ENPLANEMENTS

DEPLANEMENTS

TOTAL

July , 2020	392 Passengers	380 Passengers	772
July , 2019	2,065 Passengers	2017 Passengers	4,082
January 2020 - July 2020	4,995 Passengers		
January 2019 - July 2019	10,974 Passengers		
January 2018 - July 2018	6,422 Passengers		

ENPLANEMENTS - Charter Flights

July , 2020	0 Passengers
July , 2019	0 Passengers
January 2020 - July 2020	4,059 Passengers
January 2019 - July 2019	584 Passengers
January 2018 - July 2018	621 Passengers

TOTAL ENPLANEMENTS - Scheduled Flights & Charter Flights

July , 2020	392 Passengers
July , 2019	2,065 Passengers
January 2020 - July 2020	9,054 Passengers
January 2019 - July 2019	11,558 Passengers
January 2018 - July 2018	7,043 Passengers

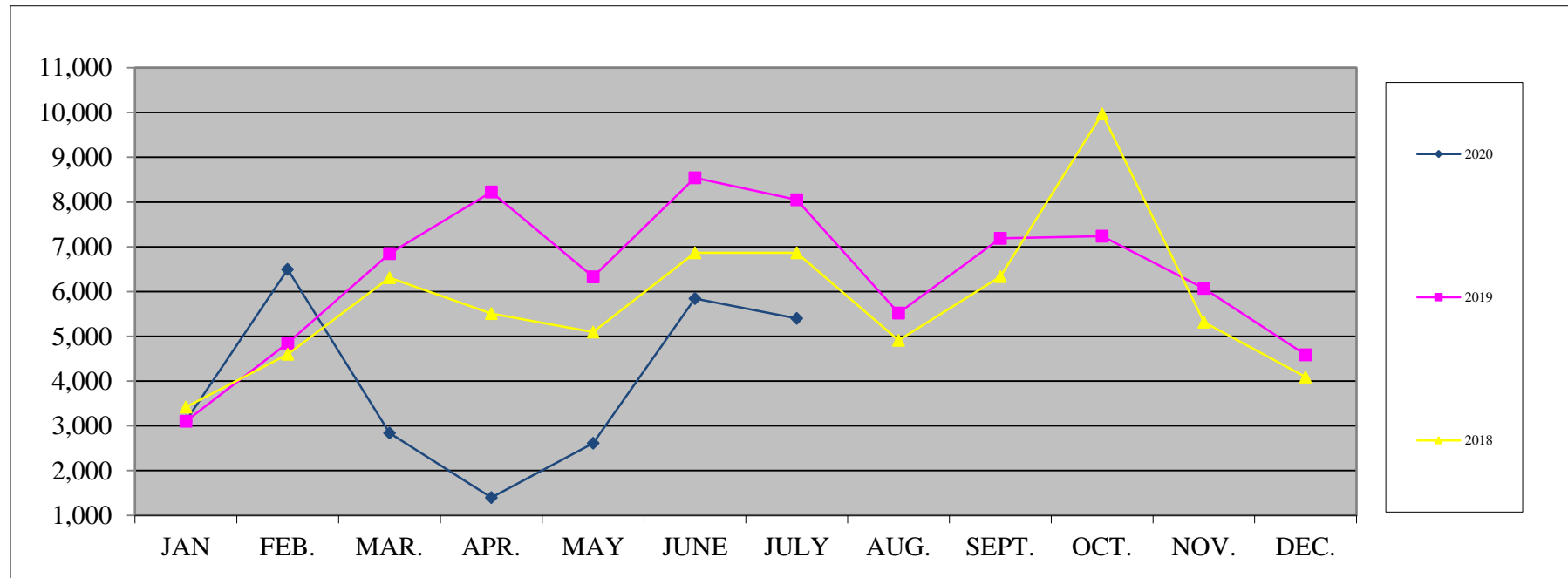
AIRPORT TRAFFIC RECORD

2019 - 2020

	ITINERANT					LOCAL			
	AC	AT	GA	MI	Total Itinerant	Civil	Military	Total Local	Total Operations
2020									
January, 20	134	675	488	252	1,549	1,192	368	1,560	3,109
February, 20	125	2,095	594	222	3,036	3,196	262	3,458	6,494
March, 20	121	642	531	183	1,477	1,140	224	1,364	2,841
April, 20	131	52	410	139	732	378	288	666	1,398
May, 20	78	436	534	270	1,318	868	428	1,296	2,614
June, 20	72	1,675	751	294	2,792	2,782	272	3,054	5,846
July, 20	112	1,589	751	331	2,783	2,458	158	2,616	5,399
August, 20									
September, 20									
October, 20									
November, 20									
December, 20									
Totals January - July	773	7,164	4,059	1,691	13,687	12,014	2,000	14,014	27,701
2019									
January, 19	61	819	600	258	1,738	992	372	1,364	3,102
February, 19	104	1,553	555	211	2,423	2,232	197	2,429	4,852
March, 19	115	1,765	790	147	2,817	3,811	220	4,031	6,848
April, 19	104	2,112	966	232	3,414	4,608	203	4,811	8,225
May, 19	118	1,464	939	235	2,756	3,328	244	3,572	6,328
June, 19	103	2,025	968	302	3,398	4,497	646	5,143	8,541
July, 19	119	2,084	877	155	3,235	4,506	310	4,816	8,051
August, 19									
September, 19									
October, 19									
November, 19									
December, 19									
Totals January - July	724	11,822	5,695	1,540	19,781	23,974	2,192	26,166	45,947
Difference	49	-4,658	-1,636	151	-6,094	-11,960	-192	-12,152	-18,246
YTD % Change	7%	-39%	-29%	10%	-31%	-50%	-9%	-46%	-40%
Legend:	AC: Air Carrier		AT: Air Taxi						
	GA: General Aviation		MI: Military						

AIR TRAFFIC

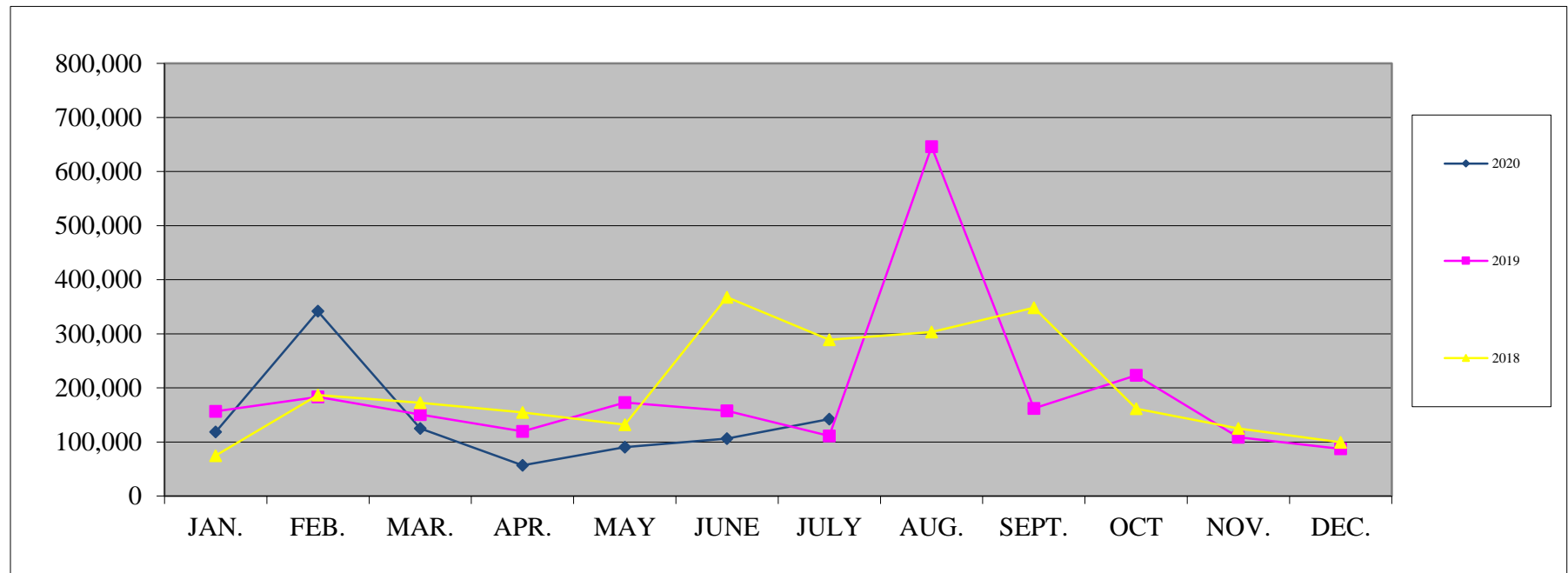
	<u>JAN</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG.</u>	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>DEC.</u>	<u>TOTAL</u>
2020	3,109	6,494	2,841	1,398	2,614	5,846	5,399						27,701
2019	3,102	4,852	6,848	8,225	6,328	8,541	8,051	5,520	7,187	7,240	6,072	4,587	76,553
2018	3,418	4,601	6,312	5,510	5,094	6,865	6,865	4,910	6,336	9,974	5,317	4,091	69,293
2017	3,539	6,598	5,329	5,340	4,253	4,338	3,613	4,717	7,081	6,177	6,062	4,094	61,141
2016	4,422	7,789	7,962	7,312	6,898	8,011	5,877	4,789	7,593	6,052	5,458	4,948	77,111
2015	6,918	7,133	8,557	8,870	8,022	7,268	8,089	5,426	8,846	11,367	8,753	7,101	96,350
2014	6,511	6,887	7,143	8,426	8,365	7,234	7,423	5,756	9,035	10,496	8,316	5,509	91,101
2013	5,341	7,146	7,440	7,349	7,336	8,291	6,696	6,694	8,755	10,136	7,946	7,001	90,131
2012	4,642	6,700	8,189	8,002	11,819	7,532	7,635	7,802	10,478	10,292	8,838	5,409	97,338
2011	3,088	3,880	4,632	5,671	5,418	6,379	5,639	4,804	9,355	9,249	6,138	4,954	69,207
2010	2,760	4,430	5,743	5,964	4,611	4,572	4,364	4,009	6,816	7,653	5,100	4,429	60,451



FUEL FLOWAGE

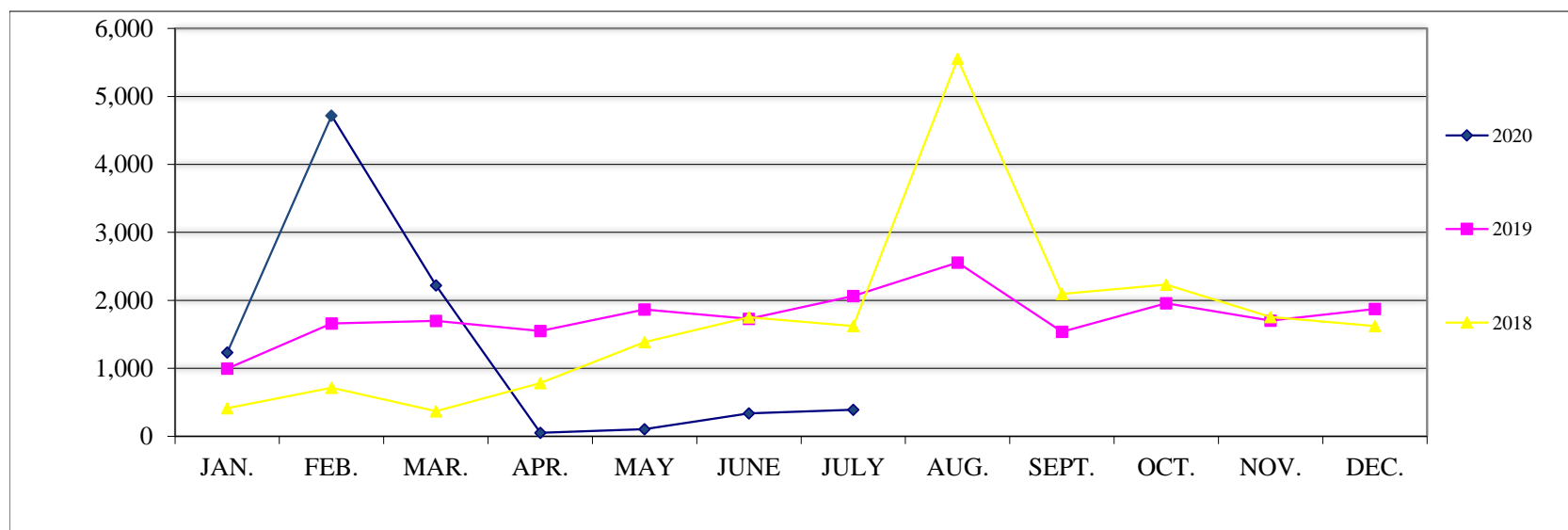
Gallons of Fuel Sold at SLN

	<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>
2020	118,337	341,329	124,865	56,765	90,326	105,987	142,234						979,843
2019	156,531	183,334	150,881	119,745	172,835	157,376	111,147	645,834	161,888	223,382	108,525	87,182	2,278,659
2018	74,807	186,507	172,561	154,513	131,941	367,663	288,977	303,273	348,454	161,563	125,129	99,437	2,414,825
2017	115,075	588,072	203,387	149,134	143,801	211,351	160,134	126,751	418,616	172,614	200,050	133,173	2,622,158
2016	80,221	136,763	130,990	94,673	153,410	132,964	208,846	375,330	137,906	126,983	100,764	182,062	1,860,912
2015	176,746	188,406	290,470	132,543	128,100	126,428	237,782	108,581	143,816	717,601	147,853	89,277	2,487,603
2014	115,573	135,651	112,694	95,549	110,387	282,468	103,108	83,757	91,423	652,207	90,948	97,295	1,971,061
2013	139,227	165,167	138,056	121,295	120,083	282,743	134,677	137,840	126,523	134,024	151,427	106,917	1,757,981
2012	136,995	163,253	303,472	142,770	307,541	365,938	162,584	169,534	163,515	149,404	287,619	241,424	2,594,049
2011	158,199	175,703	311,254	168,490	141,986	261,097	246,687	202,390	178,133	172,586	203,684	166,461	2,386,670
2010	140,149	174,668	276,837	195,019	195,859	333,684	271,029	212,013	170,735	209,067	315,010	269,921	2,763,991



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>FAA</u> <u>Adjustment</u>	<u>TOTAL</u>
2020	1,232	4,716	2,219	52	105	338	392							9,054
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	-4,322	15,977
2017	720	1,344	731	756	761	852	793	746	3,874	946	1,229	1,207	-109	13,850
2016	36	0	0	0	0	104	372	910	637	558	574	692	84	3,967
2015	528	107	4,550	531	122	88	77	79	61	3,574	592	80	-310	10,079
2014	145	109	140	135	175	403	282	223	178	431	157	178	-158	2,398
2013	166	191	205	214	243	218	202	205	161	178	212	243	391	2,829
2012	237	249	247	216	287	213	174	198	151	187	229	335	803	3,526
2011	146	156	205	181	254	258	261	234	225	287	264	234	152	2,857
2010	81	97	139	116	668	166	162	154	178	436	234	510	203	3,144



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

Salina Airport Authority
Statement of Net Assets Prev Year Comparison
As of July 31, 2020

08/16/2020

	Jul 31, 20	Jun 30, 20	\$ Change	Jul 31, 19	\$ Change	% Change
ASSETS						
Current Assets						
Checking/Savings						
Cash in Bank-Bond Funds	210,400	210,400	0	4,079,818	-3,869,418	-95%
Cash in bank-Operating Funds	769,265	580,499	188,766	96,006	673,259	701%
Cash in Bank - Mill Levy	2,056,251	2,057,317	-1,066	1,495,265	560,986	38%
Total Checking/Savings	1 3,035,916	2,848,216	187,700	5,671,089	-2,635,173	-46%
Accounts Receivable						
Accounts Receivable	103,875	70,533	33,342	40,981	62,894	153%
Total Accounts Receivable	2 103,875	70,533	33,342	40,981	62,894	153%
Other Current Assets						
Agri Land Receivable	56,000	56,000	0	56,000	0	0%
Mill Levy receivable	258,580	258,580	0	222,366	36,214	16%
Other current assets	155,710	162,085	-6,375	151,207	4,503	3%
Undeposited Funds	42,824	11,134	31,690	1,010	41,814	4,140%
Total Other Current Assets	513,114	487,799	25,315	430,583	82,531	19%
Total Current Assets	3,652,905	3,406,548	246,357	6,142,653	-2,489,748	-41%
Fixed Assets						
Fixed assets at cost	92,104,026	92,095,437	8,589	88,604,136	3,499,890	4%
Less accumulated depreciation	-49,056,840	-48,824,153	-232,687	-46,134,694	-2,922,146	-6%
Total Fixed Assets	43,047,186	43,271,284	-224,098	42,469,442	577,744	1%
Other Assets						
Deferred Outflow of Resources	1,276,204	1,276,204	0	1,381,850	-105,646	-8%
Total Other Assets	1,276,204	1,276,204	0	1,381,850	-105,646	-8%
TOTAL ASSETS	47,976,295	47,954,036	22,259	49,993,945	-2,017,650	-4%
LIABILITIES & EQUITY						
Liabilities						
Current Liabilities						
Accounts Payable						
Accounts payable	41,447	70,259	-28,812	127,136	-85,689	-67%
Total Accounts Payable	41,447	70,259	-28,812	127,136	-85,689	-67%
Credit Cards						
Total Credit Cards	0	1,864	-1,864	2,520	-2,520	-100%
Other Current Liabilities						
Accrued debt interest payable	257,510	204,499	53,011	264,970	-7,460	-3%
Debt, current portion	1,427,350	1,427,350	0	1,969,153	-541,803	-28%
Deferred Agri Land Revenue	23,333	28,000	-4,667	23,333	0	0%
Deferred Mill Levy revenue	1,111,462	1,333,754	-222,292	999,001	112,461	11%
Other current liabilities	201,230	203,016	-1,786	244,118	-42,888	-18%
Total Other Current Liabilities	3,020,885	3,196,619	-175,734	3,500,575	-479,690	-14%
Total Current Liabilities	3,062,332	3,268,742	-206,410	3,630,231	-567,899	-16%
Long Term Liabilities						
Debt - Long Term	22,412,102	22,412,102	0	25,499,845	-3,087,743	-12%
Deferred Inflows of Resources	41,412	41,412	0	68,366	-26,954	-39%
Less current portion	-1,427,350	-1,427,350	0	-1,969,153	541,803	28%
Net OPEB Liability (KPERs)	13,338	13,338	0	11,126	2,212	20%
Net Pension Liability	632,856	632,856	0	605,630	27,226	4%
Security Deposits Returnable	70,171	67,881	2,290	57,653	12,518	22%
Total Long Term Liabilities	21,742,529	21,740,239	2,290	24,273,467	-2,530,938	-10%
Total Liabilities	24,804,861	25,008,981	-204,120	27,903,698	-3,098,837	-11%
Equity						
Invested in Capital Assets net	20,847,435	20,847,435	0	17,003,832	3,843,603	23%
Net assets, Designated	90,000	90,000	0	90,000	0	0%
Net assets, Unrestricted	1,565,350	1,565,350	0	5,005,300	-3,439,950	-69%
Net Income	668,648	442,267	226,381	-8,889	677,537	7,622%
Total Equity	23,171,433	22,945,052	226,381	22,090,243	1,081,190	5%
TOTAL LIABILITIES & EQUITY	47,976,294	47,954,033	22,261	49,993,941	-2,017,647	-4%

Salina Airport Authority
Profit & Loss Budget Performance
July 2020

2:30 PM
08/16/2020
Accrual Basis

	Jul 20	Jan - Jul 20	YTD Budget	\$ Over Budget	% of Budget	Annual Budget
Ordinary Income/Expense						
Income						
Airfield revenue						
Fuel Flowage Fees	12,197	81,585	117,833	-36,248	69%	202,000
Hangar rent	42,637	291,534	376,250	-84,716	77%	645,000
Landing fees	2,163	28,341	14,875	13,466	191%	25,500
Ramp rent	4,410	36,470	29,313	7,157	124%	50,250
Total Airfield revenue	4 61,407	437,930	538,271	-100,341	81%	922,750
Building and land rent						
Agri land rent	4,667	32,667	32,667	0	100%	56,000
Building rents - Long Term						
Short-term leasing	23,988	204,417	177,450	26,967	115%	304,200
Building rents - Long Term - Other	74,904	482,001	464,217	17,784	104%	795,800
Total Building rents - Long Term	98,892	686,418	641,667	44,751	107%	1,100,000
Land rent						
Basic Land Rent	12,395	69,914	62,238	7,676	112%	106,693
Property tax - tenant share	10,325	72,274	72,275	-1	100%	123,900
Total Land rent	22,720	142,188	134,513	7,675	106%	230,593
Tank rent	1,167	8,139	6,983	1,156	117%	11,970
Total Building and land rent	127,446	869,412	815,830	53,582	107%	1,398,563
Other revenue						
Airport Marketing	6,486	58,433	40,833	17,600	143%	70,000
Commissions	429	6,007	20,475	-14,468	29%	35,100
Other income	1,165	45,829	37,917	7,912	121%	65,000
Total Other revenue	8,080	110,269	99,225	11,044	111%	170,100
Total Income	196,933	1,417,611	1,453,326	-35,715	98%	2,491,413
Gross Income	5 196,933	1,417,611	1,453,326	-35,715	98%	2,491,413
Expense						
Administrative expenses						
A/E, consultants, brokers	0	0	12,542	-12,542	0%	21,500
Airport promotion	10,943	104,275	78,750	25,525	132%	135,000
Bad Debt Expense	0	0	5,833	-5,833	0%	10,000
Computer/Network Admin.	3,026	22,026	11,667	10,359	189%	20,000
Dues and subscriptions	1,492	13,868	14,000	-132	99%	24,000
Employee retirement	5,082	40,685	49,292	-8,607	83%	84,500
FICA and medicare tax expense	4,108	33,259	38,026	-4,767	87%	65,188
Industrial development	7,000	21,000	25,083	-4,083	84%	43,000
Insurance , property	14,948	99,903	104,635	-4,732	95%	179,375
Insurance, medical	13,009	96,539	133,219	-36,680	72%	228,375
Kansas unemployment tax	0	372	583	-211	64%	1,000
Legal and accounting	889	29,066	20,417	8,649	142%	35,000
Office salaries	36,358	274,432	295,808	-21,376	93%	507,099
Office Supplies	326	3,277	3,500	-223	94%	6,000
Other administrative expense	1,638	8,379	6,344	2,035	132%	10,875
Postage	102	650	1,458	-808	45%	2,500
Property tax expense	13,823	96,762	96,762	0	100%	165,878
Special Events	0	0	583	-583	0%	1,000
Telephone	1,620	11,432	10,792	640	106%	18,500
Training	0	400	2,917	-2,517	14%	5,000
Travel and meetings	915	6,706	7,000	-294	96%	12,000
Total Administrative expenses	6 115,279	863,031	919,211	-56,180	94%	1,575,790

	Jul 20	Jan - Jul 20	YTD Budget	\$ Over Budget	% of Budget	Annual Budget
Maintenance expenses						
Airfield maintenance	5,871	64,287	18,083	46,204	356%	31,000
Airport Security	0	602	2,333	-1,731	26%	4,000
Building maintenance	10,947	48,328	29,167	19,161	166%	50,000
Equipment fuel and repairs	2,968	38,116	52,792	-14,676	72%	90,500
Fire Services	2,903	5,718	10,792	-5,074	53%	18,500
Grounds maintenance	68	3,315	2,625	690	126%	4,500
Maintenance salaries	20,878	161,603	222,269	-60,666	73%	381,032
Other maintenance expenses	1,321	12,492	9,333	3,159	134%	16,000
Snow removal expense	0	2,413	11,667	-9,254	21%	20,000
Utilities	15,914	120,780	134,167	-13,387	90%	230,000
Total Maintenance expenses	60,870	457,654	493,228	-35,574	93%	845,532
Total Expense	7 176,149	1,320,685	1,412,439	-91,754	94%	2,421,322
Net Ordinary Income	20,784	96,926	40,887	56,039	237%	70,091
Other Income/Expense						
Other Income						
Capital contributed	8 271,304	1,015,574	2,011,616	-996,042	50%	3,448,484
Interest income						
Interest income on deposits	162	1,371	1,050	321	131%	1,800
Total Interest income	162	1,371	1,050	321	131%	1,800
Mill levy income	222,292	1,557,335	1,556,046	1,289	100%	2,667,508
Total Other Income	493,758	2,574,280	3,568,712	-994,432	72%	6,117,792
Other Expense						
Debt interest expense net						
Interest Expense on Debt	53,012	371,083	371,083	0	100%	636,142
Total Debt interest expense net	53,012	371,083	371,083	0	100%	636,142
Depreciation expense	232,686	1,628,805	1,628,805	0	100%	2,792,237
Total Other Expense	285,698	1,999,888	1,999,888	0	100%	3,428,379
Net Other Income	208,060	574,392	1,568,824	-994,432	37%	2,689,413
Net Income	228,844	671,318	1,609,711	-938,393	42%	2,759,504

Salina Airport Authority
Profit & Loss Prev Year Comparison
January through July 2020

2:33 PM
08/16/2020
Accrual Basis

	Jan - Jul 20	Jan - Jul 19	\$ Change	% Change
Ordinary Income/Expense				
Income				
Airfield revenue				
Fuel Flowage Fees	81,584.86	84,831.01	-3,246.15	-3.83%
Hangar rent	291,533.86	336,001.84	-44,467.98	-13.23%
Landing fees	28,341.15	20,959.95	7,381.20	35.22%
Ramp rent	36,470.00	29,986.00	6,484.00	21.62%
Total Airfield revenue	437,929.87	471,778.80	-33,848.93	-7.18%
Building and land rent				
Agri land rent	32,666.69	33,211.69	-545.00	-1.64%
Building rents - Long Term				
Short-term leasing	204,416.80	162,112.50	42,304.30	26.1%
Building rents - Long Term - Other	482,001.02	410,864.28	71,136.74	17.31%
Total Building rents - Long Term	686,417.82	572,976.78	113,441.04	19.8%
Land rent				
Basic Land Rent	69,913.54	63,347.74	6,565.80	10.37%
Property tax - tenant share	72,274.44	72,274.44	0.00	0.0%
Land rent - Other	0.00	0.00	0.00	0.0%
Total Land rent	142,187.98	135,622.18	6,565.80	4.84%
Tank rent	8,139.00	7,896.00	243.00	3.08%
Total Building and land rent	869,411.49	749,706.65	119,704.84	15.97%
Other revenue				
Airport Marketing	58,433.42	24,882.45	33,550.97	134.84%
Commissions	6,007.17	14,421.20	-8,414.03	-58.35%
Other income	45,828.62	21,237.86	24,590.76	115.79%
Total Other revenue	110,269.21	60,541.51	49,727.70	82.14%
Total Income	1,417,610.57	1,282,026.96	135,583.61	10.58%
Gross Profit	1,417,610.57	1,282,026.96	135,583.61	10.58%
Expense				
Administrative expenses				
A/E, consultants, brokers	0.00	24,024.00	-24,024.00	-100.0%
Airport promotion				
Air Serv. Mktg - City	3,410.54	31,809.31	-28,398.77	-89.28%
Air Serv. Mktg - County	45,622.88	5,902.26	39,720.62	672.97%
Air Serv. Mktg - SAA	51,974.09	51,374.32	599.77	1.17%
Airport promotion - Other	3,267.13	2,476.50	790.63	31.93%
Total Airport promotion	104,274.64	91,562.39	12,712.25	13.88%
Bad Debt Expense	0.00	2,208.95	-2,208.95	-100.0%
Computer/Network Admin.	22,026.07	13,092.82	8,933.25	68.23%
Dues and subscriptions	13,868.09	14,229.33	-361.24	-2.54%
Employee retirement	40,685.34	45,903.52	-5,218.18	-11.37%
FICA and medicare tax expense	33,259.30	34,991.34	-1,732.04	-4.95%
Industrial development	21,000.00	24,196.43	-3,196.43	-13.21%
Insurance , property	99,903.26	99,546.04	357.22	0.36%
Insurance, medical	96,539.12	114,946.30	-18,407.18	-16.01%
Kansas unemployment tax	371.79	402.45	-30.66	-7.62%
Legal and accounting	29,065.50	18,885.00	10,180.50	53.91%
Office salaries	274,432.18	269,871.77	4,560.41	1.69%
Office Supplies	3,276.93	5,492.84	-2,215.91	-40.34%
Other administrative expense				
Merchant Processing Fees	5,690.08	2,131.88	3,558.20	166.9%
Other administrative expense - Other	2,688.62	3,921.84	-1,233.22	-31.45%
Total Other administrative expense	8,378.70	6,053.72	2,324.98	38.41%
Postage	649.92	1,283.66	-633.74	-49.37%
Property tax expense	96,762.19	94,864.56	1,897.63	2.0%
Special Events	0.00	437.90	-437.90	-100.0%
Telephone	11,432.38	11,292.27	140.11	1.24%
Training	400.00	250.00	150.00	60.0%
Travel and meetings	6,706.24	6,199.87	506.37	8.17%

	Jan - Jul 20	Jan - Jul 19	\$ Change	% Change
Total Administrative expenses	863,031.65	879,735.16	-16,703.51	-1.9%
Maintenance expenses				
Airfield maintenance	64,287.22	23,704.59	40,582.63	171.2%
Airport Security	602.07	2,199.78	-1,597.71	-72.63%
Building maintenance	48,327.92	56,804.15	-8,476.23	-14.92%
Equipment fuel and repairs	38,115.54	49,041.84	-10,926.30	-22.28%
Fire Services	5,718.33	16,046.38	-10,328.05	-64.36%
Grounds maintenance	3,315.17	6,052.41	-2,737.24	-45.23%
Maintenance salaries	161,602.97	195,670.37	-34,067.40	-17.41%
Other maintenance expenses	12,491.77	6,815.82	5,675.95	83.28%
Snow removal expense	2,413.14	20,443.71	-18,030.57	-88.2%
Utilities	120,780.30	136,444.58	-15,664.28	-11.48%
Total Maintenance expenses	457,654.43	513,223.63	-55,569.20	-10.83%
Uncategorized Expenses	0.00	0.00	0.00	0.0%
Total Expense	1,320,686.08	1,392,958.79	-72,272.71	-5.19%
Net Ordinary Income	96,924.49	-110,931.83	207,856.32	187.37%
Other Income/Expense				
Other Income				
Capital contributed				
CARES Grant 3-20-0072-041-2020	698,655.65	0.00	698,655.65	100.0%
Capital contributed - Other	316,918.00	713,925.00	-397,007.00	-55.61%
Total Capital contributed	1,015,573.65	713,925.00	301,648.65	42.25%
Gain on sale of assets	0.00	21,262.93	-21,262.93	-100.0%
Interest income				
Interest income on deposits	1,370.51	5,523.89	-4,153.38	-75.19%
Total Interest income	1,370.51	5,523.89	-4,153.38	-75.19%
Mill levy income	1,557,335.04	1,399,606.43	157,728.61	11.27%
Total Other Income	2,574,279.20	2,140,318.25	433,960.95	20.28%
Other Expense				
Debt interest expense net				
Bond issue cost	2,667.60	56,963.20	-54,295.60	-95.32%
Interest Expense on Debt	371,082.60	376,002.06	-4,919.46	-1.31%
Total Debt interest expense net	373,750.20	432,965.26	-59,215.06	-13.68%
Depreciation expense	1,628,805.15	1,605,310.00	23,495.15	1.46%
Total Other Expense	2,002,555.35	2,038,275.26	-35,719.91	-1.75%
Net Other Income	571,723.85	102,042.99	469,680.86	460.28%
Net Income	<u>668,648.34</u>	<u>-8,888.84</u>	<u>677,537.18</u>	<u>7,622.34%</u>

Salina Airport Authority
Capital Additions Budget vs. Actual
As of July 31, 2020

2:35 PM
08/16/2020
Accrual Basis

	<u>Jul 31, 20</u>	<u>Jul 31, 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
ASSETS					
Fixed Assets					
Fixed assets at cost					
Airfield					
AIP-40 Terminal Master Plan		58,105	10,000	48,105	581%
AIP-41 Rwy 17/35 Rehab		5,340	225,000	-219,660	2%
Airfield Improvements		38,725	20,000	18,725	194%
Rwy 17/35 Improvements		227,316	250,000	-22,684	91%
Total Airfield	0	329,486	505,000	-175,514	65%
Buildings & Improvements					
Building improvements					
Bldg. Imps. Other		24,090	20,000	4,090	120%
Hangar 504 Improvements		19,235	25,000	-5,765	77%
Hangar 959 Rehabilitation		7,216	200,000	-192,784	4%
Total Building improvements	0	50,541	245,000	-194,459	21%
Total Buildings & Improvements	0	50,541	245,000	-194,459	21%
Equipment					
Computer equipment	5,699	7,974	7,500	474	106%
Other Equipment		20,517	16,000	4,517	128%
Vehicles		24,850	1	24,849	2,485,000%
Total Equipment	5,699	53,341	23,501	29,840	227%
Land					
Environmental					
Environmental - SAFB	2,651	131,618	75,000	56,618	175%
Total Environmental	2,651	131,618	75,000	56,618	175%
Schwans Expansion Real Estate	239	239	1	238	23,900%
Total Land	2,890	131,857	75,001	56,856	176%
Total Fixed assets at cost	8,589	565,225	848,502	-283,277	67%

Salina Airport Authority

Significant Capital Expenditures Detail

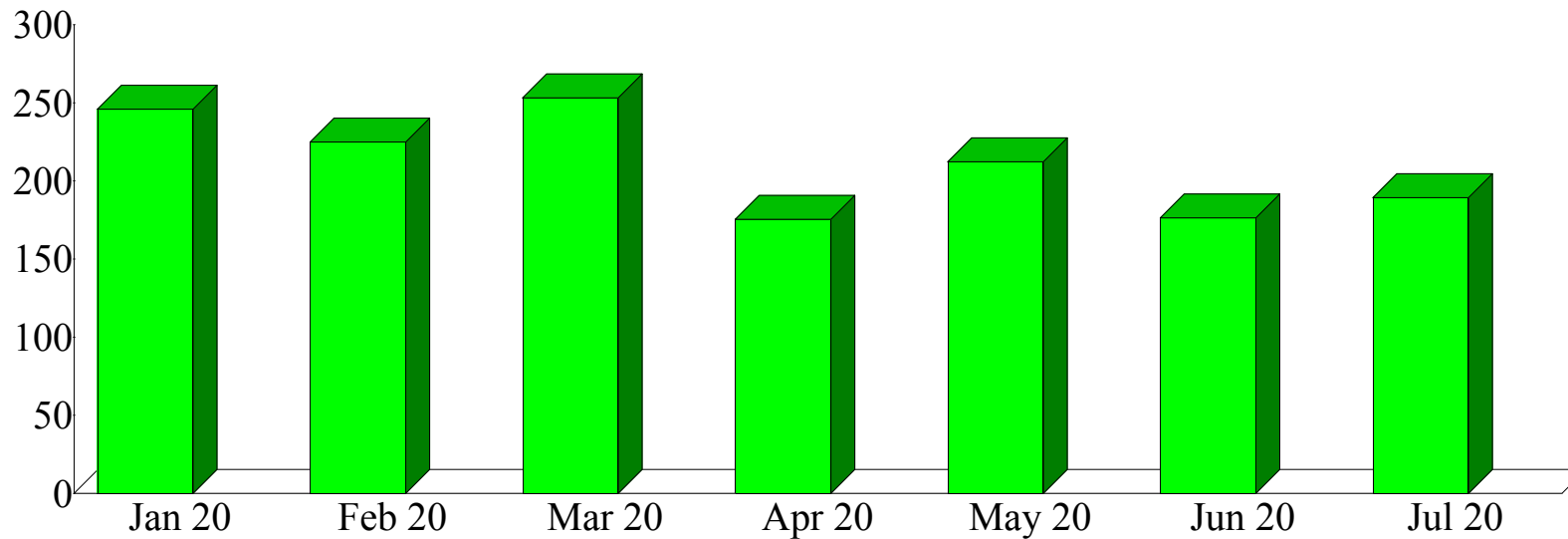
July 2020

Type	Date	Name	Memo	Amount	Balance
Fixed assets at cost					
Equipment					
Computer equipment					
Bill	07/10/2020	Fulcrum Biometrics, Inc.	Fingerprint digital scanner and CPU	5,699.00	5,699.00
Total Computer equipment				5,699.00	5,699.00
Total Equipment				5,699.00	5,699.00
Land					
Environmental					
Environmental - SAFB					
Bill	07/31/2020	Clark, Mize & Linville	Env. legal fees - July 20	350.55	350.55
Bill	07/31/2020	Stinson Leonard Street, LLP	Dragun - Preparations for Mediation and Mediation Particip...	2,300.14	2,650.69
Total Environmental - SAFB				2,650.69	2,650.69
Total Environmental				2,650.69	2,650.69
Schwans Expansion Real Estate					
Bill	07/31/2020	Clark, Mize & Linville	SFC Expansion - Legal Fees July 2020	239.40	239.40
Total Schwans Expansion Real Estate				239.40	239.40
Total Land				2,890.09	2,890.09
Total Fixed assets at cost				8,589.09	8,589.09
TOTAL				8,589.09	8,589.09

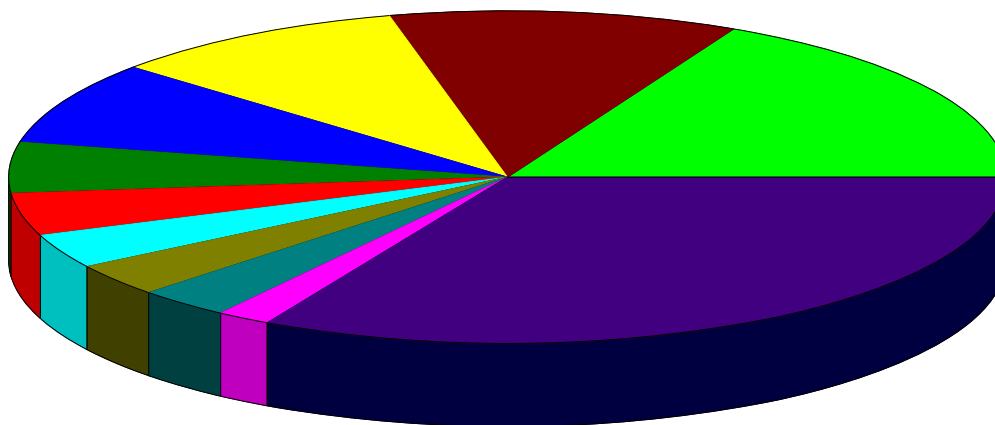
Sales by Month
January through July 2020

Dollar Sales

\$ in 1,000's



Sales Summary
January through July 2020



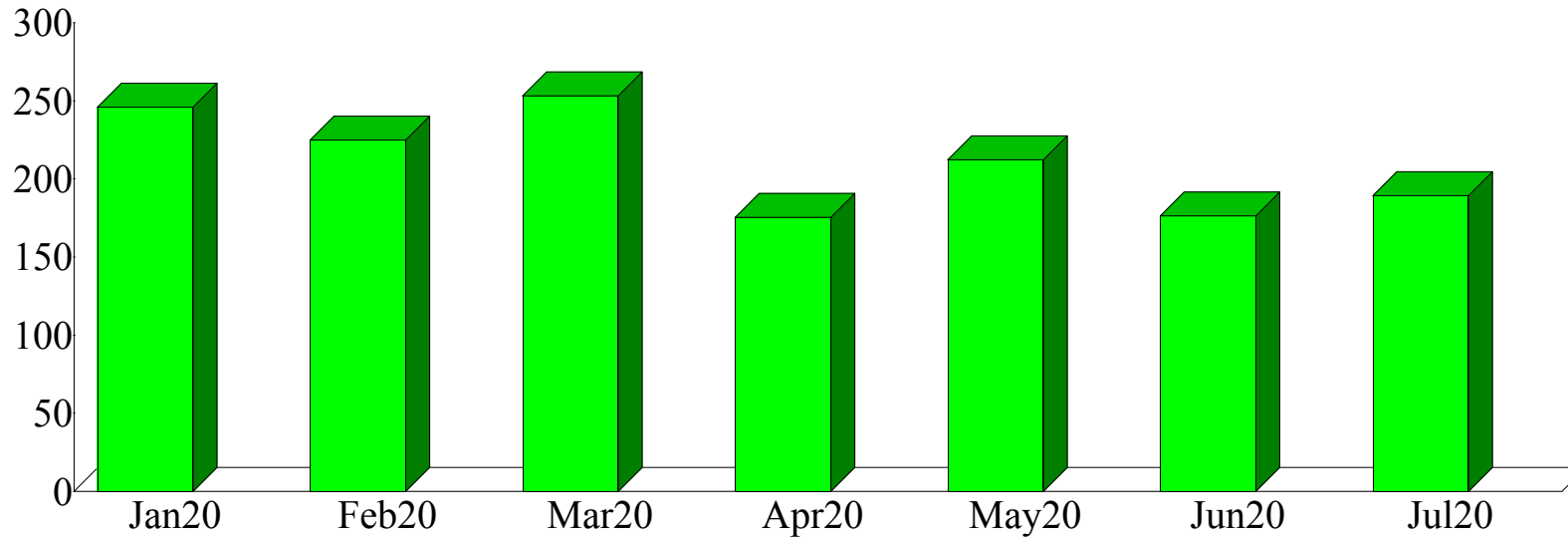
Kansas Erosion Products, LLC.	17.61%
Avflight Salina	11.42
Exide	9.76
1 Vision Aviation, PLLC	8.12
Universal Forest Products (UFP)	5.00
SFC Global Supply Chain	4.24
Saline County	3.38
Nellis AFB	3.26
Kansas State Polytechnic - Salina	3.04
SkyWest Airlines, Inc.	1.83
Other	32.35
Total	\$1,477,611.25

By Customer

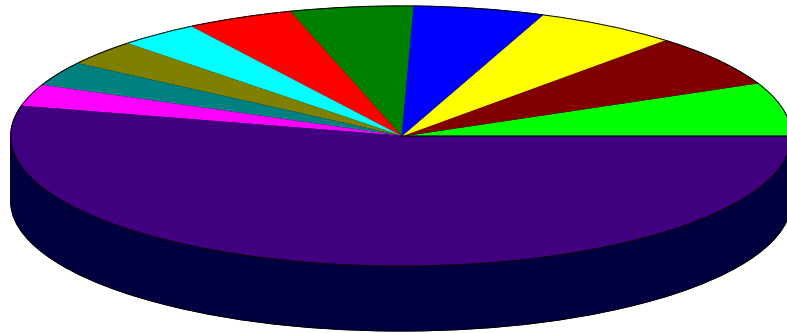
Sales by Month
January through July 2020

Dollar Sales

\$ in 1,000's



Sales Summary
January through July 2020



Utility Reimbursement (Utility Reimburse	6.70%
B-01021 (Building #1021 located at 3600	6.54
H-00959-1 (Hangar Facility H959 - 2044 S	5.92
B-00655-3 (Bldg. #655 (56,961 SF) - 2656	5.51
FFF-Avflight Salina (Fuel Flowage Fee @	5.20
B-00620-1 (Building #620 (30,000 SF) an	4.47
Air Service Marketing (Fly Salina - Air	3.38
B-00626-1 (Manufacturing facility #626 (3.29
B-00655-4 (Bldg. #655 (33,992 SF) - 2656	3.09
H-00409-1 (FBO Hangar - 2010 Rogers Ct.)	2.84
Other	53.07
Total	\$1,477,611.25

By Item

BID RESULTS

\$2,200,000.00

**Salina Airport Authority
General Obligation Temporary Notes
Series 2020-1**

Bids Received August 11, 2020

Bidder	Net Interest Rate	Net Interest Cost
First Kansas Bank	0.480%	\$31,680.00
Bennington State Bank	0.640%	\$42,240.00
Bank VI	0.910%	\$60,060.00
Commerce Bank	1.050%	\$69,300.00
Intrust Bank	1.320%	\$87,120.00

Prepared by Stifel, Nicolaus & Company

08/11/20

Final Numbers

Salina Airport Authority

General Obligation Temporary Notes

2020-1

(Land Acquisition Project)

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Salina Airport Authority

General Obligation Temporary Notes

2020-1

(Land Acquisition Project)

Sources & Uses

Dated 09/01/2020 | Delivered 09/01/2020

Sources Of Funds

Par Amount of Bonds	\$2,100,000.00
---------------------	----------------

Total Sources	\$2,100,000.00
----------------------	-----------------------

Uses Of Funds

Costs of Issuance	24,900.00
-------------------	-----------

Deposit to Project Construction Fund	2,075,100.00
--------------------------------------	--------------

Total Uses	\$2,100,000.00
-------------------	-----------------------

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Salina Airport Authority

General Obligation Temporary Notes

2020-1

(Land Acquisition Project)

Debt Service To Maturity And Call

Date	Princ. to Call	D/S To Call	Principal	Coupon	Interest	D/S To Maturity	Fiscal Total
09/01/2020	-	-	-	-	-	-	-
03/01/2021	-	5,040.00	-	-	5,040.00	5,040.00	-
09/01/2021	2,100,000.00	2,105,040.00	-	-	5,040.00	5,040.00	10,080.00
03/01/2022	-	-	-	-	5,040.00	5,040.00	-
09/01/2022	-	-	-	-	5,040.00	5,040.00	10,080.00
03/01/2023	-	-	-	-	5,040.00	5,040.00	-
09/01/2023	-	-	2,100,000.00	0.480%	5,040.00	2,105,040.00	2,110,080.00
Total	\$2,100,000.00	\$2,110,080.00	\$2,100,000.00	-	\$30,240.00	\$2,130,240.00	-

Yield Statistics

Average Life	3.000 Years
Average Coupon	0.4800000%
True Interest Cost (TIC)	0.4800000%
All Inclusive Cost (AIC)	0.8813565%
Bond Yield for Arbitrage Purposes	0.4800000%

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Salina Airport Authority

General Obligation Temporary Notes

2020-1

(Land Acquisition Project)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
09/01/2023	Serial Coupon	0.480%	0.480%	2,100,000.00	100.000%	2,100,000.00
Total	-	-	-	\$2,100,000.00	-	\$2,100,000.00

Bid Information

Par Amount of Bonds	\$2,100,000.00
Gross Production	\$2,100,000.00
Bid (100.000%)	2,100,000.00
Total Purchase Price	\$2,100,000.00
Bond Year Dollars	\$6,300.00
Average Life	3.000 Years
Average Coupon	0.4800000%
Net Interest Cost (NIC)	0.4800000%
True Interest Cost (TIC)	0.4800000%

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Salina Airport Authority

General Obligation Temporary Notes

2020-1

(Land Acquisition Project)

Detail Costs Of Issuance

Dated 09/01/2020 | Delivered 09/01/2020

COSTS OF ISSUANCE DETAIL

Bond Counsel	\$6,800.00
Municipal Advisor	\$7,350.00
Kansas Attorney General	\$300.00
Kansas State Treasurer	\$600.00
City Ordinance Publication	\$500.00
Misc (Local Counsel, Recording, CUSIP, etc.)	\$9,350.00
TOTAL	\$24,900.00

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Salina Airport Authority

General Obligation Temporary Notes

2020-1

(Land Acquisition Project)

Proof of Bond Yield @ 0.4800000%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
09/01/2020	-	1.0000000x	-	-
03/01/2021	5,040.00	0.9976057x	5,027.93	5,027.93
09/01/2021	5,040.00	0.9952172x	5,015.89	10,043.83
03/01/2022	5,040.00	0.9928344x	5,003.89	15,047.71
09/01/2022	5,040.00	0.9904573x	4,991.90	20,039.62
03/01/2023	5,040.00	0.9880859x	4,979.95	25,019.57
09/01/2023	2,105,040.00	0.9857202x	2,074,980.43	2,100,000.00
Total	\$2,130,240.00	-	\$2,100,000.00	-

Derivation Of Target Amount

Par Amount of Bonds	\$2,100,000.00
Original Issue Proceeds	\$2,100,000.00

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Salina Airport Authority

General Obligation Temporary Notes

2020-1

(Land Acquisition Project)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Coupon	Price	Issuance Price	Exponent	Bond Years
09/01/2020	-	-	-	-	-	-
09/01/2023	2,100,000.00	0.480%	100.000%	2,100,000.00	3.0000000x	6,300,000.00
Total	\$2,100,000.00	-	-	\$2,100,000.00	-	\$6,300,000.00

Description of Bonds

Final Maturity Date	9/01/2023
Issue price of entire issue	2,100,000.00
Stated Redemption at Maturity	2,100,000.00
Weighted Average Maturity = Bond Years/Issue Price	3.000 Years
Bond Yield for Arbitrage Purposes	0.4800000%

Uses of Proceeds of Issue

Proceeds used for accrued interest	-
Proceeds used for bond issuance costs (including underwriters' discount)	24,900.00
Proceeds used for credit enhancement	-
Proceeds allocated to reasonably required reserve or replacement fund	-

8/14/2020 | 9:21 AM

RESOLUTION NO. 20-05

OF

THE SALINA AIRPORT AUTHORITY (SALINA, KANSAS)

ADOPTED

AUGUST 19, 2020

**GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2020**

RESOLUTION

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RESOLUTION NO. 20-05

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2020, OF THE SALINA AIRPORT AUTHORITY (SALINA, KANSAS); PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX, IF NECESSARY, FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID NOTES AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the Salina Airport Authority (Salina, Kansas) (the “Issuer” or the “Authority”) is a legally constituted public airport authority duly created, organized and existing under the Constitution and laws of the State of Kansas, including specifically K.S.A. 27-315 *et seq.*; and

WHEREAS, pursuant to the provisions of the laws of the State of Kansas applicable thereto, by proceedings duly had, the governing body of the Issuer has caused the following improvements (the “Improvements”) to be made in the Authority:

<u>Project</u> <u>Description</u>	<u>Resolution</u> <u>No.</u>	<u>Authority</u>	<u>Amount</u>
Real Estate Acquisition	20-04	K.S.A. 27-315 to 27-326	Not to exceed \$2,200,000

; and

WHEREAS, the governing body of the Issuer is authorized by law to issue general obligation bonds to pay a portion of the costs of the Improvements; and

WHEREAS, it is necessary for the Issuer to provide cash funds (from time to time) to meet its obligations incurred in constructing the Improvements prior to the completion thereof and the issuance of the Issuer’s general obligation bonds, and it is desirable and in the interest of the Issuer that such funds be raised by the issuance of temporary notes of the Issuer pursuant to the Act; and

WHEREAS, none of such general obligation bonds or temporary notes previously authorized have been issued and the Issuer proposes to issue its temporary notes to pay a portion of the costs of the Improvements; and

WHEREAS, the governing body of the Issuer hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Notes in the principal amount of \$2,100,000 to pay a portion of the costs of the Improvements.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE SALINA AIRPORT AUTHORITY (SALINA, KANSAS), AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms as used in this Note Resolution shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, specifically including K.S.A. 10-123, K.S.A. 10-620 *et seq.*, and K.S.A. 27-315 to 27-326, all as amended and supplemented from time to time.

“Authority” means the Salina Airport Authority (Salina, Kansas).

“Authorized Denomination” means \$100,000 or any integral multiples of \$1,000 in excess thereof.

“Beneficial Owner” of the Notes includes any Owner of the Notes and any other Person who, directly or indirectly has the investment power with respect to any of the Notes.

“Bond and Interest Fund” means the Bond and Interest Fund of the Issuer for its general obligation bonds.

“Bond Counsel” means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.

“Business Day” means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“Chairman” means the duly elected and acting Chairman, or in the Chairman’s absence, the duly appointed and/or elected Vice Chairman or Acting Chairman of the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations proposed or promulgated thereunder of the United States Department of the Treasury.

“Costs of Issuance” means all costs of issuing the Notes, including but not limited to all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, and all expenses incurred in connection with receiving ratings on the Notes.

“Dated Date” means September 1, 2020.

“Debt Service Account” means the Debt Service Account for General Obligation Temporary Notes, Series 2020 (within the Bond and Interest Fund) created pursuant to **Section 501** hereof.

“Debt Service Requirements” means the aggregate principal payments and interest payments on the Notes for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

“Defaulted Interest” means interest on any Note which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) such obligations are rated in a rating category by Moody’s or Standard & Poor’s that is no lower than the rating category then assigned by that rating agency to United States Government Obligations.

“Derivative” means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.

“Director of Administration and Finance” means the duly appointed and acting Director of Administration and Finance of the Issuer or, in the Director’s absence, the duly appointed Deputy, Assistant or Acting Director of Administration and Finance of the Issuer.

“Event of Default” means each of the following occurrences or events:

(a) Payment of the principal and of the redemption premium, if any, of any of the Notes shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise;

(b) Payment of any installment of interest on any of the Notes shall not be made when the same shall become due; or

(c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Notes or in this Note Resolution on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Notes then Outstanding.

“Federal Tax Certificate” means the Issuer’s Federal Tax Certificate dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

“Financeable Costs” means the amount of expenditure for an Improvement which has been duly authorized by action of the governing body of the Issuer to be financed by general obligation bonds, less: (a) the amount of any temporary notes or general obligation bonds of the Issuer which are currently Outstanding and available to pay such Financeable Costs; and (b) any amount of Financeable Costs which has been previously paid by the Issuer or by any eligible source of funds unless such amounts are entitled to be reimbursed to the Issuer under State or federal law.

“Fiscal Year” means the twelve month period ending on December 31.

“Funds and Accounts” means funds and accounts created by or referred to in *Section 501* hereof.

“Improvement Fund” means the Improvement Fund for General Obligation Temporary Notes, Series 2020 created pursuant to *Section 501* hereof.

“Improvements” means the improvements referred to in the preamble to this Note Resolution and any Substitute Improvements.

“Independent Accountant” means an independent certified public accountant or firm of independent certified public accountants at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Independent Accountant by this Note Resolution.

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Note which shall be March 1 and September 1 of each year, commencing March 1, 2021.

“Issue Date” means the date when the Issuer delivers the Notes to the Purchaser in exchange for the Purchase Price.

“Issuer” means the Authority and any successors or assigns.

“Maturity” when used with respect to any Note means the date on which the principal of such Note becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or

liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Note Payment Date” means any date on which principal of or interest on any Note is payable.

“Note Purchase Agreement” means the Note Purchase Agreement dated as of August 18, 2020 between the Issuer and the Purchaser.

“Note Register” means the books for the registration, transfer and exchange of Notes kept at the office of the Note Registrar.

“Note Registrar” means the State Treasurer and its successors and assigns.

“Note Resolution” means this resolution relating to the Notes.

“Notes” means the General Obligation Temporary Notes, Series 2020, authorized and issued by the Issuer pursuant to this Note Resolution.

“Notice Address” means with respect to the following entities:

(a) To the Issuer at:

Salina Airport Authority (Salina, Kansas)
Salina Regional Airport
Attn: Director of Administration and Finance
3237 Arnold Ave.
Salina, KS 67401
Fax: (785) 827-2221

(b) To the Paying Agent at:

State Treasurer of the State of Kansas
Landon Office Building
900 Southwest Jackson, Suite 201
Topeka, Kansas 66612-1235
Fax: (785) 296-6976

(c) To the Purchaser:

First Bank Kansas
235 S. Santa Fe Street
Salina, Kansas 67401
Fax: (785) 825-7663

“Notice Representative” means:

(a) With respect to the Issuer, the Secretary.

(b) With respect to the Note Registrar and Paying Agent, the Director of Bond Services.

(c) With respect to the Purchaser, the manager of its Municipal Bond Department.

“Outstanding” means, when used with reference to the Notes, as of a particular date of determination, all Notes theretofore authenticated and delivered, except the following Notes:

- (a) Notes theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Notes deemed to be paid in accordance with the provisions of *Article VII* hereof; and
- (c) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered hereunder.

“Owner” when used with respect to any Note means the Person in whose name such Note is registered on the Note Register.

“Paying Agent” means the State Treasurer and any successors and assigns.

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer’s temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody’s or Standard & Poor’s; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.

“Person” means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“Purchase Price” means the amount set forth in the Note Purchase Agreement.

“Purchaser” means First Bank Kansas, Salina, Kansas, the original purchaser of the Notes, and any successors and assigns.

“Rebate Fund” means the Rebate Fund for General Obligation Temporary Notes, Series 2020 created pursuant to *Section 501* hereof.

“Record Dates” for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

“Redemption Date” means, when used with respect to any Note to be redeemed, the date fixed for the redemption of such Note pursuant to the terms of this Note Resolution.

“Redemption Price” means, when used with respect to any Note to be redeemed, the price at which such Note is to be redeemed pursuant to the terms of this Note Resolution, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Secretary” means the duly elected/appointed and acting Secretary of the Issuer, or in the Secretary’s absence, the duly appointed Deputy, Assistant or Acting Secretary of the Issuer.

“Special Record Date” means the date fixed by the Paying Agent pursuant to *Article II* hereof for the payment of Defaulted Interest.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of McGraw Hill Financial Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor’s shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“State” means the state of Kansas.

“State Treasurer” means the duly elected Treasurer or, in the Treasurer’s absence, the duly appointed Deputy Treasurer or acting Treasurer of the State.

“Stated Maturity” when used with respect to any Note or any installment of interest thereon means the date specified in such Note and this Note Resolution as the fixed date on which the principal of such Note or such installment of interest is due and payable.

“Substitute Improvements” means the substitute or additional improvements of the Issuer described in *Article V* hereof.

“Treasurer” means the duly appointed and/or elected Treasurer of the Issuer or, in the Treasurer’s absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the Issuer.

ARTICLE II

AUTHORIZATION AND DETAILS OF THE NOTES

Section 201. Authorization of the Notes. There shall be issued and hereby are authorized and directed to be issued the General Obligation Temporary Notes, Series 2020, of the Issuer in the principal amount of \$2,100,000, for the purpose of providing funds to: (a) pay a portion of the costs of the Improvements; and (b) pay Costs of Issuance.

Section 202. Description of the Notes. The Notes shall consist of fully registered notes in Authorized Denominations, and shall be numbered in such manner as the Note Registrar shall determine. All of the Notes shall be dated as of the Dated Date, shall become due in the amounts on the Stated Maturity, subject to redemption and payment prior to the Stated Maturity as provided in *Article III* hereof, and shall bear interest at the rate per annum as follows:

Stated Maturity	Principal	Annual Rate
<u>September 1</u>	<u>Amount</u>	<u>of Interest</u>
2023	\$2,100,000	0.48%

The Notes shall bear interest at the above specified rate (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in *Section 204* hereof.

Each of the Notes, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as *EXHIBIT A* or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

Section 203. Designation of Paying Agent and Note Registrar. The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Note and Note Registrar with respect to the registration, transfer and exchange of Notes. The Chairman of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Note Registrar and Paying Agent for the Notes.

The Issuer will at all times maintain a Paying Agent and Note Registrar meeting the qualifications herein described for the performance of the duties hereunder. The Issuer reserves the right to appoint a successor Paying Agent or Note Registrar by (a) filing with the Paying Agent or Note Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Note Registrar and appointing a successor, and (b) causing notice of appointment of the successor Paying Agent and Note Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Note Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Note Registrar.

Every Paying Agent or Note Registrar appointed hereunder shall at all times meet the requirements of K.S.A. 10-501 *et seq.* and K.S.A. 10-620 *et seq.*, respectively.

Section 204. Method and Place of Payment of the Notes. The principal of, or Redemption Price, if any, and interest on the Notes shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Note shall be paid at Maturity to the Person in whose name such Note is registered on the Note Register at the Maturity thereof, upon presentation and surrender of such Note at the principal [corporate trust] office of the Paying Agent. The interest payable on each Note on any Interest Payment Date shall be paid to the Owner of such Note as shown on the Note Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Note Register or at such other address as is furnished to the Paying Agent in writing by such Owner; or (b) in the case of an interest payment to any Owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer to such Owner upon written notice given to the Note Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Note shall cease to be payable to the Owner of such Note on the relevant Record Date and shall be payable to the Owner in whose name such Note is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment (which date shall be at least 45 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Note entitled to such notice at the address of such Owner as it appears on the Note Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Notes and at least annually shall forward a copy or summary of such records to the Issuer.

Section 205. Payments Due on Saturdays, Sundays and Holidays. In any case where a Note Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Note Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Note Payment Date, and no interest shall accrue for the period after such Note Payment Date.

Section 206. Registration, Transfer and Exchange of Notes. The Issuer covenants that, as long as any of the Notes remain Outstanding, it will cause the Note Register to be kept at the office of the Note Registrar as herein provided. Each Note when issued shall be registered in the name of the Owner thereof on the Note Register.

Notes may be transferred and exchanged only on the Note Register as provided in this Section. Upon surrender of any Note at the principal office of the Note Registrar, the Note Registrar shall transfer or exchange such Note for a new Note or Notes in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Note that was presented for transfer or exchange.

The Notes shall be transferable by the Purchaser or subsequent transferee only upon prior delivery to the Note Registrar and the Issuer an investment letter in substantially the form of **Exhibit B** hereto, signed by the transferee, stating that (a) the transferee is either (1) an “accredited investor” as defined in Rule 501 of Regulation D of the Securities and Exchange Commission (the “SEC”) or (2) a “qualified institutional buyer” as defined in Rule 144A under the Securities Act of 1933, as amended, (b) the transferee is purchasing the Notes for its own account for investment and with no present intention of selling or transferring the Notes, (c) the transferee has been provided with or given access to all financial and other information requested relating to the Notes or which it deems material in connection with the purchase of Notes, (d) the transferee considers that it has such knowledge and experience in financial and business matters, including the purchase of tax-exempt obligations, as to be independently capable of evaluating the merits and risks of investment in the Notes and to make an informed decision with respect thereto, and (e) the transferee understands that the Notes are subject to all terms and conditions of this Note Resolution. The Notes shall be held by no more than three (3) persons at any time.

Notes presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Note Registrar, duly executed by the Owner thereof or by the Owner’s duly authorized agent.

In all cases in which the privilege of transferring or exchanging Notes is exercised, the Note Registrar shall authenticate and deliver Notes in accordance with the provisions of this Note Resolution. The Issuer shall pay the fees and expenses of the Note Registrar for the registration, transfer and exchange of Notes provided for by this Note Resolution and the cost of printing a reasonable supply of registered note blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, are the responsibility of the Owners of the Notes. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Notes.

The Issuer and the Note Registrar shall not be required (a) to register the transfer or exchange of any Note that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to **Article III** hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Note during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to this **Article II**.

The Issuer and the Paying Agent may deem and treat the Person in whose name any Note is registered on the Note Register as the absolute Owner of such Note, whether such Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Note and for all other purposes. All payments so made to any such Owner or upon the Owner’s order shall be valid and effective to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Note Registrar, the Note Register may be inspected and copied by the Owners (or a designated representative thereof) of 10% or more in principal amount of the Notes then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Note Registrar.

Section 207. Execution, Registration, Authentication and Delivery of Notes. Each of the Notes, including any Notes issued in exchange or as substitutions for the Notes initially delivered, shall be executed for and on behalf of the Issuer by the manual or facsimile signature of the Chairman, attested by the manual or facsimile signature of the Secretary and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Chairman and Secretary are hereby authorized and directed to prepare and execute the Notes in the manner herein specified, and to cause the Notes to be registered in the office of the Secretary, which registration shall be evidenced by the manual or facsimile signature of the Secretary with the seal of the Issuer affixed thereto or imprinted thereon, and registered in the office of the Clerk of Saline, Kansas, which registration shall be evidenced by the manual or facsimile signature of the Clerk of Saline County, Kansas with the seal of Saline County, Kansas affixed thereto or imprinted thereon. The Notes shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. The Notes shall be countersigned by the manual or facsimile signature of the Secretary and the seal of the Issuer shall be affixed or imprinted adjacent thereto following registration of the Notes by the Treasurer of the State of Kansas. In case any officer whose signature appears on any Notes ceases to be such officer before the delivery of such Notes, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Note may be signed by such persons who at the actual time of the execution of such Note are the proper officers to sign such Note although at the date of such Note such persons may not have been such officers.

The Chairman and Secretary are hereby authorized and directed to prepare and execute the Notes as herein specified, and when duly executed, to deliver the Notes to the Note Registrar for authentication.

The Notes shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as **EXHIBIT A** hereof, which shall be manually executed by an authorized officer or employee of the Note Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Notes that may be issued hereunder at any one time. No Note shall be entitled to any security or benefit under this Note Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Note Registrar. Such executed certificate of authentication upon any Note shall be conclusive evidence that such Note has been duly authenticated and delivered under this Note Resolution. Upon authentication, the Note Registrar shall deliver the Notes to the Purchaser upon instructions of the Issuer or its representative.

Section 208. Mutilated, Lost, Stolen or Destroyed Notes. If (a) any mutilated Note is surrendered to the Note Registrar or the Note Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (b) there is delivered to the Issuer and the Note Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Note Registrar that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Note Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer, in its discretion, may pay such Note instead of issuing a new Note.

Upon the issuance of any new Note under this Section, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Note issued pursuant to this Section shall constitute a replacement of the prior obligation of the Issuer, and shall be entitled to all the benefits of this Note Resolution equally and ratably with all other Outstanding Notes.

Section 209. Cancellation and Destruction of Notes Upon Payment. All Notes that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Notes so cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

Section 210. Nonpresentment of Notes. If any Note is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Note have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Note shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Note Resolution or on, or with respect to, said Note. If any Note is not presented for payment within four (4) years following the date when such Note becomes due at Maturity, the Paying Agent shall repay, without liability for interest thereon, to the Issuer the funds theretofore held by it for payment of such Note, and such Note shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 211. Sale of the Notes – Note Purchase Agreement. The Chairman is hereby authorized to enter into the Note Purchase Agreement between the Issuer and the Purchaser in substantially the form submitted to the governing body concurrently with the adoption of this Note Resolution, with such changes therein as shall be approved by the Chairman, such officer's signature thereon being conclusive evidence of the approval thereof. Pursuant to the Note Purchase Agreement, the Issuer agrees to sell the Notes to the Purchaser for the Purchase Price, upon the terms and conditions set forth therein.

ARTICLE III

REDEMPTION OF NOTES

Section 301. Redemption by Issuer.

Optional Redemption. At the option of the Issuer, the Notes will be subject to redemption and payment prior to maturity, as a whole or in part (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time on or after September 1, 2021, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

Section 302. Selection of Notes to be Redeemed. Notes shall be redeemed only in an Authorized Denomination. When less than all of the Notes are to be redeemed and paid prior to their Stated Maturity, such Notes shall be redeemed in such manner as the Issuer shall determine. Notes of less than a full Stated Maturity shall be selected by the Note Registrar in a minimum Authorized Denomination of principal amount in such equitable manner as the Note Registrar may determine.

In the case of a partial redemption of Notes by lot when Notes of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Note of the denomination of a minimum Authorized Denomination. If it is determined that one or more, but not all, of a minimum Authorized Denomination of face value represented by any Note is selected for redemption, then upon notice of intention to redeem a minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Note to the Note Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of a minimum Authorized Denomination of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Note or Notes of the aggregate principal amount of the unredeemed portion of the principal amount of such Note. If the Owner of any such Note fails to present such Note to the Paying Agent for payment and exchange as aforesaid, such Note shall, nevertheless, become due and payable on the redemption date to the extent of a minimum Authorized Denomination of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. In the event the Issuer desires to call the Notes for redemption prior to maturity, written notice of such intent shall be provided to the Note Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Note Registrar shall call Notes for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Note Registrar at least 45 days prior to the Redemption Date of written instructions of the Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Notes to be called for redemption. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in this Section are met.

Unless waived by any Owner of Notes to be redeemed, if the Issuer shall call any Notes for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Notes to the Note Registrar. In addition, the Issuer shall cause the Note Registrar to give written notice of redemption to the Owners of said Notes. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Notes are to be redeemed, the identification (and, in the case of partial redemption of any Notes, the respective principal amounts) of the Notes to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Note or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Notes are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent.

The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Notes or portions of Notes that are to be redeemed on such Redemption Date.

Official notice of redemption having been given as aforesaid, the Notes or portions of Notes to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Notes or portion of Notes shall cease to bear interest. Upon surrender of such Notes for redemption in accordance with such notice, the Redemption Price of such Notes shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Note, there shall be prepared for the Owner a new Note or Notes of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Notes that have been surrendered for redemption shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

In addition to the foregoing notice, further notice may be given by the Issuer or the Note Registrar on behalf of the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed:

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the date of issue of the Notes as originally issued; (2) the rate of interest borne by each Note being redeemed; (3) the maturity date of each Note being redeemed; and (4) any other descriptive information needed to identify accurately the Notes being redeemed.

(b) Each further notice of redemption shall be sent at least one day before the mailing of notice to Owners by first class, registered or certified mail or overnight delivery, as determined by the Note Registrar, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Notes and to one or more national information services that disseminate notices of redemption of obligations such as the Notes.

The Paying Agent is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Note.

ARTICLE IV

SECURITY FOR NOTES

Section 401. Security for the Notes. The Notes shall be general obligations of the Issuer payable as to both principal and interest from general obligation bonds of the Issuer, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due.

Section 402. Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Notes as the

same become due, if necessary, by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes referred to above shall be extended upon the tax rolls and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Notes as and when the same become due, and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Notes when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF NOTE PROCEEDS

Section 501. Creation of Funds and Accounts. Simultaneously with the issuance of the Notes, there shall be created within the Treasury of the Issuer the following funds and accounts:

- (a) Improvement Fund for General Obligation Temporary Notes, Series 2020.
- (b) Debt Service Account for General Obligation Temporary Notes, Series 2020.
- (c) Rebate Fund for General Obligation Temporary Notes, Series 2020.

The Funds and Accounts established herein shall be administered in accordance with the provisions of this Note Resolution so long as the Notes are Outstanding.

Section 502. Deposit of Note Proceeds. The net proceeds received from the sale of the Notes shall be deposited simultaneously with the delivery of the Notes as follows:

- (a) All accrued interest received from the sale of the Notes shall be deposited in the Debt Service Account.
- (b) The remaining balance of the proceeds derived from the sale of the Notes shall be deposited in the Improvement Fund.

Section 503. Application of Moneys in the Improvement Fund. Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements, in accordance with the plans and specifications therefor approved by the governing body of the Issuer and on file in the office of the Secretary, including any alterations in or amendments to said plans and specifications deemed advisable and approved by the governing body of the Issuer; (b) paying Costs of Issuance; and (c) transferring any amounts to the Rebate Fund required by this *Article V*. Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

Section 504. Substitution of Improvements; Reallocation of Proceeds.

(a) The Issuer may elect for any reason to substitute or add other public improvements to be financed with proceeds of the Notes provided the following conditions are met: (1) the Substitute Improvement and the issuance of general obligation bonds to pay the cost of the Substitute Improvement has been duly authorized by the governing body of the Issuer in accordance with the laws of the State; (2) a resolution authorizing the use of the proceeds of the Notes to pay the Financeable Costs of the Substitute Improvement has been duly adopted by the governing body of the Issuer pursuant to this Section, (3) the Attorney General of the State has approved the amendment made by such resolution to the transcript of proceedings for the Notes to include the Substitute Improvements; and (4) the use of the proceeds of the Notes to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax-exempt status of the Notes under State or federal law.

(b) The Issuer may reallocate expenditure of Note proceeds among all Improvements financed by the Notes; provided the following conditions are met: (1) the reallocation is approved by the governing body of the Issuer; (2) the reallocation shall not cause the proceeds of the Notes allocated to any Improvement to exceed the Financeable Costs of the Improvement; and (3) the reallocation will not adversely affect the tax-exempt status of the Notes under State or federal law.

Section 505. Application of Moneys in Debt Service Account. All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Notes as and when the same become due and the usual and customary fees and expenses of the Note Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Notes and the fees and expenses of the Note Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent, if other than the Issuer, in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Note Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Notes are no longer entitled to enforce payment of the Notes or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Note Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Notes entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Account after the retirement of the indebtedness for which the Notes were issued shall be transferred and paid into the Bond and Interest Fund.

Section 506. Application of Moneys in the Rebate Fund.

(a) There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Federal Tax Certificate), for payment to the United States of America, and neither the Issuer nor the Owner of any Notes shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and the Federal Tax Certificate.

(b) The Issuer shall periodically determine the arbitrage rebate, if any, under Code § 148(f) of the Code in accordance with the Federal Tax Certificate, and the Issuer shall make payments to the United States of America at the times and in the amounts determined under the Federal Tax Certificate. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Notes and payment and

satisfaction of any Rebate Amount, or provision made therefor, shall be deposited into the Bond and Interest Fund.

(c) Notwithstanding any other provision of this Note Resolution, including in particular *Article VII* hereof, the obligation to pay arbitrage rebate to the United States of America and to comply with all other requirements of this Section and the Federal Tax Certificate shall survive the defeasance or payment in full of the Notes.

Section 507. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States: (a) which has a main or branch office located in the city of the Issuer; or (b) if no such entity has a main or branch office located in the city of the Issuer, with such an entity that has a main or branch office located in the county or counties in which the Issuer is located. All such depositories shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

Moneys held in any Fund or Account may be invested in accordance with this Note Resolution and the Federal Tax Certificate in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account; provided that, during the period of construction of the Improvements, earnings on the investment of such funds may be credited to the Debt Service Account.

ARTICLE VI

DEFAULT AND REMEDIES

Section 601. Remedies. The provisions of the Note Resolution, including the covenants and agreements herein contained, shall constitute a contract between the Issuer and the Owners of the Notes. If an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Notes at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Notes similarly situated:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the Issuer and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Note Resolution or by the Constitution and laws of the State;

(b) by suit, action or other proceedings in equity or at law to require the Issuer, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Notes.

Section 602. Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Notes shall be for the equal benefit, protection, and security of the Owners of any or all of the Notes, all of which Notes shall be of equal rank and without preference or priority of one

Note over any other Note in the application of the funds herein pledged to the payment of the principal of and the interest on the Notes, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Note Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Notes.

Section 603. Remedies Cumulative. No remedy conferred herein upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Owner of any Note shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners of the Notes by this Note Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the Issuer and the Owners of the Notes shall, subject to any determination in such action or proceeding or applicable law of the State, be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Notes, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Note Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Notes or scheduled interest payments thereon so paid and discharged. Notes, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Note Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Notes or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of or Redemption Price of said Notes and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Notes, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Notes, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Note Registrar to give such notice of redemption in compliance with **Article III**. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Notes, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Notes, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and

Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Note Resolution.

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Notes; and (b) all provisions and requirements of the Federal Tax Certificate. The Chairman and Director of Administration and Finance are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Notes will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Section 802. Survival of Covenants. The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Notes pursuant to *Article VII* hereof or any other provision of this Note Resolution until such time as is set forth in the Federal Tax Certificate.

ARTICLE IX

NO OFFERING DOCUMENTS

Section 901. Disclosure. The Issuer has not prepared an official statement or other offering document relating to the Notes and is not making a continuing disclosure undertaking under SEC Rule 15c2-12, with respect to this issue. The Purchaser acknowledges that it (a) is capable of evaluating credit risks of the Notes; (b) has obtained necessary information to evaluate the structure and credit of the Notes; (c) has not relied on representations of the Authority or its representatives to make the decision to purchase the Notes; and (d) does not intend to sell or redistribute the Notes.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 1001. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Secretary. Such audit shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Notes, or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner. As soon as possible after the completion of the annual audit, the governing body of the Issuer shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Note Resolution, the Issuer shall promptly cure such deficiency.

Section 1002. Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Notes or of this Note Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Notes then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Secretary, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Note;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Note;
- (c) permit preference or priority of any Note over any other Note; or
- (d) reduce the percentage in principal amount of Notes required for the written consent to any modification or alteration of the provisions of this Note Resolution.

Any provision of the Notes or of this Note Resolution may, however, be amended or modified by resolution duly adopted by the governing body of the Issuer at any time in any legal respect with the written consent of the Owners of all of the Notes at the time Outstanding.

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Note Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more precisely identify the Improvements, to reallocate proceeds of the Notes among Improvements, to provide for Substitute Improvements, to conform this Note Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Notes or of this Note Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the governing body of the Issuer amending or supplementing the provisions of this Note Resolution and shall be deemed to be a part of this Note Resolution. A certified copy of every such amendatory or supplemental resolution, if any, and a certified copy of this Note Resolution shall always be kept on file in the office of the Secretary, and shall be made available for inspection by the Owner of any Note or a prospective purchaser or owner of any Note authorized by this Note Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental resolution or of this Note Resolution will be sent by the Secretary to any such Owner or prospective Owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Secretary a copy of the resolution of the Issuer hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Owners of the Notes then Outstanding. It shall not be necessary to note on any of the Outstanding Notes any reference to such amendment or modification.

The Issuer shall furnish to the Paying Agent a copy of any amendment to the Notes or this Note Resolution which affects the duties or obligations of the Paying Agent under this Note Resolution.

Section 1003. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any

number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Notes, if made in the following manner, shall be sufficient for any of the purposes of this Note Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Notes, the amount or amounts, numbers and other identification of Notes, and the date of holding the same shall be proved by the Note Register.

In determining whether the Owners of the requisite principal amount of Notes Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Note Resolution, Notes owned by the Issuer shall be disregarded and deemed not to be Outstanding under this Note Resolution, except that, in determining whether the Owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Notes so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Owners the pledgee's right so to act with respect to such Notes and that the pledgee is not the Issuer.

Section 1004. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Note Resolution shall be in writing, given to the Notice Representative at the Notice Address and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

Section 1005. Electronic Transactions. The issuance of the Notes and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means. All documents, certificates, and related instruments may be executed by electronic transmission. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents (or documents executed by electronic transmission) 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 1006. Further Authority. The officers and officials of the Issuer, including the Chairman, Secretary, Treasurer and Director of Administration and Finance are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Note Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved,

authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 1007. Severability. If any section or other part of this Note Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Note Resolution.

Section 1008. Governing Law. This Note Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1009. Effective Date. This Note Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

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ADOPTED by the governing body of the Issuer on August 19, 2020.

(SEAL)

Chairman

ATTEST:

Secretary

EXHIBIT A
(FORM OF NOTES)

THIS NOTE OR ANY PORTION HEREOF MAY BE TRANSFERRED ONLY (1) TO AN “ACCREDITED INVESTOR” AS DEFINED IN RULE 501 OF REGULATION D OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND (2) IN ACCORDANCE WITH THE TRANSFER RESTRICTIONS SET FORTH IN THE NOTE RESOLUTION.

**REGISTERED
NUMBER _____**

**REGISTERED
\$**

**UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF SALINE
THE SALINA AIRPORT AUTHORITY (SALINA, KANSAS)
GENERAL OBLIGATION TEMPORARY NOTE
SERIES 2020**

**Interest
Rate: 0.48%**

**Maturity
Date: September 1, 2023**

**Dated
Date: September 1, 2020**

REGISTERED OWNER:

PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the Salina Airport Authority (Salina, Kansas), in the County of Saline, State of Kansas (the “Issuer”), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, unless called for redemption prior to said Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable [semiannually on March 1 and September 1 of each year, commencing March 1, 2021 (the “Interest Payment Dates”), until the Principal Amount has been paid.

Method and Place of Payment. The principal or redemption price of this Note shall be paid at maturity or upon earlier redemption to the person in whose name this Note is registered at the maturity or redemption date thereof, upon presentation and surrender of this Note at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Note Registrar”). The interest payable on this Note on any Interest Payment Date shall be paid to the person in whose name this Note is registered on the registration books maintained by the Note Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Note Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to any Owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer to such Owner upon written notice given to the Note Registrar by such Registered Owner, not less than 15

days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Notes shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Note Resolution.

Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the hereinafter defined Note Resolution.

Authorization of Notes. This Note is one of an authorized series of Notes of the Issuer designated “General Obligation Temporary Notes, Series 2020,” aggregating the principal amount of \$2,100,000 (the “Notes”) issued for the purposes set forth in the Resolution of the Issuer authorizing the issuance of the Notes (the “Note Resolution”). The Notes are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-101 to 10-125, inclusive, specifically including K.S.A. 10-123, K.S.A. 10-620 *et seq.*, and K.S.A. 27-315 to 27-326.

General Obligations. The Notes constitute general obligations of the Issuer payable as to both principal and interest from the proceeds of general obligation bonds of the Issuer and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby pledged for the payment of the principal of and interest on this Note and the issue of which it is a part as the same respectively become due.

Redemption Prior to Maturity. The Notes are subject to redemption prior to maturity as set forth in the Note Resolution.

Transfer and Exchange. This Note may be transferred or exchanged, as provided in the Note Resolution, only on the Note Register kept for that purpose at the principal office of the Note Registrar, upon surrender of this Note together with a written instrument of transfer or authorization for exchange satisfactory to the Note Registrar duly executed by the Registered Owner or the Registered Owner’s duly authorized agent, and thereupon a new Note or Notes in any Authorized Denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Note Resolution and upon payment of the charges therein prescribed. The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Notes and the cost of a reasonable supply of note blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Note is registered on the Note Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Notes are issued in fully registered form in Authorized Denominations.

THIS NOTE OR ANY PORTION HEREOF MAY BE TRANSFERRED ONLY (1) TO AN “ACCREDITED INVESTOR” AS DEFINED IN RULE 501 OF REGULATION D OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND (2) IN ACCORDANCE WITH THE TRANSFER RESTRICTIONS SET FORTH IN THE NOTE RESOLUTION.

Authentication. This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the hereinafter defined Note Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Note Registrar.

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Note have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that the total indebtedness of the Issuer, including this series of notes, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Note to be executed by the manual or facsimile signature of its Chairman, and attested by the manual or facsimile signature of its Secretary, and its seal to be affixed hereto or imprinted hereon.

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

(Facsimile Seal)

By: _____
Chairman

ATTEST:

By: _____
Secretary

This General Obligation Temporary Note shall not be negotiable unless and until countersigned below following registration by the Treasurer of the State of Kansas.

(Facsimile Seal)

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of a series of General Obligation Temporary Notes, Series 2020, of the Salina Airport Authority (Salina, Kansas), described in the within-mentioned Note Resolution.

Registration Date: _____

Office of the State Treasurer,
Topeka, Kansas,
as Note Registrar and Paying Agent

By _____

Registration Number: _____

CERTIFICATE OF SECRETARY

STATE OF KANSAS)
) SS.
COUNTY OF SALINE)

The undersigned, Secretary of the Salina Airport Authority (Salina, Kansas), does hereby certify that the within Note has been duly registered in my office according to law as of September 1, 2020.

WITNESS my hand and official seal.

(Facsimile Seal)

(facsimile)
Secretary

CERTIFICATE OF COUNTY CLERK

STATE OF KANSAS)
) SS.
COUNTY OF SALINE)

The undersigned, County Clerk of Saline, Kansas, does hereby certify that the within Note has been duly registered in her office according to law as of _____.

WITNESS my hand and official seal.

(Facsimile Seal)

(facsimile)
County Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

JAKE LATURNER, Treasurer of the State of Kansas, does hereby certify that a transcript of the proceedings leading up to the issuance of this Note has been filed in the office of the State Treasurer, and that this Note was registered in such office according to law on _____.

WITNESS my hand and official seal.

(Facsimile Seal)

By: _____ (facsimile)
Treasurer of the State of Kansas

NOTE ASSIGNMENT

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identification No.)

the Note to which this assignment is affixed in the outstanding principal amount of \$_____, standing in the name of the undersigned on the books of the Note Registrar. The undersigned do(es) hereby irrevocably constitute and appoint _____ as agent to transfer said Note on the books of said Note Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or
Taxpayer Identification No.

Signature (Sign here exactly as name(s)
appear on the face of Certificate)

Signature guarantee:

By _____

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Notes:

GILMORE & BELL, P.C.

Attorneys at Law
2405 Grand Boulevard
Suite 1100
Kansas City, Missouri 64108

(PRINTED LEGAL OPINION)

**EXHIBIT B
TO NOTE RESOLUTION**

FORM OF REPRESENTATION LETTER

[date]

Salina Airport Authority
Salina, Kansas

Treasurer of the State of Kansas, as Note Registrar
Topeka, Kansas

Re: Salina Airport Authority (Salina, Kansas), General Obligation Temporary Notes, Series 2020

Ladies and Gentlemen:

The undersigned is the transferee of \$ _____ of the notes described above (the “Notes”) issued by the Salina Airport Authority (Salina, Kansas) (the “Issuer”) pursuant to a Note Resolution adopted by the Issuer on August 19, 2020 (the “Note Resolution”).

The undersigned hereby represents, acknowledges and covenants as follows in connection with the purchase of the Notes:

1. In purchasing the Notes, the undersigned is relying solely on information provided by the Issuer and on statements, certifications, covenants, warranties and representations of the Issuer, and on the undersigned’s own knowledge and investigation of the facts and circumstances relating to the purchase of the Notes.
2. The undersigned is an “accredited investor” within the meaning of Regulation D of the Securities and Exchange Commission. The undersigned has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations, to be capable of evaluating the merits and risks of an investment in the Notes. The undersigned has had an opportunity to obtain and has received such information and materials from the Issuer as the undersigned considers necessary to evaluate the merits and risks involved in the purchase of the Notes.
3. The undersigned has been advised that the Notes (a) have not been rated by any rating service, (b) are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (c) will not be listed on any stock or other securities exchange, (d) will not be readily marketable and (e) are subject to provisions regarding restrictions on transfer set forth in the Note Resolution.
4. The undersigned is purchasing the Notes for the undersigned’s own account and not with a view to other resale or other distribution thereof provided, however, that the undersigned may transfer the Notes in accordance with the provisions of the Note Resolution and applicable law.

Sincerely yours,

[TRANSFEREE]

By:_____

Name:_____

Date:_____

**SALINA AIRPORT AUTHORITY
RESOLUTION NUMBER 20-06**

A RESOLUTION LEVYING AN AD VALOREM TAX OF AN ESTIMATED .989 MILLS ON ALL TAXABLE TANGIBLE PROPERTY WITHIN THE CITY OF SALINA, KANSAS FOR THE PURPOSE OF PROVIDING MATCHING FUNDS TO QUALIFY FOR ANY FEDERAL OR STATE GRANT RELATING TO THE DEVELOPMENT, IMPROVEMENT, OPERATION OR MAINTENANCE OF THE SALINA REGIONAL AIRPORT PURSUANT TO K.S.A 27-322(b.)

WHEREAS, pursuant to K.S.A. 27-322(b), if the Authority is required to provide matching funds to qualify for any federal or state grant relating to the development, improvement, operation or maintenance of the public airport, and such funds are not otherwise available from revenues of the airport facility ("Matching Funds"), the Authority may levy a tax not to exceed one mill upon each dollar of the assessed tangible valuation of the property of the city.

WHEREAS, the requirement exists for the Salina Airport Authority to provide Matching Funds to qualify for Federal and State Grants in 2021.

WHEREAS, as required by K.S.A. 27-322(b), the Salina Airport Authority published its notice of its intent to levy up to one mill in the *Salina Journal* on, June 3, 2020 and June 7, 2020.

WHEREAS, a petition requesting an election on the question of the Salina Airport Authority levying up to the additional one mill was not filed within 30 days following the last publication of the published Notice of Intent.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Salina Airport Authority (the "Authority"):

1. The Salina Airport Authority levies an ad valorem tax in the amount of \$450,000 to be derived by an estimated at .989 mills on each dollar of the assessed valuation of the taxable tangible property within the City of Salina, Kansas, for the year 2020 for the purpose of providing matching federal and state grant funds.

2. This levy shall be certified to the County Clerk of Saline County, Kansas, by the delivery of a signed copy of this Resolution to the office of the County Clerk of Saline County, Kansas, on or before August 25, 2020.

ADOPTED by the Board of Directors of the Salina Airport Authority this 19th day of August, 2020.

Alan Eichelberger, Chairman

ATTEST:

Troy L. Vancil, Secretary

SALINA AIRPORT AUTHORITY
Mill Levy Projections For GO Bond Debt Service

2020-2029

Actual Debt Service Schedule as of 8/03/2020				2015-A GO DEBT SERVICE		2017-A GO DEBT SERVICE		2017-B GO DEBT SERVICE		2019-A GO DEBT SERVICE		2019-B GO DEBT SERVICE		2020-1 GO TEMP NOTE ⁽⁴⁾		2021-A GO BOND DEBT SERVICE ⁽⁵⁾		TOTAL GO DEBT SERVICE PAYMENTS		GO BOND DEBT SERVICE FUND		LESS BALANCE ALLOCATED FROM DEBT SERVICE FUND		LESS ESTIMATED MV TAX REVENUE		TOTAL MILL LEVY REQUIRED	
YEAR BUDGET PREPARED	FISCAL YEAR	ASSESSED VALUATION (1)	% +/-	Mills	\$	Mills	\$	Mills	\$	Mills	\$	Mills	\$	Mills	\$	Mills	\$	\$	Mills	\$					Mills	\$	
2019	2020	\$ 454,467,318	5.757%	1.349	\$ 612,868	0.800	\$ 363,358	0.369	\$ 167,800	0.177	\$ 80,256	1.769	\$ 803,938	\$ -				\$ 2,028,220	0.495	\$ 225,000			-0.575	\$ (261,200)	4.383	\$ 1,992,020	
2020	2021	\$ 454,961,049	0.109%	0.414	\$ 188,368	0.807	\$ 366,958	0.368	\$ 167,300	0.168	\$ 76,483	2.705	\$ 1,230,480	0.022	\$ 10,080			\$ 2,039,669	0.099	\$ 45,000			-0.587	\$ (267,200)	3.995	\$ 1,817,469	
2021	2022	\$ 455,029,293	0.015%	0.415	\$ 188,693	1.770	\$ 805,308	0.367	\$ 166,800	0.176	\$ 80,163	1.742	\$ 792,705	0.022	\$ 10,080	0.597	\$ 271,677	\$ 2,315,425					-0.590	\$ (268,536)	4.498	\$ 2,046,889	
2022	2023	\$ 455,097,548	0.015%	0.194	\$ 88,443	1.765	\$ 803,463	0.365	\$ 166,300	0.173	\$ 78,635	1.969	\$ 896,100	0.000		0.597	\$ 271,677	\$ 2,304,618					-0.593	\$ (269,879)	4.471	\$ 2,034,739	
2023	2024	\$ 455,165,812	0.015%	0.200	\$ 91,043	3.747	\$ 1,705,600	0.364	\$ 165,550	0.169	\$ 77,043			0.000		0.597	\$ 271,677	\$ 2,310,912					-0.596	\$ (271,228)	4.481	\$ 2,039,684	
2024	2025	\$ 455,234,087	0.015%	0.205	\$ 93,195	3.741	\$ 1,703,160	0.362	\$ 164,800	0.177	\$ 80,385			0.000		0.597	\$ 271,677	\$ 2,313,217					-0.599	\$ (272,584)	4.483	\$ 2,040,633	
2025	2026	\$ 455,302,372	0.015%			3.344	\$ 1,522,598	0.986	\$ 449,050	0.172	\$ 78,530			0.000		0.597	\$ 271,677	\$ 2,321,855					-0.602	\$ (273,947)	4.498	\$ 2,047,907	
2026	2027	\$ 455,370,668	0.015%			2.743	\$ 1,248,883	1.570	\$ 714,750	0.168	\$ 76,605			0.000		0.597	\$ 271,677	\$ 2,311,915					-0.605	\$ (275,317)	4.472	\$ 2,036,598	
2027	2028	\$ 455,438,973	0.015%			2.742	\$ 1,248,884	1.569	\$ 714,751	0.175	\$ 79,575			0.000		0.597	\$ 271,677	\$ 2,314,887					-0.608	\$ (276,693)	4.475	\$ 2,038,193	
2028	2029	\$ 455,507,289	0.015%			2.742	\$ 1,248,885	1.569	\$ 714,752	0.170	\$ 77,325			0.000		0.596	\$ 271,677	\$ 2,312,639					-0.610	\$ (278,077)	4.467	\$ 2,034,562	

NOTES:

- Final assessed valuation (Less TIF) for 2019
Estimated Assessed Valuation at July 1, 2020 as provided by the Saline County Clerk's Office less TIF incremental increase (For 2021 Budget)
Future Assessed Valuation assumed to grow annually at a rate of .015% (For 2021-2029 Budget Years)
- 2009-A & 2011-B Series Refunded in 2017
2009-B & 2011-A Series Partial Refunding in 2017
2009-B & 2011-A Series Balance of Issues Refunded in 2019
- 2016-1 GO Temp Notes permanently financed with 2019-A Series
- 2020-1 Temp Notes expected to be repaid with federal and grant proceeds
- Estimated 2021 GO Bond Issue to retire 2019-1 Temp Notes

**SALINA AIRPORT AUTHORITY
RESOLUTION NO. 20-07**

A RESOLUTION LEVYING AN AD VALOREM TAX OF AN ESTIMATED 3.995 MILLS ON ALL TAXABLE TANGIBLE PROPERTY WITHIN THE CITY OF SALINA, KANSAS FOR THE PURPOSE OF PAYING THE INTEREST ON AND PRINCIPAL OF GENERAL OBLIGATION BONDS OF THE SALINA AIRPORT AUTHORITY PURSUANT TO K.S.A. (2016 Supp.) 27-323(a).

WHEREAS, the Salina Airport Authority has prepared a general obligation bond debt service budget for calendar year 2021 relating to general obligation bonds (the “Bonds”) issued by the Salina Airport Authority and approved by the governing body of the City of Salina, Kansas, all pursuant to K.S.A. (2016 Supp.) 27-323(a); and

WHEREAS, the Board of Directors has determined that sufficient funds are not available from operating revenues for such general obligation bond debt service; and

WHEREAS, the Salina Airport Authority is authorized by K.S.A. (2016 Supp.) 27-323(a) to annually levy a tax on all taxable tangible property within the City of Salina, Kansas, in addition to all other levies authorized by law and without the consent of the governing body of the City, in an amount sufficient to pay the interest on and principal of the Bonds as the same become due;

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

1. The Salina Airport Authority levies an ad valorem tax in the amount of \$1,817,469 to be derived by an estimated 3.995 mills on each dollar of the assessed valuation of the taxable tangible property within the City of Salina, Kansas, for the year 2020 for the purpose of paying general obligation bond debt service in 2021 and providing funding for the principal and interest fund as detailed below:

	<u>Description</u>	<u>Amount</u>
a.	2015-A (Refunded 2005-A & 2007-A, Fund terminal bldg. and H959 improvements)	\$188,368
b.	2017-A (Refunded portion of 2009-B and 2011-A, helipad construction Rwy 17/35 improvements, airport industrial center improvements)	\$366,958
c.	2017-B (Refunded 2009-A and 2011-B, matching funds AIP, airfield imp.)	\$167,300
d.	2019-A (2016-1 Temp Notes – Rwy. 17/35 imps, ARFF equipment, AIP match)	\$76,483
e.	2019-B (Refunded balance of 2009-B and 2011-A)	\$1,230,480
f.	2020-1 GO Temporary Notes – Schwan’s project real estate acquisition	\$ 10,080
h.	G.O. Bond Debt Service Principal & Interest Fund	\$ 45,000
i.	Estimated MV Tax revenue	<u>(\$267,200)</u>

TOTAL AD VALOREM TAX REQUIRED FOR PRINCIPAL & INTEREST FUND \$1,817,469



2. This levy shall be certified to the County Clerk of Saline County, Kansas, by the delivery of a signed copy of this Resolution to the office of the County Clerk of Saline County, Kansas, on or before August 25, 2020.

ADOPTED by the Board of Directors of the Salina Airport Authority this 19 day of August 2020.

SALINA AIRPORT AUTHORITY

By: _____
Alan Eichelberger, Chairman

ATTEST:

By: _____
Troy L. Vancil, Secretary

(SEAL)



U.S. Department of Transportation Federal Aviation Administration	SUPPLEMENTAL AGREEMENT NO. 1	DATE
SUPPLEMENTAL AGREEMENT	LEASE NO. DTFACN-16-L-00001	
DESCRIPTION OF PREMISES: Approximately 2,459 square feet at 2010A Rogers Court (Hangar 409-B), and 1,697 square feet at 2804 Arnold Ave. (Bldg. 412), Salina, Kansas, 67401		
THIS AGREEMENT, made and entered into this date by and between the Salina Airport Authority, hereinafter called the Lessor, and the United States of America, hereinafter referred to as the Government or FAA:		
WHEREAS, on September 30, 2015, the parties entered into Lease No. DTFACN-16-L-00001, for the consideration and purposes more particularly stated in said lease; and,		
WHEREAS, said lease will expire on September 30, 2020 and the Government has a continuing need to occupy the leased premises; and,		
WHEREAS, the Government has a need for an additional 1,697 square feet of space to meet the facility’s requirements, and the Lessor agrees to provide this space to the Government effective September 1, 2020; and,		
WHEREAS, the Government agrees to pay additional rent by lump sum in the amount of \$1,131.33 for the additional 1,697 square feet for the period of September 1-30, 2020, paid in arrears; and,		
WHEREAS, the parties agree to amend this lease to extend the term at a new rental rate, to add 1,697 square feet to the premises, and to incorporate current mandatory clauses in compliance with Government policy.		
NOW THEREFORE, effective October 1, 2020, the parties for the considerations hereinafter mentioned covenant and agree that said Lease is amended, as follows:		
1. In Article 1.1, the premises description is amended as follows:		
Approximately 2,459 rentable/usable square feet of office space at 2010A Rogers Court, also known as Hangar 409-B, and 1,697 rentable/usable square feet of storage and technical space at 2804 Arnold Ave., also known as Bldg. 412, Salina, Kansas 67401, as shown on Floor Plan, identified as Exhibit A, attached hereto and made a part hereof. The Lessor shall provide 20 off-street parking spaces at no additional cost to the Government.		
2. Article 1.2 is deleted in its entirety and the following is substituted:		
LEASE TERM (01/01) – To have and to hold, for the term commencing on October 1, 2015 and continuing through September 30, 2023 inclusive, provided that adequate appropriations are available from year to year for the payment of rentals.		
3. Article 1.4 is deleted in its entirety and the following is substituted:		
CONSIDERATION (07/17) – The Government shall pay the Lessor rent for the premises in the amount of \$46,215.96 per annum, payable to the Salina Airport Authority at the monthly rate of \$3,851.33. Payment shall be made in arrears, without the submission of invoices or vouchers. Payments are due on the first business day following the end of the payment period and are subject to available appropriations. The payments shall be directly deposited in accordance with the "Payment by Electronic Funds Transfer" clause in this Lease. Payments shall be considered paid on the day an electronic funds transfer is made.		

2.6.13 Supplemental Lease Agreement (SLA)

July 2014

OMB Control No. 2120-0595

Cost breakdown for rental consideration is as follows:

Office Area (2,459 RSF)	Rent per RSF	Rent per Annum	Rent per Month
Base Rent	\$6.13	\$15,073.68	\$1,256.14
Operating costs	\$7.14	\$17,566.32	\$1,463.86
Total	\$13.27	\$32,640.00	\$2,720.00

Technical Space (1,697 RSF)	Rent per RSF	Rent per Annum	Rent per Month
Base Rent	\$5.00	\$8,484.96	\$707.08
Operating costs (no janitorial service provided)	\$3.00	\$5,091.00	\$424.25
Total	\$8.00	\$13,575.96	\$1,131.33

Total annual base rent \$23,558.64
Total annual operating costs \$22,657.32
Annual grand total \$46,215.96

Based on the beneficial occupancy date, the Government will pay the Lessor a one-time, lump sum rent payment of \$1,131.33 for the additional 1,697 square feet of space for the period from September 1–30, 2020 in arrears.

4. Article 4.3 is deleted in its entirety and the following is substituted:

WARRANTY OF SPACE (01/16) – The Lessor warrants that all space leased to the Government under this contract must comply with federal, state, and local regulations. The space leased is not limited to that set forth in this Lease, but shall also include spaces above suspended ceilings in the leased space, air plenums elsewhere in the building which service the leased space, engineering spaces in the same ventilation zone as the leased space, public spaces and common use space (e.g., lobbies, hallways).

5. Additional Articles are incorporated as follows:

7.6 MOLD GROWTH IDENTIFICATION AND CONTROL (07/16) – The Lessor must control mold growth and their sources including excessive levels of moisture and humidity. Adequate air quality and facility cleaning is required to prevent the growth of mold, mildew, and bacteria. Any visual evidence requires immediate sampling and remediation by the Lessor.

Following a water-intrusion event, the Lessor must identify the water source and immediately implement water-extraction and -drying efforts. Once the water source is identified, the Lessor must take action to prevent additional water damage and ensure that permanent fixes are in place prior to build-back and restoring building materials. Within 24-48 hours of water damage from clean water sources (e.g., water supply lines, rainwater, and snowmelt from rooftops), all building materials must be dried to a moisture level to prevent mold growth.

All porous materials contaminated with sewage or other Category 2 (e.g., washing machine overflows, toilet overflows, and non-feces waters) or 3 (sewage backups and overflows from beyond toilet traps, feces, floodwaters, and groundwater intrusion) water sources must be discarded. All non-porous material must be cleaned and disinfected.

Mold remediation and cleaning must be conducted using recognized industry methods and practices (e.g. Institute of Inspection, Cleaning and Restoration Certification (IICRC) S500 Standard and Reference Guide for

Professional Water Damage Restoration, IICRC-S520 Standard and Reference Guide for Professional Mold Remediation, 2008, and National Air Duct Cleaners Association (NADCA): Assessment, Cleaning and Restoration of HVAC Systems, ACR 2006). State requirements concerning mold remediation contractors training and licensing must be followed.

The Lessor must coordinate with the FAA facility manager and RECO regarding all mold remediation operations. The FAA must be afforded the opportunity to provide input in the mold remediation process. Biocides must be used cautiously and in accordance with EPA requirements. A Certified Industrial Hygienist (CIH) must pre-approve the use of EPA- approved biocides in air conveyance systems.

7.7 DRINKING WATER (04/18) – The Lessor must ensure that drinking water provided in the leased space meets the standards prescribed in the Safe Drinking Water Act, 42 U.S.C. 300. The Lessor must test the sources of drinking water in the leased space (faucets, drinking water fountains, ice machines, etc.) on a periodic basis, but no less than every three (3) years, to ensure water quality (e.g., lead, copper, total coliforms). If the Lessor performs plumbing and/or renovation work in the leased space that impacts the drinking water (i.e., replacement of water lines), the Lessor must test the drinking water in the system affected by the plumbing and/or renovation work. The Lessor must implement corrective actions if the drinking water test results are not acceptable under the Safe Drinking Water Act criteria. The Lessor must notify the Government prior to performing all tests and provide a copy of any test report to the RECO and facility management.

7.8 ASBESTOS (04/18) – The Lessor must ensure that FAA personnel are protected from asbestos hazards, in accordance with:

- A. 29 CFR 1910.1001, Asbestos (General Industry)
- B. 29 CFR 1926.1101, Asbestos (Construction)
- C. 40 CFR 763, Subpart E, Asbestos Containing Materials in Schools, Asbestos Hazard Emergency Response Act (AHERA)
- D. 40 CFR 61, Subpart M, National Emissions Standards for Hazardous Air Pollutants (NESHAP)
- E. State and local asbestos regulations

The Lessor warrants that, notwithstanding inspection and acceptance by the Government or any provision concerning the conclusiveness thereof, all leased space under this Lease will, at the time of acceptance and during the term of this Lease, including all extensions thereof, comply with asbestos regulatory requirements. Leased space may include, but is not limited to:

- Space above suspended ceilings in the leased space,
- Air plenums elsewhere in the building which service the leased space,
- Engineering spaces in the same ventilation zone as the leased space, and
- Public spaces and common use space (e.g., lobbies, hallways).

The RECO must notify the Lessor in writing of any failure to comply with asbestos requirements within five (5) days after the discovery thereof. All facilities are required to have a current and thorough asbestos building survey or an asbestos free certification (in accordance with federal, state or local regulations, and including sampling of all materials that have the potential to contain asbestos) conducted by a qualified inspector, including a visual examination and building sampling. All asbestos containing materials (ACM) survey reports must be sent to the RECO and FAA facility management.

If ACMs are found to be in the leased space, either prior to acceptance or during the course of the lease agreement, the Government reserves the right to require the Lessor, at no cost to the Government, to take corrective action as required by OSHA, EPA, state and local requirements. In accordance with these regulations,

2.6.13 Supplemental Lease Agreement (SLA)

July 2014

OMB Control No. 2120-0595

the Lessor must post asbestos warning labels and signs in accordance with OSHA regulations.

In addition, all construction by the Lessor is required to comply with OSHA, EPA, state and local requirements for asbestos. Prior to the start of any construction, renovation or maintenance activities that impact building materials, the Lessor must determine whether ACM will be impacted as part of the work. If ACM will be impacted, the Lessor must notify the FAA and take corrective actions to prevent FAA employees from exposure to asbestos fibers. Corrective actions must be coordinated with the FAA at least 30 days prior to the start of construction.

After ACM remediation is performed, the Lessor must adhere to regulatory required post-asbestos abatement air monitoring program requirements. As a part of this process, the Lessor must provide the RECO and FAA facility management with an asbestos re-inspection report indicating the location and condition of all remaining ACM in the FAA leased areas and common areas of the facility. If the Lessor supplies the janitorial or maintenance contracts, those employees must be informed of the presence and location of asbestos at the facility.

"Corrective Action", as used in this clause, means the removal, encapsulation or enclosure of ACM. All corrective actions must be conducted by qualified, licensed asbestos abatement contractors in accordance with OSHA, EPA, state, local and FAA requirements.

6. Exhibit A, Floor Plan, is deleted in its entirety and the attached Exhibit A is substituted.

All other terms and conditions of the lease shall remain in force and effect.

In witness whereof, the parties subscribed their names as of the above date.

SALINA AIRPORT AUTHORITY

UNITED STATES OF AMERICA

Alan Eichelberger
Chairman of The Board

Jennifer W. Miller
Real Estate Contracting Officer

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT ("**Agreement**") is made, entered into and effective this ___ day of _____, 2020 (the "**Effective Date**"), by and between the KANSAS BOARD OF REGENTS, on behalf of the State of Kansas and Kansas State University ("**Seller**") and the SALINA AIRPORT AUTHORITY ("**Buyer**").

W I T N E S S E T H:

WHEREAS, Buyer desires to purchase certain real estate owned by Seller and Seller desires to sell said real estate to Buyer, and

WHEREAS, the parties understand and agree that this transaction is contingent on approval by the Kansas Board of Regents and on approval of the deeds, titles and conveyances by the attorney general.

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Real Estate. The Seller does hereby agree to sell and convey to Buyer the following described real property by warranty deed, together with all improvements located thereon and rights and appurtenances thereto belonging and situated at 3142 Scanlan Avenue, Salina, Saline County, Kansas (the "Premises"), to-wit:

Lot Eleven (11), less West 100' feet, Block Twelve (12), Schilling Subdivision No. 5, to the City of Salina, Saline County, Kansas.

Formerly a tract of land in Block Two (2) Schilling Subdivision Lying in the Northeast Quarter (NE/4) of Section Three (3), Township Fifteen (15) South, Range Three (3) West of the Sixth (6th) P.M. as shown in Deed recorded November 18, 1966, in Book 268, pages 476 through 503 and legal found on page 485.

Subject to all rights of way, easements, covenants, and restrictions of record.

This conveyance includes all of Seller's right, title and interest in and to the land underlying, the air space overlying and any public or private ways or streets crossing or abutting said real estate, and all buildings, structures and other improvements of any and every nature located on the Premises and all fixtures attached or affixed to the Premises or to any such buildings, structures or other improvements.

2. Title Transfer by Warranty Deed. Seller shall execute to Buyer a Kansas Warranty Deed conveying unto Buyer the realty above described, in fee simple, free and clear of all liens and encumbrances whatsoever, subject only to exceptions hereinbefore stated, which said Kansas Warranty Deed together with a copy of this agreement shall be deposited in escrow with Land

Title Services, Inc., 136 N. 7th, Salina, Kansas 67401, until the terms of this agreement are complied with, when said Kansas Warranty Deed shall be delivered to the Buyer. Seller shall furnish to Buyer prior to closing, for Buyer's examination, a commitment for a standard owner's policy of title insurance for the subject property in the amount of the purchase price from Land Title Services, Inc., showing marketable title in the Seller. Buyer shall make any objections relative to the marketability of the title in writing to Seller prior to closing; and objections not so furnished shall be deemed waived by Buyer. The owner's policy of title insurance shall be issued following the closing of this sale and shall insure Buyer against loss or damage to the extent of the purchase price by reason of defects in Seller's title to said real estate, subject to exception hereinbefore stated and standard exceptions noted in said policy.

3. Purchase Price. Buyer agrees to pay and Seller agrees to accept as the total purchase price for the property the sum of Two Hundred Thousand One Hundred and No/100 Dollars (\$200,100), (the "Purchase Price").

4. Closing and Possession. The parties agree that time is of the essence and, subject to the Seller contingencies described below, Buyer agrees to make final settlement on or before September 10, 2020 ("Closing"). Seller agrees to give possession on the date of Closing.

5. Taxes. Seller represents and warrants that no taxes are due or owing, because the property has been owned by the State of Kansas. Buyer agrees to be responsible for all taxes following the Closing.

6. Condition of Premises. Buyer acknowledges and agrees that Buyer is acquiring the Premises "where is" and "as is" and that Seller has not made any representation or warranty, express or implied, with respect to the Premises, or otherwise in connection with the transaction contemplated hereby or with respect to the size, value or condition of the Premises or its feasibility or suitability for Buyer's intended use, except as may be specifically set forth herein.

7. Warranties, Representations and Covenants of Buyer. As of the date hereof and again as of the Closing in the event this Agreement is not terminated in accordance with the terms hereof, Buyer represents, warrants and covenants as follows:

Buyer has the lawful right, power and capacity to enter into and deliver this Agreement and the other Closing documents required to be executed and delivered by Buyer and to perform Buyer's obligations hereunder and thereunder.

8. Termination. The parties agree that this Agreement is terminable by Seller if one of the contingencies remains unsatisfied as of the date of Closing, or if Buyer fails to provide the Purchase Price on or before the date of Closing.

9. Liens. Seller represents and warrants, as of the date of this Agreement, and as of the date of Closing, that there are no unpaid bills for labor or material that might form the basis of a mechanic's lien against the Premises and that as of the closing there will be no unpaid (whether reported or not) mortgages, conditional sales contracts, mechanics' liens, financing statements or security agreements affecting any fixture, portion of the Premises, or any item of personal property covered by this Agreement except as reported in the title commitment.

10. Closing Fee and Legal Costs. All closing costs not specifically allocated elsewhere herein shall be split equally between Seller and Buyer. Seller will pay for the costs of the escrow agent. Seller shall pay any legal costs incurred by Seller, and Buyer shall pay any legal costs incurred by Buyer.

11. Broker and Commission. Seller and Buyer warrant and represent to each other that there are and will be no broker's commissions or fees payable in connection with this Agreement or the purchase and sale of the Premises by reason of their respective dealings, negotiations or communications. Seller and Buyer shall and do each hereby indemnify, defend and hold harmless the other from and against the claims, demands, actions and judgments of any and all brokers, agents and other persons or entities alleging a commission, fee or other payment to be owing by reason of their respective dealings, negotiations or communications in connection with this Agreement or the purchase and sale of the Premises. The terms and provisions of this Section 11 shall survive the Closing or any termination of this Agreement.

12. Notice. Unless otherwise provided herein, all notices and other communications that may be or are required to be given or made by any party hereto in connection with this Agreement shall be in writing to the address for each party set forth below and shall be deemed to have been properly given when actually delivered or the next business day following delivery to a nationally recognized commercial courier for next business day delivery. Rejection or other refusal to accept, or inability to deliver because of changed address of which no notice was given, shall be deemed to be receipt of such notice, request, demand, tender or other communication. Any party, by written notice to the others in the manner herein provided, may designate an address different from that stated herein. Any notice, request, demand, tender or other communication from legal counsel of a party hereto shall be deemed notice from such party for purposes of this Section 12.

SELLER: Kansas Board of Regents
on behalf of Kansas State University
105 Anderson Hall
919 Mid Campus Drive No.
Manhattan, Kansas 66506
Attention: Cindy Bontrager

BUYER: Timothy F. Rogers, A.A.E.
Executive Director
Salina Airport Authority
3237 Arnold Avenue
Salina, KS 67401

ESCROW AGENT: Land Title Services
136 N. 7th
Salina, KS 67401

13. Seller's Conditions to Closing. Closing of the transaction hereunder is expressly contingent upon the following:

- (a) Seller obtaining the approval of the Kansas Board of Regents; and
- (b) Seller obtaining approval of the deed from the attorney general.

14. Heirs and Assigns. This Agreement shall be fully binding upon the parties, their heirs, executors, administrators, successors and assigns. No assignment shall serve to release or relieve the party assigning from any responsibilities or obligations thereunder.

15. Assignment. Neither this Agreement nor any interest herein shall be transferred or assigned by the Seller or Buyer without prior written consent of the effected party.

16. Governing Law. This Agreement and its validity, construction and performance shall be governed by the laws of the State of Kansas.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes any previously executed contracts, representations, verbal or written, to buy and/or sell the Premises. Any alterations or changes of the terms and conditions of this Agreement must be agreed to in writing by both Buyer and Seller.

18. Survival. Except as expressly stated otherwise, all terms and conditions of the Agreement shall survive any closing contemplated herein.

IN WITNESS WHEREOF, the parties have hereunto executed this Agreement as of the date and year first above written.

SALINA AIRPORT AUTHORITY

KANSAS BOARD OF REGENTS

By: _____
Timothy F. Rogers, Executive Director
"Buyer"

By: _____
Blake Flanders, Ph.D
President and CEO of Kansas Board of
Regents
"Seller"

By: _____
Alan Eichelberger, Chair
Salina Airport Authority Board of Directors

By: _____
Shane Bangerter
Chairperson, Kansas Board of Regents

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the “**Agreement**”) is made and entered into as of the _____ day of August, 2020 (the “**Effective Date**”), by and between Salina Airport Authority, a Kansas public corporation, as “**Purchaser**”, and Pratt Properties, Inc., a Delaware corporation, as “**Seller**”.

WITNESSETH:

WHEREAS, Seller is the owner of that certain real Premises located in the City of Salina, County of Saline, State of Kansas, together with all improvements located thereon and all rights and appurtenances thereunto appertaining (the “**Premises**”), commonly known as 3330 Centennial Road, Salina, Kansas and more particularly detailed in **Exhibit A** attached hereto and made a part hereof; and

WHEREAS, Seller wishes to sell to Purchaser the Premises and Purchaser wishes to purchase from Seller the Premises, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I - PURCHASE PRICE

1.1 Purchase Price. The purchase price (“**Purchase Price**”) for the Premises shall be One Million Eight Hundred Fifty Thousand and 00/100 U.S. Dollars (\$1,850,000.00). The Purchase Price shall be payable as follows:

- (i) Within five (5) business days following the Effective Date, Purchaser will deposit as earnest money the sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) with the Escrow Agent (hereinafter defined) by wire transfer of immediately available funds (the “**Earnest Money**”). If the Closing occurs, the Earnest Money will be credited against the Purchase Price at Closing. If the Closing does not occur in accordance with the terms hereof, the Earnest Money will be delivered to the party entitled to the Earnest Money as provided in this Agreement.
- (ii) The balance of the Purchase Price shall be payable by wire transfer of immediately available funds at the Closing.

ARTICLE II - DUE DILIGENCE AND TITLE

2.1 Due Diligence Period. Purchaser shall have thirty (30) days from the Effective Date (the “**Due Diligence Period**”) to conduct such tests, studies, inspections and other examinations (collectively, “**Examinations**”) as it may elect in its sole judgment, to determine the suitability of the Premises for Purchaser’s purposes. Such Examinations may include, but shall not be limited to, soil tests, borings, engineering studies, environmental studies, feasibility studies, topographical surveys, drainage plans,

reviewing leases and obtaining all required permits or licenses. If the Examinations disclose matters which make the Premises unsuitable for Purchaser's purposes, in Purchaser's reasonable judgment, then Purchaser may terminate this Agreement by giving written notice within the Due Diligence Period to Seller, in which event all Earnest Money paid by Purchaser shall be returned to Purchaser, and the parties hereto shall have no further obligations hereunder except for any obligation hereunder which, by its express terms, survives any termination of this Agreement. Purchaser shall repair any damage to the Premises from the Examinations to substantially the condition prior to such Examinations and shall indemnify and hold Seller harmless from any damages, liabilities or claims for Premises damage or personal injury arising out of such inspections and investigations by Purchaser or Purchaser's employees, agents and contractors, except to the extent arising out of the negligence or misconduct of Seller, its employees, agents or contractors; the aforesaid repair and indemnification provisions shall survive any termination of this Agreement. During such Due Diligence Period, Purchaser and Purchaser's agents, employees and contractor shall have the right to enter upon the Premises at all times to conduct the Examinations.

2.2 Within five (5) business days after the Effective Date, Seller will deliver to Purchaser copies of the following documents relating to the Premises, to the extent in existence and in Seller's actual possession (the "**Premises Documents**"):

- (i) ALTA survey of the Premises;
- (ii) Title insurance policies or commitments, and title reports, opinions or abstracts;
- (iii) Building blueprints and/or design plans;
- (iv) Leases or occupancy agreements of any kind relating to the Premises;
- (v) Management agreements, services contracts or similar arrangements, including any proposed agreements, relating to the Premises ("**Service Contracts**");
- (vi) The most recent tax and utility bills relating to the Premises, if applicable; and
- (vii) Copies of any and all other documents in the possession of Seller, which pertain to the physical and/or economic condition of the Premises including, but not limited to: all legal descriptions, surveys, maps, site plans, development studies, engineering studies including geotechnical reports, environmental reports including groundwater and soil test results, and any other information or documentation that is reasonably requested by Purchaser and which Seller is in possession of.

2.3 Title Commitment. Purchaser shall obtain and deliver to Seller during the Due Diligence Period a title insurance commitment (the "**Title Commitment**") issued by a national title insurer selected by Purchaser (the "**Title Company**") for an Owner's Policy of Title Insurance (ALTA Form 2006), insuring good and marketable title to the Premises in Purchaser, in accordance with the terms of this Agreement. The Title Commitment shall list as exceptions all easements, restrictions, encumbrances, reservations, liens and other

matters affecting the Premises (“**Exceptions**”), and shall include legible copies of all instruments creating such Exceptions. At Closing, Seller will provide an affidavit in customary form pertaining to those standard exceptions set forth in the Title Commitment that are within Seller’s control in order that, subject to any applicable exceptions, such matters may be deleted in the final policy.

- 2.4 Purchaser’s Objections. Purchaser shall promptly, but not later than the expiration of the Due Diligence Period, notify Seller of any Exceptions in the Title Commitment or matters of survey which make the Premises unsuitable for Purchaser’s purposes, in Purchaser’s sole judgment (“**Title and Survey Objections**”). Based on such Title and Survey Objections, Purchaser shall have the right to terminate this Agreement by notice given prior to the Closing. Purchaser’s silence regarding any Title and Survey Objections shall constitute its waiver thereof. All Exceptions and survey matters which Purchaser shall fail to designate in writing as Title and Survey Objections, and all Title and Survey Objections which Purchaser shall subsequently waive in writing, shall hereinafter be deemed to be “Permitted Exceptions”.

ARTICLE III - REPRESENTATIONS

- 3.1 Representations of Seller. Seller represents and warrants to Purchaser that the following statements are true as of the date hereof and shall continue to be true on the Closing Date:
- (i) Seller has not received written notice of any pending or contemplated claim, litigation, condemnation, administrative action or other legal proceeding involving the Premises.
 - (ii) There is no oral or written lease, agreement or contract in any way affecting or related to the Premises, except for (A) **(INSERT SCHWAN’S SUBLEASE HERE)** (the “**Sublease**”), (B) that certain Amended and Restated Commercial Note Lease Agreement dated as of November 12, 2013, by and between Pratt Properties, Inc., as Landlord, and Pratt Corrugated Holdings, Inc., and Pratt (Love Box), LLC, as Tenants (the “**Lease**”) and (C) that certain Net Purchase Agreement and underlying documents by and among Seller and the noteholders subject thereto (collectively, the “**NPA**”). On or prior to the Closing Date, the (x) Lease will be terminated and (y) the premises will be released from the NPA. At Closing, as further provided herein, Seller will either cause the Sublease to be terminated (if Schwan’s consents to such termination), or, in the alternative, will cause the Sublease to be assigned to Purchaser, to become a direct a lease between those parties.
 - (iii) No default by Seller exists under any agreement to which Seller is a party which in any way affects the Premises.
 - (iv) Both Seller and the individual executing this Agreement on behalf of Seller have the full right, power and authority to enter into this Agreement and to cause the same to create a legal and binding obligation of Seller.

- 3.2 Representations of Purchaser. Purchaser represents and warrants to Seller that the following statements are true as of the date hereof and shall continue to be true on the Closing Date
- (i) No default by Purchaser exists under any agreement to which Purchaser is a party which in any way affects the Premises.
 - (ii) Both Purchaser and the individual executing this Agreement on behalf of Purchaser have the full right, power and authority to enter into this Agreement and to cause the same to create a legal and binding obligation of Purchaser.
- 3.3 Survival of Representations, Covenants and Warranties. Representations, covenants and warranties of Seller and Purchaser as set forth in this Agreement shall survive the Closing for one year.
- 3.4 AS IS Purchase. PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER SHALL CONVEY TO PURCHASER, AND PURCHASER SHALL ACQUIRE FROM SELLER, THE PREMISES IN ITS "AS IS" CONDITION, WITH ALL FAULTS, INCLUDING BUT NOT LIMITED TO, BOTH LATENT AND PATENT DEFECTS, EXCEPT ONLY FOR SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN PARAGRAPH 3.1 HEREOF. PURCHASER ACKNOWLEDGES THAT BY CLOSING THE PURCHASE OF THE PREMISES, EXCEPT FOR SELLER'S EXPRESS REPRESENTATIONS SET FORTH IN PARAGRAPH 3.1, PURCHASER SHALL HAVE SATISFIED ITSELF AS TO ALL ASPECTS OF THE PREMISES, AND SHALL BY CLOSING HAVE WAIVED ANY AND ALL CLAIMS WITH RESPECT TO THE PREMISES AND ITS PHYSICAL, LEGAL AND ECONOMIC CONDITION, INCLUDING BUT NOT LIMITED TO ANY CLAIMS RELATING TO (I) THE VALUE OF THE PREMISES; (II) THE INCOME TO BE DERIVED FROM THE PREMISES; (III) THE SUITABILITY OF THE PREMISES FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER MAY CONDUCT THEREON, INCLUDING, WITHOUT LIMITATION, THE POSSIBILITIES FOR FUTURE DEVELOPMENT OF THE PREMISES; (IV) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PREMISES; (V) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PREMISES; (VI) THE NATURE, QUALITY OR CONDITION OF THE PREMISES, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY; (VII) THE COMPLIANCE OF OR BY THE PREMISES OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (VIII) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PREMISES; (IX) COMPLIANCE OF THE PREMISES WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATION, ORDERS OR REQUIREMENTS; (X) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER, OR ADJACENT TO THE PREMISES; (XI) THE CONTENT, COMPLETENESS OR ACCURACY OF THE DUE DILIGENCE MATERIALS OR COMMITMENT OR

SURVEY REGARDING TITLE; (XII) THE CONFORMITY OF THE IMPROVEMENTS TO ANY PLANS OR SPECIFICATIONS FOR THE PREMISES, INCLUDING ANY PLANS AND SPECIFICATIONS THAT MAY HAVE BEEN OR MAY BE PROVIDED TO PURCHASER; (XIII) THE CONFORMITY OF THE PREMISES TO PAST, CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS, INCLUDING THE AMERICANS WITH DISABILITIES ACT; (XIV) DEFICIENCY OF ANY UNDERSHORING; (XV) DEFICIENCY OF ANY DRAINAGE; (XVI) DEFICIENCY OF UTILITIES AND/OR SEWER CAPACITY; (XVII) THE FACT THAT ALL OR A PORTION OF THE PREMISES MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; (XVIII) THE EXISTENCE OF VESTED LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PREMISES; AND (XIX) ANY OTHER MATTER WHATSOEVER RELATING TO THE PREMISES.

WITH REGARD TO THE ENVIRONMENTAL CONDITION OF THE PREMISES, SELLER HAS DISCLOSED TO PURCHASER THE EXISTENCE OF ENVIRONMENTAL CONTAMINATION AT THE SALINA REGIONAL AIRPORT AND AIRPORT INDUSTRIAL CENTER CAUSED BY MILITARY OPERATIONS AT THE FORMER SCHILLING AIR FORCE BASE (THE “**EXISTING CONTAMINATION**”). IT IS SELLER’S UNDERSTANDING THAT THE EXISTING CONTAMINATION WILL BE CLEANED BY THE SALINA PUBLIC ENTITIES (CITY OF SALINA, SALINA AIRPORT AUTHORITY, USD 305 AND KANSAS STATE UNIVERSITY) PURSUANT TO A NEGOTIATED SETTLEMENT WITH THE UNITED STATES OF AMERICA. THE \$65.9M SETTLEMENT PROVIDES THAT THE SPEs WILL COMPLETE REMEDIAL DESIGN (RD) AND REMEDIAL ACTION (RA) WORK PER A KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT CONSENT AND FINAL ORDER. THE SETTLEMENT AND PERFORMANCE OF THE RD AND RA BY THE SPEs MEANS THAT SELLER WILL NOT BE HELD RESPONSIBLE FOR ANY COSTS ASSOCIATED WITH THE FORMER SCHILLING AFB ENVIRONMENTAL RD/RA AS EITHER A CURRENT OR FORMER LANDOWNER. BY PROCEEDING WITH THIS PURCHASE, PURCHASER ACCEPTS THE PREMISES, INCLUDING, WITHOUT LIMITATION, THE EXISTING CONTAMINATION, IN ITS PRESENT CONDITION, AND RELEASES SELLER, ITS AFFILIATES, DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES, AND AGENTS, AND THEIR RESPECTIVE HEIRS, SUCCESSORS, PERSONAL REPRESENTATIVES AND ASSIGNS, OF AND FROM ANY AND ALL SUITS, LEGAL OR ADMINISTRATIVE PROCEEDINGS, CLAIMS, DEMANDS, ACTUAL DAMAGES, PUNITIVE DAMAGES, LOSSES, COSTS, LIABILITIES, INTEREST, ATTORNEYS’ FEES AND EXPENSES OF WHATEVER KIND AND NATURE, IN LAW OR IN EQUITY, KNOWN OR UNKNOWN, THAT PURCHASER EVER HAD, NOW HAS, OR IN THE FUTURE MAY HAVE, AGAINST ANY OF THE PARTIES RELEASED HEREBY, BASED UPON, OR ARISING DIRECTLY OR INDIRECTLY OUT OF, (i) THE USE, MAINTENANCE, OWNERSHIP OR OPERATION OF THE PREMISES PRIOR TO CLOSING OR (ii) THE CONDITION, STATUS, QUALITY, NATURE, CONTAMINATION OR ENVIRONMENTAL STATE OF THE PREMISES.

ARTICLE IV - LOSS

- 4.1 **Risk of Loss.** If the Premises or any portion thereof are damaged prior to Closing by casualty, force majeure or other cause, then Purchaser, at its option may elect to terminate this Agreement, in which event the Earnest Money shall be released to Purchaser and the parties hereto shall have no further obligations hereunder other than those obligations which, by their express terms, survive the termination of this Agreement. If Purchaser does not elect to terminate, then this Agreement shall remain in full force and effect and Purchaser shall proceed to close and take the Premises as damaged with no abatement of the Purchase Price, in which event Purchaser shall be entitled to receive the insurance proceeds made available to Seller by its insurance carrier.

ARTICLE V - CONDEMNATION

- 5.1 **Condemnation.** In the event that condemnation proceedings are commenced or Purchaser has reasonable cause to believe that such proceedings hereafter may be commenced prior to Closing, then Purchaser may elect to terminate this Agreement by giving written notice to Seller, in which event the Earnest Money shall be released to Purchaser and the parties shall have no further obligations hereunder other than those obligations which, by their express terms, survive the termination of this Agreement. If Purchaser does not elect to terminate, then this Agreement shall remain in full force and effect, and Seller shall be entitled to all monies collected prior to Closing by reason of the condemnation. In that event, this transaction shall close in accordance with the terms of this Agreement except that there shall be an abatement of the Purchase Price equal to the amount of gross proceeds received by Seller. However, if Seller has not received any proceeds by reason of the condemnation prior to the Closing and Purchaser does not elect to terminate Purchaser's obligations under this Agreement, then the Closing shall take place without abatement of the Purchase Price, and Seller shall assign to Purchaser at Closing by written instrument all of Seller's right, title and interest in any condemnation proceeds.

ARTICLE VI - CLOSING

- 6.1 **Date of Closing.** The closing of the transaction contemplated by this Agreement (the "**Closing**") will occur on the date which is twenty (20) days following the expiration of the Examination Period, but no later than September 30, 2020 (the "**Closing Date**") or such earlier date designated by Purchaser upon not less than ten (10) days' notice to Seller, at the offices of Land Title Services, Inc., 136 North 7th Street, Salina, KS (the "**Escrow Agent**"). In lieu of making a personal appearance at Closing, the parties may deposit with the Escrow Agent all documents necessary to comply with the parties' respective obligations hereunder on or before the Closing Date or as otherwise mutually agreed upon by the parties. As applicable, Seller shall provide to Purchaser or Purchaser shall provide to Seller forms of all documents required under this Agreement to be executed or submitted at Closing for review at least three (3) business days prior to the scheduled Closing Date.
- 6.2 **Seller's Obligations.** Provided that all conditions precedent to Closing set forth herein have been satisfied, at Closing, Seller shall deliver to the Title Company the following:

- (i) A special warranty deed fully executed and acknowledged by Seller, and in proper form for recording, conveying the Premises to Purchaser in fee simple absolute, free and clear of all easements, restrictions, conditions, reservations, liens or other encumbrances other than the Permitted Exceptions.
- (ii) A "Certificate of Non-Foreign Status - Entity Seller," in a mutually agreeable form.
- (iii) Possession of the Premises to Purchaser, subject to the possessory rights of Schwan's as the tenant under the Sublease.
- (iv) Such affidavits as are reasonably required by the Title Company for the elimination of any standard or printed exceptions in Purchaser's Owner's Policy of Title Insurance, including, without limitation, the exception for unfiled mechanic's liens, parties in possession and unrecorded easements, but only with respect to matters within the control of Seller, and subject to any specific matters included in the Permitted Exceptions.
- (v) Such other documents as may be necessary or desirable to consummate the purchase and sale contemplated in this Agreement.
- (vi) An Assignment and Assumption Agreement with respect to the Sublease (if the Sublease is not terminated on or before the Closing Date).

6.3 Purchaser's Obligations. Purchaser shall deliver to the Title Company, at Closing, the following:

- (i) Purchase Price.
- (ii) Such other documents as may be necessary or desirable to consummate the purchase and sale contemplated in this Agreement.

6.4 Closing Costs, Adjustment and Prorations. Ad valorem taxes and general assessments relating to the Premises for the year of Closing shall be prorated as of the Closing. All transfer taxes, survey charges, title insurance premiums, title examination charges and related attorneys' fees, if any, escrow charges, recording costs of the Deed, special assessments and other costs of Closing shall be borne by Purchaser. Each party shall be responsible for its own attorneys' fees.

6.5 Rents and Utilities. If the Sublease is not terminated on or before the Closing Date, any rents and additional charges payable under the Sublease shall be prorated on a per diem basis as of the Closing Date. If any utilities servicing the Premises are being used at the time of Closing are under the Seller's name or account, Seller shall cause same to be transferred to Purchaser's account at Closing.

ARTICLE VII - DEFAULT

- 7.1 Default by Purchaser. If Purchaser fails to consummate this Agreement for any reason other than Seller's default or the permitted termination of this Agreement by either Seller or Purchaser as provided herein, Seller's sole remedy will be to terminate this Agreement and receive the Earnest Money as liquidated damages for the breach of this Agreement, it is agreed by Seller and Purchaser that the actual damages to Seller in the event of such breach are impractical to ascertain, that such liquidated damages represent the Seller's and Purchaser's best estimate of such damages, and the amount of the Earnest Money is a reasonable estimate thereof. Nothing contained in this Section, however, will limit the liability of Purchaser under any indemnity provided by Purchaser under this Agreement which, by its terms, survive the termination of this Agreement.
- 7.2 Default by Seller. In the event Seller fails to consummate this Agreement for any reason other than Purchaser's default or the permitted termination of this Agreement by either Seller or Purchaser as provided in this Agreement, Purchaser's sole remedy will be either to: (i) terminate this Agreement, receive a refund of the Earnest Money, and recover from Seller its actual, out-of-pocket expenses incurred in connection with this transaction up to a maximum of \$25,000.00, in lieu of any other damages relating to Seller's failure to close; or (ii) prosecute an action for specific performance of Seller's obligation to close under this Agreement, including the right to recover reasonable attorney fees and other expenses necessary to prosecute such action. Nothing contained in this Section, however, will limit the liability of Seller under any indemnity provided by Seller under this Agreement which, by its terms, survives the termination of this Agreement.

ARTICLE VIII - MISCELLANEOUS

- 8.1 Notice and Approval. All notices required or permitted to be given hereunder shall be in writing and shall be delivered to the parties at the following addresses:

If to Purchaser:	Salina Airport Authority 3237 Arnold Avenue Salina, KS 67401-8190 Attention: E-mail:
To Seller:	Pratt Properties, Inc. 1800-C Sarasota Parkway Conyers, Georgia 30013 Attention: Stephen Ward Chief Financial Officer E-mail: sward@prattindustries.com
With a copy to:	Pratt Industries, Inc. 3535 Piedmont Road Building 14, Suite 440 Atlanta, GA 30305 Attention: Douglas R. Balyeat, Vice President & General Counsel E-mail: dbalyeat@prattindustries.com

And a copy to: Thompson Hine LLP
10050 Innovation Dr., Suite 400
Miamisburg, OH 45342
Attention: Robert M. Curry, Esq.
E-Mail: Bob.Curry@ThompsonHine.com

Notices may be given by fax, by email or by reputable overnight courier service (such as UPS or FedEx), receipt requested, and shall be deemed given upon receipt.

- 8.2 Integration. This Agreement constitutes the entire agreement between the parties related to the purchase and sale of the Premises and shall be deemed to be a full, final and completed integration of all prior or contemporaneous understandings or agreements between the parties related thereto.
- 8.3 Additional Documentation. Seller and Purchaser shall execute such additional documentation as reasonably may be required to effectuate this Agreement.
- 8.4 Amendments. This Agreement may be amended or supplemented only by a written instrument signed by both parties hereto.
- 8.5 Counterparts. This Agreement may be executed in any number of identical counterparts, each of which shall be considered an original, but together shall constitute but one and the same agreement. This Agreement may be executed and delivered by fax or by email.
- 8.6 Governing Law. This Agreement shall be governed by and all disputes related hereto shall be determined in accordance with the laws of the State of Kansas.
- 8.7 Attorneys Fees. In the event of any litigation arising in connection with this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and associated costs and expenses from the losing party.

IN WITNESS WHEREOF, the parties hereto have executed this Purchase and Sale Agreement as of the date and year first above written.

PURCHASER:

SALINA AIRPORT AUTHORITY,
a Kansas public corporation

By: _____

Name: _____

Its: _____

SELLER:

PRATT PROPERTIES, INC.,

a Delaware corporation

By:_____

Name:_____

Its:_____

EXHIBIT A

LEGAL DESCRIPTION OF THE PREMISES

A PART OF THE NORTHEAST QUARTER (NE/4) OF SECTION THREE (3), TOWNSHIP FIFTEEN (15) SOUTH, RANGE THREE (3) WEST OF THE 6TH P.M., IN SALINE COUNTY, KANSAS BEING A PART OF BLOCK ONE (1) SCHILLING SUBDIVISION OF THE CITY OF SALINA, KANSAS, AS RECORDED IN DEED BOOK 336, PAGE 565 IN THE SALINE COUNTY REGISTER OF DEEDS OFFICE WHICH IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT TWO HUNDRED FIFTY-FIVE AND THIRTY HUNDREDTHS (255.30') FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER (NE/4) OF SECTION THREE (3), SAID POINT OF BEING THE SOUTHEAST CORNER OF BLOCK ONE (1), THENCE NORTH SEVEN HUNDRED SIXTY AND NINETY-NINE HUNDREDTHS (760.99') FEET; THENCE WEST NINE HUNDRED NINETY-FIVE AND FIFTY HUNDREDTHS (995.50') FEET; THENCE EAST NINE HUNDRED NINETY-FIVE AND FORTY-TWO HUNDREDTHS (995.42') FEET TO THE POINT OF BEGINNING.

SHOWN AS LOT TWO (2), BLOCK FOURTEEN (14), SCHILLING SUBDIVISION NO. 5

KANSAS WARRANTY DEED
**(Including Aerial Easement, Height Limitation and Nonrenewable Resources
Covenant)**

On this ____ day of September, 2020, **Salina Airport Authority**, a Kansas public corporation, ("Grantor"), conveys and warrants to **SFC Global Supply Chain, Inc.**, a Minnesota corporation ("Grantee"), all of the following-described real estate in Saline County, Kansas:

Tract 1: Lot Five (5), Block Twelve (12), Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing 1.077 acres, more or less); and

Tract 2: Lot Six (6), Block Twelve (12), Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing .797 acres, more or less); and

Tract 3: The East 124.00 feet of Lot Seven (7), Block Twelve (12), Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing .518 acres, more or less); and

Tract 4: Lot Eight (8), Block Twelve (12), Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing 1.248 acres, more or less); and

Tract 5: The East 124.00 feet of Lot Nine (9), Block Twelve (12), Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing .731 acres, more or less); and

Tract 6: Lot Ten (10), Block Twelve (12), Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing 2.262 acres, more or less); and

Tract 7: Lot Eleven (11), Block Twelve (12), Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing 5.807 acres, more or less); and

Tract 8: Lot Twelve (12), Block Twelve (12), Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing 1.412 acres, more or less); and

Tract 9: Lot Thirteen (13), Block Twelve (12), Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing 1.187 acres, more or less); and

Tract 10: Lot Two (2), Block Fourteen (14), Schilling Subdivision No. 5 to the City of Salina, Saline County, Kansas (containing 17.478 acres, more or less).

for the sum of One Dollar and other valuable consideration;

SUBJECT TO zoning or deed restrictions and easements of record; and

FURTHER SUBJECT TO the following reservation of aerial easement and height limitation:

Grantor hereby reserves unto itself, its successors and assigns, for the use and benefit of the public, a free and unrestricted right of flight for the passage of aircraft in the airspace above the surface of the premises herein conveyed, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace or land at, taking off from, or operating on or about the Salina Regional Airport (the "Aerial Easement").

Grantee hereby agrees for itself, its successors and assigns, to restrict the height of structures, objects of natural growth, and other obstructions, to a height of One Thousand Four Hundred Thirty-eight Feet (1,438') above mean seal level (AMSL) over the surface of the property herein described. An FAA Form 7460-1, "Notice of Proposed Construction or Alteration" is to be submitted, and an unobjectionable determination received prior to the commencement of construction.

FURTHER SUBJECT TO the following reservation of nonrenewable resources:

Grantor reserves to itself, its successors and assigns, all of the oil, gas, and minerals in and under the surface of said land, including the right of ingress and egress and use of so much of the surface thereof as may be reasonably necessary for the operation so long as such right does not interfere with the intended use of the property.

The reservation of aerial easement, height limitation and nonrenewable resources covenant as set forth above shall run with and be binding upon the premises herein conveyed, in perpetuity.

SALINA AIRPORT AUTHORITY

By: _____
Alan Eichelberger
Chairman

ATTEST:

Troy L. Vancil
Secretary

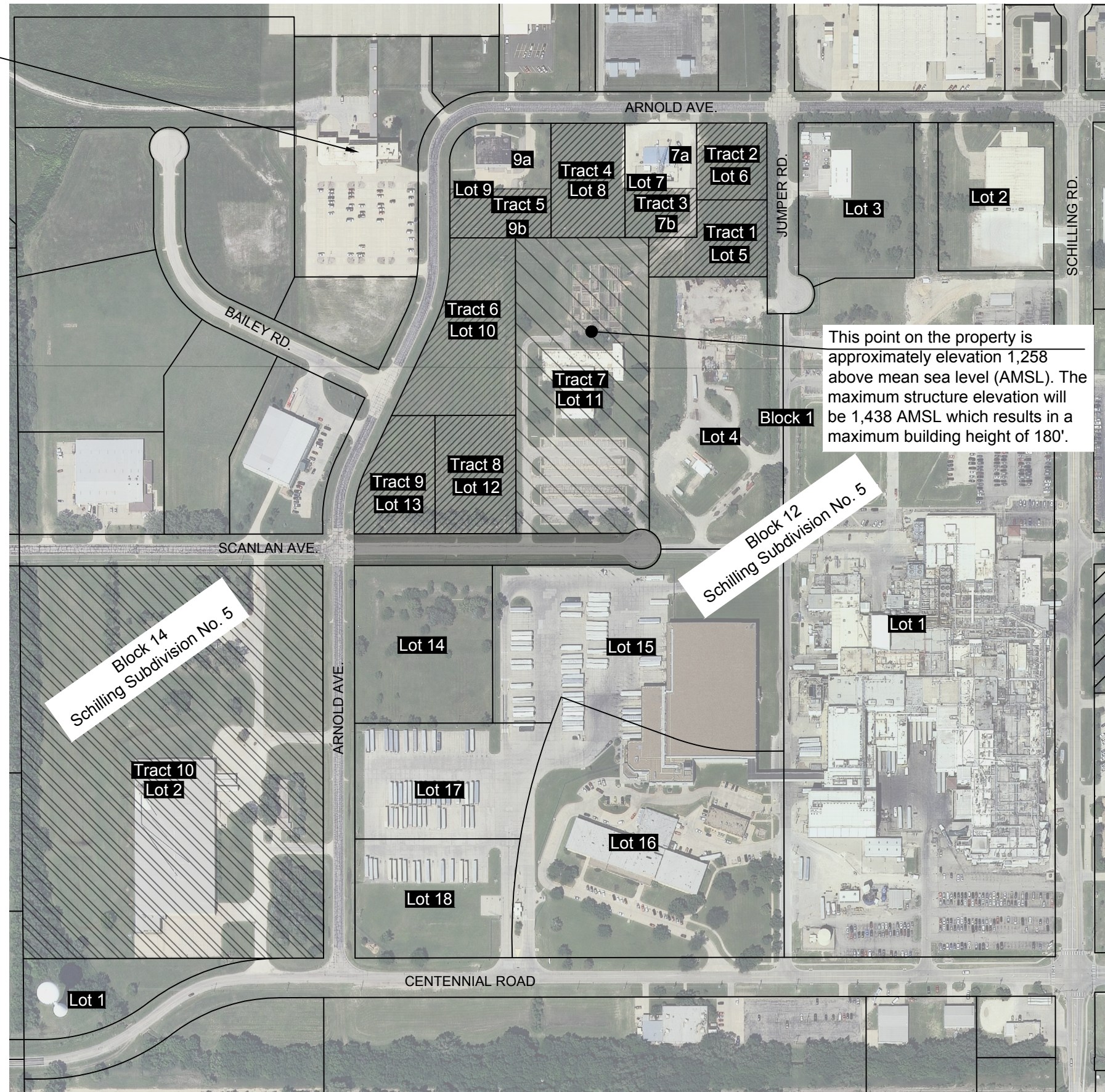
STATE OF KANSAS, SALINE COUNTY, ss:

BE IT REMEMBERED, that on this ____ day of September, 2020, before me, the undersigned, a notary public in and for the county and state aforesaid, came Alan Eichelberger, Chairman of the Salina Airport Authority, and Troy L. Vancil, Secretary, who are personally known to me to be the same persons who executed as such officers the within instrument of writing and on behalf of the Salina Airport Authority, and such persons duly acknowledged the execution of the same on behalf of the Authority.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public

M.J. Kennedy
Air Terminal



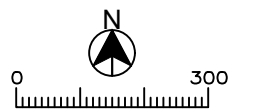
The following Salina Airport Authority properties are to be conveyed to Schwan's and tracts 1 through 9 lie within Block 12, Schilling Subdivision No. 5:

- Tract 1=Lot 5
- Tract 2=Lot 6
- Tract 3=Parcel 7b which is a portion of lot 7.
Said portion being the east 124' of lot 7.
- Tract 4=Lot 8
- Tract 5=Parcel 9b which is a portion of lot 9.
Said portion being the east 124' of lot 9.
- Tract 6=Lot 10
- Tract 7=Lot 11
- Tract 8=Lot 12
- Tract 9=Lot 13

The following Salina Airport Authority property is to be conveyed to Schwan's and tract 10 lies within Block 14, Schilling Subdivision No. 5:

- Tract 10=Lot 2
- Tract 1 = 1.077 Acres
- Tract 2 = 0.797 Acres
- Tract 3 = 0.518 Acres
- Tract 4 = 1.248 Acres
- Tract 5 = 0.731 Acres
- Tract 6 = 2.262 Acres
- Tract 7 = 5.807 Acres
- Tract 8 = 1.412 Acres
- Tract 9 = 1.187 Acres
- Tract 10 = 17.478 Acres.

Total Acres = 32.517 Acres.

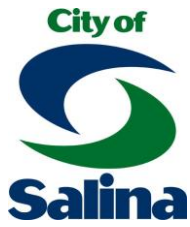


Drawing Number 2834-08-20



3237 ARNOLD, SALINA, KS 67401
(785-827-3914 FAX: 785-827-2221)
None : REVISIONS
KRB : DESIGNED BY
KRB : DRAWN BY
1" = 300' : SCALE
8/13/20, 16:40 : DATE

SALINA AIRPORT AUTHORITY
Properties to be transferred to Schwan's



RECEIPT OF CITIZEN VOLUNTEER BOARD DOCUMENTS

Citizen volunteer boards, commissions, and committees play a critical role in a democratic local government. As such, it is crucial that board members understand their roles and responsibilities. There are several documents that provide guidelines for the operation of City boards and commissions. In an effort to ensure that board members have received and reviewed these documents, this form must be signed and submitted to your respective board administrator/liaison before the next board meeting.

I, as noted by my signature below, hereby acknowledge that:

- I have received a copy of Resolution Number 17-7469, the Citizen Volunteer Boards and Commissions Policy of the City of Salina and understand the information outlined in the policy.
- I have received a copy of Resolution Number 17-7463, the Ethics Policy of the City of Salina and understand the information outlined in the policy.
- I have received a copy of *A Citizen's Guide to Open Government* and understand the information outlined in the document.
- I understand my responsibility as a member of a Citizen Volunteer Board and commit to following all guidelines and requirements outlined in the Citizen Volunteer Boards and Commission Policy, Ethics Policy, and the Kansas Open Meetings Act.

Failure to sign and return this document to your board administrator/liaison will result in an inability to participate in meetings of the board or commission.

Board Member Name (type or print)

Board Member Signature

Date

Board Administrator/Liaison Signature

Date

RESOLUTION NUMBER 17-7469

A RESOLUTION AMENDING SECTION 3.B. AND ADDING SECTION 3.F. OF RESOLUTION NUMBER 16-7316 REGARDING THE PROVISION OF TRAINING REGARDING THE ETHICS POLICY OF THE CITY OF SALINA; OTHERWISE RESTATING RESOLUTION NUMBER 16-7316 REGARDING VOLUNTEER CITIZEN BOARDS, COMMISSIONS, AND COMMITTEES OF THE CITY OF SALINA; AND REPEALING RESOLUTION NUMBER 16-7316.

WHEREAS, volunteer citizen boards serve an important role in democratic local governments and provide an excellent mechanism for eliciting constructive citizen input and using the talents of individual citizens; and

WHEREAS, the City of Salina uses numerous citizen boards and commissions to assist in the provision of services to its citizens; and

WHEREAS, the City Commission has determined it is advisable to adopt a more formal policy and procedural guide for appointments to, and administration of, an effective board and committee system; **SO NOW, THEREFORE**

BE IT RESOLVED by the Governing Body of the City of Salina, Kansas:

Section 1. Adoption of Policy. The policies and procedures outlined hereafter shall generally govern the appointment and administration of the citizen boards system, unless otherwise waived by the governing body.

Section 2. Appointment procedure. It shall be the policy of the governing body to follow the steps outlined hereafter regarding citizen boards, committees and commissions:

- A. Solicitation of interest. Names of persons willing to serve the City in the capacity of volunteer board, committee or commission member will be obtained by both formal and informal advertising designed to reach as many citizens as possible. Each individual will complete an Expression of Interest Form and submit it to the city clerk. Those presently serving on a board or commission interested in reappointment shall also be asked to submit an Expression of Interest Form. The Expression of Interest form shall remain on file for two years.
- B. Record of interested persons. The City Clerk's Office will maintain a record of all city boards and commissions and will notify the Mayor of any vacancies as they occur. The Clerk's Office will solicit volunteers for appointment when needed. Vacancies occurring at other than the normal expiration date of a term (for example, a resignation for reasons of health) will be filled, whenever possible, by considering those individuals who have Expression of Interest Forms on file.
- C. Manner and time of appointment. It will be the responsibility of the City Clerk's Office to distribute copies of completed Expression of Interest Forms to the governing body so that they may offer written suggestions to the Mayor on appointments. Commissioners shall also be notified if any of the applicants are currently members of the board or committee and, if so, are eligible for

reappointment. All appointments will be made by Resolution submitted by the Mayor to the full City Commission for final approval at the times indicated:

- 1) The members for all of the citizen boards and commissions will be appointed in August of appropriate years, with an effective date of appointment of September 1 of that year, except for the following:
 - a). The members of the Salina Airport Authority will be appointed in February with an effective date of March 1.
 - b). The members of the Library Board will be appointed in February with an effective date of April 1 of that year.
 - c). The members of the Saline County Community Corrections Advisory Board shall be appointed in July with an effective date of August 1 of that year.
- D. Terms of appointment. An appointee may serve no more than two full consecutive terms on the same board or commission. Members who are serving terms beyond this limit at the time of adoption of this policy shall serve only until the end of their current term. One year shall pass before consideration of reappointment to the same board or commission will be given, unless otherwise specified.
- E. Dual appointment: An appointee may only serve on one City board at any given time.

Section 3. Guidelines for operations. It shall be the policy of the City Commission to follow the guidelines outlined hereafter regarding the operation of citizen boards, committees and commissions:

- A. Participation. Members of citizen boards and commissions are expected to attend meetings on a regular basis. Board attendance records will be monitored by the staff liaison. Whenever a board member misses three (3) consecutive meetings or his or her attendance falls below 66% in a twelve-month period, the board's staff liaison will so notify the Mayor. The Mayor will formally request, by letter, clarification from the identified board member of the reason for lack of attendance. If no attendance improvement plan can be agreed upon by the Mayor and member or if the member's attendance record falls below 50%, the member may be dismissed by the Mayor for lack of attendance. At the Mayor's discretion, a member of a board may be dismissed due to a substantial interest or conviction of certain crimes such as, but not limited to, felonies or crimes of moral turpitude.
- B. Orientation. All new board and commission members shall complete orientation training within ninety (90) days of their board appointment. City staff is directed to provide the required orientation training and related materials for all new board and commission members. This orientation training shall include, but not be limited to: the enabling legislation for that board or commission, a historical perspective on the work of that board, a review of the Ethics Policy of the City of Salina (originally adopted by Resolution No. 17-7463) and any other material appropriate to the conduct of that board's duties. The City Clerk's Office will provide all committee members with orientation material applicable to service on all City boards and

commissions.

- C. Compensation. Citizen board, committee and commission members will receive no compensation for service.
- D. Annual Report. With the assistance of their staff liaison, each citizen board and committee shall submit a brief "annual report" to the City Clerk's Office no later than February 15 of each year, indicating accomplishments in the prior year, goals, needs and concerns. Such a report is intended to establish a formal line of communication between the boards and the governing body.
- E. Rules of Procedures. All boards must follow "The Rules and Procedure for Conducting Boards and Commissions" dated January 23, 2012, as incorporated as part of this resolution.
- F. Annual Training. For those boards and commissions that meet on a regularly scheduled basis, City staff shall provide annual training regarding the Ethics Policy of the City of Salina. The city manager shall ensure that all department heads and board liaisons are also adequately training regarding the Ethics Policy of the City of Salina.

Section 4. Relationships of citizen boards, City Commission and City staff.

- A. Role definition. During orientation training, definition of the relationships among citizen boards, the governing body and City staff shall be discussed as they are established by the enabling ordinance or resolution or by other statements of policy.
- B. Ad hoc committees. The governing body or a citizen board may establish ad hoc citizen committees as needed to review City programs, to provide citizen input and recommendations on City projects and to assist in program review. All ad hoc committees are subject to the same open meeting and records requirements, this policy, and rules and procedures as established by the governing body.
- C. Staff responsibilities. Citizen boards are not given authority by the governing body to direct the work of City staff. City staff is provided to a board or commission as a resource for necessary information. However, staff will always endeavor to work closely with boards to enable them to carry out, as efficiently as possible, their responsibilities in the City government. It is recognized that some City-appointed boards, e.g., Library Board, have their own appointed professional staff. Nothing herein is intended to change the employer-employee relationship established by law in these cases.
- D. Governing Body Liaisons: The Mayor may appoint a member of the governing body to serve as a liaison and attend and observe meetings on behalf of the governing body for certain boards. When a member of the governing body is appointed as a liaison, he or she serves as a means of communication between the City Commission and the board and does not have rights as a regular member of the board.

- E. Governing Body Representatives: The Mayor may appoint himself or herself or another member of the governing body to serve a member of other boards and committees (i.e. Building Authority, Board of Health, North Central Regional Planning Commission, and Chamber of Commerce Board of Directors). Typically the governing body representative shall have the same rights as other members of the board as set out by the board or committee's bylaws or rules of procedure.

Section 5. Youth Liaisons: In an effort to encourage more youth involvement in local government and increase diversity and representation of the community, each board, with the exception of the Disciplinary Advisory Board, may allow at least two youth members to be appointed. Appointments of youth board members shall be as follows:

- A. Eligibility: Any individual between the ages of 15 through 20 attending a secondary or post secondary school may submit an Expression of Interest form for consideration of appointment.
- B. Appointment Procedure: The appointment of youth members shall follow the same procedure as outlined in Section 2, Sub-Sections A through C of this resolution.
- C. Terms: The term for a youth member shall be one year. A youth member shall be eligible for reappointment; however, no youth member shall serve more **than four (4)** consecutive full terms.
- D. Orientation: When appointed, youth members shall attend a Youth Board Orientation, as well as the regular Board Orientation, to discuss the responsibilities and expectations of a board member. The youth board member will also select a member on the board to which he or she has been appointed, City of Salina Director of Human Relations, or the City of Salina Human Relations Department Outreach Specialist as a mentor.
- E. Responsibilities: Youth members shall have the same responsibilities as all other members of the board, except each youth member shall have "non-binding" voting rights. The meeting minutes shall reflect each youth member's vote and that it is non-binding.

Section 6. Procedural Guidelines. Each citizen committee may adopt additional procedural guidelines, provided that prior to their enactment the additional procedural guidelines:

- A. Are determined to be consistent with this policy, other rules or City ordinances as established by the governing body, and applicable state or federal laws;
- B. Are reviewed and approved by the city attorney to ensure compliance with Section 3E of this resolution.
- C. Are filed with the city clerk.

Section 7. That the existing Resolution Number 12-6875 is hereby repealed.

Section 8. This Resolution shall be in full force and effect from and after its adoption.

Adopted by the Board of Commissioners and signed by the Mayor this 14th day of August, 2017.

[SEAL]
ATTEST:

Shandi Wicks
Shandi Wicks, CMC, City Clerk

Kaye J. Crawford
Kaye J. Crawford, Mayor

THE RULES OF PROCEDURE FOR CONDUCTING REGULAR MEETINGS FOR CITY OF SALINA CITIZEN BOARDS AND COMMISSIONS.

Introduction. City Citizen Boards/Commissions. Citizen boards and commissions shall include any board, commission, and/or committee established by the governing body of Salina, Kansas (referred to herein as a “Board” or collectively as the “Boards”). The Boards shall be governed by these rules of procedures for conducting regular and special meetings, unless otherwise determined by applicable law. These rules of procedure are organized and numbered to correspond with the City Commission Rules and Procedures.

Rule No. 1. Regular Meetings, Quorum: The Board shall hold regular meetings as required by applicable law or as self-determined by the Board. Special meetings shall be called by the presiding officer with the consent of any two members of the Board provided that each member receives notice of the meeting. If a regular meeting date falls on a holiday, the meeting shall either be held on the next regularly scheduled meeting date or be rescheduled for an alternative date by a majority vote of the Board. A majority of the members appointed shall constitute a quorum.

Board meetings shall be conducted in a courteous, expeditious and business-like atmosphere.

Rule No. 2. Agenda: An agenda for each regular and special meeting shall be prepared by the staff liaison in accordance to the following order of business:

- Call to Order/Roll Call
- Approval of Minutes
- New Business
- Unfinished or Other Business
- Adjournment

Agendas shall state the date, time and meeting location and shall be forwarded to the City Clerk’s Office for safekeeping in accordance to the City of Salina Records Management policy.

Rule No. 3. Member Agenda Items, Date: The Board may take action only upon those items included on the agenda of a regular or special meeting; provided, however, during the “Other Business” segment of any regular meeting, the Board may add (a) an item to its current agenda by 2/3 consent of all members present or (b) an executive session by a simple majority vote of all members present. The Board may schedule certain topics for consideration for future agendas of a regular or special meeting by majority vote of the members present. Discussion relating to these scheduling matters shall be limited to whether the topic is to be scheduled and, if so, when. Discussion shall not extend to a debate of the merits of the matter.

Rule No. 4. Public Participation: The public may participate in discussion of matters before the Board. However, members of the public may participate only when recognized by the presiding officer, may discuss only items germane to the matter at issue, and may be subject to any time limits established by the presiding officer for the efficiency of the meeting. No member of the public may be recognized to speak while the Board is debating an item among themselves.

Rule No. 5. Public Hearings: Public hearings shall be conducted in the manner required by applicable law. The presiding officer may establish time periods for discussion at public meetings. The presiding officer may determine the order in which citizens may speak. The minutes shall show by name and address persons speaking for and against propositions. Citizens whose position cannot be determined will be mentioned in the minutes as speaking “with interest”.

Rule No. 6. Minutes: The recording officer for the Boards shall be the staff liaison or the staff liaison’s designee. The minutes of each meeting shall be prepared by the staff liaison, under the

supervision of the presiding officer and shall be reduced to typewritten form. The minutes shall record the official actions of the Board: identify Board members making or seconding motions, and the results of any votes. If directed by the motion maker, the minutes shall include the reason for motion.

The unapproved minutes shall be delivered to the Board prior to the next regular meeting. At the meeting, approval of the minutes of the previous regular and special Board meeting, if any, shall be considered by the Board. After approval of the minutes, the presiding officer for that meeting shall sign the minutes and the staff liaison shall attest thereto. Any Board member may request at the meeting, through the presiding officer, the privilege of having a statement on any matter under consideration by the Board or the reason for any action entered into the minutes. Unless the Board by vote of the members present objections thereto, such statement shall be entered into the minutes.

Upon approval of the minutes, minutes must be submitted to the City Clerk's office for safekeeping in accordance to the City of Salina Records Management Policy.

Rule No. 7. Presiding Officer: The Board shall elect a Chair and Vice-Chair at the first regular meeting after the Mayor has appointed members to that Board during the annual fall or spring appointments. In the absence of the Chair, the Vice-Chair shall be the presiding officer. In the absence of the Vice-Chair, the Board shall select from one of its members a presiding officer for that meeting. If the Chair or the Vice-Chair, as the case may be, should appear, the Chair or the Vice-Chair shall assume the chair after conclusion of the item then under debate.

Rule No. 8. Duties of the Presiding Officer: The presiding officer shall be responsible for the conduct of all board meetings. The presiding officer shall have authority to recognize the board members and members of the public to speak and to decide all questions of parliamentary procedure and order of business. All rulings of the presiding officer shall be considered valid unless overruled by a majority vote of the members present as explained in Rule No. 9.

Rule No. 9. Appeals of Rulings by Presiding Officer: Any board member may appeal to the Board from a ruling of the presiding officer. The appeal shall be sustained if seconded and approved by a majority of the members present. Prior to any action taken on the appeal, the presiding officer shall consult with the staff liaison for an advisory interpretation.

Rule No. 10. Rights of Presiding Officer: The presiding officer may make motions, second motions or debate any questions, and have the full responsibilities and rights of a member of the Board. When these rules refer to the Board or board members, they shall also include the presiding officer. The presiding officer may set aside items on the agenda for later consideration during the meeting.

Rule No. 11. Debate, Motion and Second Required, Exception: Following any discussion necessary to formulate a motion on any item on the agenda requiring formal action, a motion shall be made by a board member which shall specify the action to be taken. All motions, except a motion to withdraw a motion, shall require a second prior to the debate. If a motion or a second is not made, the matter shall die for lack of a motion. All motions of the Board shall be debatable except the motion to adjourn, to lay on the table, and the previous question. The author of the motion may withdraw the motion anytime prior to the vote.

Rule No. 12. Motion and Order During Debate: When any question is under debate, no motion shall be received but the following, which shall have precedence in the order listed: (1) to adjourn (2) to lay on the table, (3) for previous question, (4) to postpone to a certain day, (5) to amend and (6) to postpone indefinitely. The presiding officer may call recesses but said recesses shall not affect the status of pending motions or actions.

Rule No. 13. Motion to Adjourn: The effect of the motion to adjourn is to conclude the meeting. Unless a specific time is established, the board meeting is adjourned to the next regular meeting day at which time the items on the uncompleted agenda shall be the first order of business. This motion is always in order except when a board member is speaking, must be seconded, and must be voted upon without debate.

Rule No. 14. Motion to “Lay on the Table”: The motion to “lay on the table” delays consideration of an item until later in the same meeting and the time of reconsideration must be specified in the motion. The motion to “lay on table” must be seconded, cannot be debated, and must be voted upon immediately.

Rule No. 15. Previous Question: The previous question shall put in these words, “call the question.” Its effect is to put an end to all debate and bring the Board to immediate vote upon the motion; it must be seconded, may not be debated, and must be adopted by a 2/3 vote of the members present.

Rule No. 16. Motion to Postpone to a Certain Day, to Postpone Indefinitely: The effect of both motions to postpone is to remove the item under consideration from the current agenda. The motion to postpone to a certain day must establish the board meeting, either regular or special, at which the item is to be reconsidered. The effect of the motion to postpone indefinitely is to end consideration.

Rule No. 17. Amendments: A main motion may be amended by a motion and second. Amendments may be further amended by motion and second.

Rule No. 18. Order of Voting on Main Motion, and Amendments: All amendments shall be voted upon in the inverse order in which they are presented, the last amendment being voted on first. Amendments, if adopted by the Board, shall remain part of the main motion. When the main motion is voted upon, it shall include all amendments previously adopted.

Rule No. 19. Motion – Withdrawal, Procedure: Any board member may withdraw either the motion or second to a motion at any time prior to voting. If the maker of the motion withdraws the motion, the entire motion dies. If the seconder withdraws, the motion may be seconded by another board member and continued.

Rule No. 20. Reconsideration of Questions: When a vote has been taken, it shall be in order for any board member voting with the prevailing side to move a reconsideration thereof at the same or next regular meeting, but no question shall a second time be reconsidered at the same or next regular meeting. Beyond the next regular meeting, reconsideration of an item shall be governed by Rule No. 3.

A motion for reconsideration must be seconded; however, the seconding can be done by any board member, regardless of how the seconding board member voted on the motion to be reconsidered. Approval of a motion for reconsideration requires only a majority vote, regardless of the vote necessary to adopt the motion to be reconsidered. The effect of the adoption of the motion to reconsider is to immediately place before the Board again the question on which the vote is to be reconsidered in the exact position it occupied the moment before it was voted on originally.

Rule No. 21. Ordinance, Adoption: Not applicable.

Rule No. 22. Voting, Order, Roll Call Vote Required, Silence: For all roll call votes, all board members shall vote in alphabetical order by their last names, with the presiding officer voting last. At the discretion of the presiding officer, the vote may be either by voice or roll call. When required by law or requested by any board member the vote shall be by roll call. When directed by the presiding officer, the staff liaison shall call the roll.

A majority vote of those present shall prevail and the presiding officer shall announce the results of any vote.

When a question is put by the presiding officer, every board member present shall vote unless a member chooses to abstain from voting. On voice votes, silence by a member shall be counted as a vote in the affirmative. On roll call votes, when a member fails to vote upon any proposition, the vote shall be counted in the negative.

If a board member steps down from the debate of an agenda item and abstains from voting on the item, the abstaining member remains “present” for purposes of sustaining a quorum.

Rule No. 23. Appearance of Conflict of Interest, Substantial Interest, Abstention:

Appearance of Conflict of Interest. A board member who believes he or she would present the appearance of a conflict of interest and for that reason chooses not to participate in the debate or the vote on an item, shall step down from the item, shall not act in from voting on the item.

Substantial Interest. A board member who has a substantial interest in the business, as defined by the City of Salina, shall not state or act in the presence of the agenda item. If a board member has a substantial interest in the business, as defined by the City of Salina, shall not state or act in the presence of the agenda item.

Substantial Interest. A board member who has a substantial interest in the business, as defined by the City of Salina, shall not state or act in the presence of the agenda item. If a board member has a substantial interest in the business, as defined by the City of Salina, shall not state or act in the presence of the agenda item.

Appearance of Conflict of Interest. A board member who believes he or she would present the appearance of a conflict of interest and for that reason chooses not to participate in the debate or the vote on an item, shall step down from the item, shall not act in from voting on the item.

shall be presumed to be an appropriate subject for an executive session for the purpose of consulting with the city attorney regarding the alleged substantial interest or appearance of a conflict of interest.

Rule No. 24. Roberts Rules of Order Adopted, Parliamentary: Board meetings shall be conducted in accordance with the latest revised edition of Roberts Rules of Order except where said Roberts Rules of Order are in conflict with these Rules, in which case these Rules shall prevail. The staff liaison shall be Parliamentary and give advice to the Board on all parliamentary questions. In the absence of the staff liaison, the presiding officer shall serve as Parliamentary. Failure to comply with Roberts Rules of Order or these Rules shall not invalidate any action. The City Clerk shall reproduce these Rules in pamphlet form and distribute one copy to each board member, the liaison, the City Manager and City Attorney.

Rule 25. Legal Documents: Not applicable.

Rule 26. Rules - Amendment: These rules may be amended by resolution of the Governing Body.

RESOLUTION NUMBER 17-7463**A RESOLUTION ADOPTING THE ETHICS POLICY OF THE CITY OF SALINA, KANSAS.****BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SALINA, KANSAS:**

Section 1. Policy. The governing body of the City of Salina acknowledges the importance of sustaining the public's confidence in the integrity of its local government through independent, fair, and impartial local governance and administration. Neither public office nor public employment can be used for personal gain. The policy of the City of Salina shall be to promote and assure ethical conduct by its elected and appointed officers and its employees.

Section 2. Application and Purpose.

- (a) This policy applies to members of the City's governing body; appointed members of the City's commissions, authorities, boards, and committees (collectively "board members"); and the City's employees. As used in this policy, the persons to which this policy applies are referred to as "city officers and employees."
- (b) As actively involved participants in the Salina community, city officers and employees must be watchful for ethical considerations, including conflicts of interest, that may arise in relation to the performance of their respective duties. This policy is intended to guide city officers and employees in the avoidance of unethical conduct and to preserve the ethical integrity of the decision-making processes inherent in local government. This policy is not intended to modify the statutory or common law standards under Kansas conflict of interest law. The analysis of (a) whether a city officer or employee has a conflict of interest and (b) whether the conflict of interest disqualifies a city officer or employee from performing a duty begins with application of the Kansas conflict of interest act (the "Act")¹ to determine whether the matter affects any "business"² in which the city officer or employee has a "substantial interest"³. Where those statutes are inapplicable, the determination of whether a matter presents a disqualifying conflict of interest must be based upon application of "common law" principles.⁴

Section 3. Definitions. For purposes of this policy, the following words and phrases shall mean:

- (a) "Business" means any corporation, association, partnership, proprietorship, trust, joint venture, and every other business interest, including ownership or use of land for income.⁵
- (b) "Common law" means, in general, a body of law that develops and derives through judicial decisions, as distinguished from legislative enactments.⁶
- (c) "Compensation" means any money, thing of value or economic benefit conferred on, or received by, any person in return for services rendered, or to be rendered, by that person or another, but shall not mean nor include reimbursement of reasonable expenses if the

reimbursement does not exceed the amount actually expended for the expenses and it is substantiated by an itemization of expenses.⁷

- (d) "Contracts" means agreements including but not limited to sales and conveyances of real and personal property and agreements for the performance of services.⁸
- (e) "Disqualify" or "disqualifying" means of a nature under the specific facts of the matter to render a city officer or employee ineligible or unfit by reason of interest or holding a fixed preconceived opinion⁹ from participating in the performance of what would otherwise be his or her duty in relation to the matter.
- (f) "*Ex parte*" means on one side only; by or for one party; done for, in behalf of, or on the application of, one party only.¹⁰
- (g) "Pecuniary" means consisting of money or that which can be measured in money.¹¹
- (h) "Preceding calendar year" has its usual meaning, except that in the case of candidates and individuals newly appointed to office or employment, it means the 12 months immediately preceding a required filing date (referring to a statement of substantial interest).¹²
- (i) "Substantial Interest"¹³ means any of the following:
 - (1) If an individual or an individual's spouse, either individually or collectively, has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5% of any business, whichever is less, the individual has a substantial interest in that business.
 - (2) If an individual or an individual's spouse, either individually or collectively, has received during the preceding calendar year compensation which is or will be required to be included as taxable income on federal income tax returns of the individual and spouse in an aggregate amount of \$2,000 from any business or combination of businesses, the individual has a substantial interest in that business or combination of businesses.
 - (3) If an individual or an individual's spouse, either individually or collectively, has received in the preceding 12 months, without reasonable and valuable consideration, goods or services having an aggregate value of \$500 or more from a business or combination of businesses, the individual has a substantial interest in that business or combination of businesses.
 - (4) If an individual or an individual's spouse holds the position of officer, director, associate, partner or proprietor of any business, other than an organization exempt from federal taxation of corporations under section 501(c)(3), (4), (6), (7), (8), (10), (19) of chapter 26 of the United States code, the individual has a substantial interest in that business, irrespective of the amount of compensation received by the individual or individual's spouse.
 - (5) If an individual or individual's spouse receives compensation which is a portion or percentage of each separate fee or commission paid to a business or combination of businesses, the individual has a substantial interest in any client or customer who pays

fees or commissions to the business or combination of businesses from which fees or commissions the individual or the individual's spouse, either individually or collectively, received an aggregate of \$2,000 or more in the preceding calendar year.

As used in this definition, "client or customer" means a business or combination of businesses.

- (j) "Quasi-judicial" means the action, discretion, etc., of public administrative officers or bodies, who are required to investigate facts, or ascertain the existence of facts, hold hearings, weigh evidence, and draw conclusions from them, as a basis for their official action, and to exercise discretion of a judicial nature.¹⁴
- (k) "Quasi-judicial proceeding" means a proceeding that affects specific identified persons or properties and involves the application of established standards to individual facts to determine specific rights or to take specific actions under existing law.

Section 4. General Ethical Principles. City officers and employees shall abide by the following general ethical principles:

- (a) Place the public trust and interests of the City first and never intentionally act outside the scope of authority prescribed by one's official duties;
- (b) Exercise fair, honest, and unbiased judgment in one's role as a decision maker and advisor;
- (c) Do not knowingly misrepresent or withhold facts or information for the purpose of achieving a desired outcome;
- (d) Do not seek, accept, or offer any gifts or favors of significant value which are either intended by the source or have the effect upon the recipient of influencing the objectivity of an advisor or decision-maker;
- (e) Do not disclose or use information received in the course of performing one's duties that is to be maintained in confidence (1) by rule, regulation, or directive in the case of an employee, (2) by the intent of the governing body in the case of a governing body member, or (3) by the intent of the applicable board in the case of a member of a board; subject to any legal requirements of the Kansas open records act; and
- (f) Treat all persons with courtesy and respect at all times.

Section 5. Substantial Interest.

- (a) Background and applicable law.

- (1) Limitations upon participation. The Act prohibits a city officer or employee from (a) participating in the making of any contract on behalf of the City with any business in which the city officer or employee has a substantial interest¹⁵ (with limited exceptions

described below) or (b) taking any other action relating to the business without first disclosing his or her substantial interest.¹⁶

- (2) Disclosure of substantial interests. The Act requires governing body members to file and annually update a statement of substantial interests in the office of the county election officer.¹⁷ Any other city officer or employee who is not required to file a disclosure of substantial interests must, before acting upon any matter which will affect any business in which he or she has a substantial interest, file a written report of the nature of the interest with the county election officer.¹⁸
- (3) Contracts. As prohibited by K.S.A. 75-4304, no city officer or employee shall, in the capacity of a city officer or employee, make or participate in the making of a contract with any person or business by which he or she is employed or in whose business he or she has a substantial interest. A city officer or employee does not make or participate in the making of a contract if the member abstains from any action relating to the contract.¹⁹ The prohibition against a city officer or employee making or participating in the making of a contract shall not apply to (1) contracts let after competitive bidding has been advertised for by published notice; and (2) contracts for property or services for which the price or rate is fixed by law.²⁰
- (4) State law violations. Pursuant to K.S.A. 75-4306, violation of K.S.A. 75-4304 (contracts) or 75-4305 (matters other than contract) or failure to make any disclosure of substantial interests required by K.S.A. 75-4302a is a class B misdemeanor. The Kansas governmental ethics commission does not assume an enforcement role in relation to alleged violations of the Act by a city officer or employee. Violation of the Act by a city officer or employee is subject to prosecution by the Saline county attorney.

(b) Local Policy.

- (1) Compliance with the Act. All city officers and employees shall comply with the Act in all respects.
- (2) Matters other than contract. When a city officer's or employee's substantial interest in a business has been disclosed by written report filed with the county election office, the city officer or employee may either participate in a matter involving the business or abstain from any action relating to the matter.
- (3) Matters of contract. No city officer or employee shall, in the capacity of a city officer or employee, make or participate in the making of a contract with any person or business by which he or she is employed or in whose business he or she has a substantial interest, except in the limited circumstances when allowed under the Act for (1) contracts let after competitive bidding has been advertised for by published notice; and (2) contracts for property or services for which the price or rate is fixed by law.
- (4) Undisclosed substantial interest. A city officer or employee shall abstain from any action relating to a matter which will affect any business in which the member has a substantial interest that the member has not disclosed by written report filed with the county election officer.

Section 6. Common-Law Conflict of Interest.

- (a) Background and applicable law. If a conflict of interest question cannot be resolved by applying the "substantial interest" test, Kansas case law recognizes the application of common-law principles in determining if a city officer or employee has a conflict of interest and whether it disqualifies the city officer or employee from acting in relation to the matter.²¹ The Kansas Supreme Court has provided the general rule regarding common-law conflicts of interests:

We, of course recognize the common-law principle that a public officer owes an undivided duty to the public whom he serves and is not permitted to place himself in a position that will subject him to conflicting duties or cause him to act other than for the best interests of the public. If he acquires any interest adverse to those of the public, without a full disclosure it is a betrayal of his trust and a breach of confidence.-

The law, however, does not forbid the holding of an office and exercising powers thereunder because of a possibility of a future conflict of interest.²²

The Kansas Supreme Court further indicated in the *Anderson* decision:

The difficult problem which is often presented in conflict of interest cases is in determining whether or not the personal interest of the commissioner or board member is of a nature justifying disqualification to act. Usually this is a question to be determined under the peculiar facts and circumstances of the particular case presented to the court for determination.²³

When addressing the meaning of the phrase "personal interest" the Kansas Attorney General has referred to a New Jersey case in which the Court quoted a commentator who distilled varying conflict of interest circumstances into four types of situations that, depending upon the facts of the matter, could present a common-law conflict of interest.²⁴ Those included:

1. "Direct pecuniary interest" when an official votes on a matter benefitting the official's own property or affording a direct financial gain;
2. "Indirect pecuniary interest" when an official votes on a matter that financially benefits one closely tied to the official, such as an employer, or family member;
3. "Direct personal interest" when an official votes on a matter that benefits a blood relative or close friend in a non-financial way, but a matter of great importance;
4. "Indirect personal interest" when an official votes on a matter in which an individual's judgment may be affected because of membership in some organization and a desire to help that organization further its policies.²⁵

The common law recognizes that a common-law conflict of interest does not arise from a remote or speculative interest, or the mere possibility of a future conflict of interest.²⁶

Factors warranting consideration include whether the matter is legislative (therefore of more general application) or quasi-judicial (therefore affecting specific persons or property).

Attachment "A" to this policy summarizes all Kansas appellate court decision and attorney general opinions indicating what does or does not constitute a common-law conflict of interest.

- (b) Local policy. A city officer or employee shall disclose and abstain from any action relating to a matter which presents him or her with a common-law conflict of interest.

Section 7. Appearance of bias. If a governing body member or board member has neither a substantial interest nor a common-law conflict of interest in a matter, but believes he or she has an interest relating to the matter that could present to the general public the appearance of bias, the member may, in his or her sole discretion, abstain from taking action in relation to the matter.

Section 8. Available legal resources. The following legal resources are available to the City to assist in the administration and enforcement of this policy:

- (1) City's legal counsel. The client of the City's legal counsel is the City as an organization in the form of a Kansas municipal corporation as it acts primarily through the governing body and secondarily through the governing body's authorized representatives.
- (2) Special ethics counsel. Special ethics counsel refers to legal counsel engaged by the City to provide legal counsel specifically relating to administration and enforcement of this policy at the discretion of the governing body and the city manager and particularly when the ethical matter requiring legal counsel presents potential conflicts of interest in relation to the representation of the City as an organization by the City's legal counsel.
- (3) Kansas governmental ethics commission. The Kansas governmental ethics commission is required to issue an advisory opinion on the interpretation or application of the Act upon receipt of a written request by a city officer or employee or by any person who has filed as a candidate for local office.²⁷ Any person who requests and receives a written advisory opinion and who acts in accordance with its provisions shall be presumed to comply with the Act.²⁸ Individuals requesting an advisory opinion must write to the ethics commission listing all relevant facts and circumstances surrounding the request, and all advisory opinions are available to the public. The ethics commission may also answer questions on an informal basis regarding the interpretation or application of the Act. The ethics commission will not issue advisory opinions or provide guidance regarding common-law conflicts of interest.
- (4) Kansas attorney general. Upon request, the Kansas attorney general may furnish written opinions to the governing body of the City regarding whether the specific facts of a matter present a disqualifying common-law conflict of interest. By Kansas attorney general policy, requests must be submitted in writing by the governing body or the City's chief legal counsel. Requests may not be submitted by individual members of the governing body. The attorney general will not furnish opinions on issues threatened, pending or scheduled for determination by the courts, including appeals from orders issued by quasi-judicial bodies. Unlike the Kansas governmental ethics commission, which is required by law to furnish

opinions upon request, the attorney general is not required to furnish opinions, and each request will be evaluated based on, among other things, whether it presents a question of statewide interest.

Section 9. Identification of substantial interests or common-law conflicts of interest in anticipation of action.

- (a) Self-initiated disclosure and abstention. A city officer or employee shall be primarily responsible for disclosing what he or she believes to be the basis of a substantial interest or common-law conflict of interest and for abstaining when required from any action relating to the matter. If a governing body member or board member is unsure whether the specific facts of the matter present a substantial interest or common-law conflict of interest, he or she should consult with the applicable staff board liaison or the city manager. The staff board liaison shall inform the city manager. If necessary, the City's legal counsel or special ethics counsel will be consulted regarding the potential substantial interest or common law conflict of interest. The City's legal counsel or special ethics counsel will consult with the city officer or employee; any relevant city officers or employees; and, when applicable, the governing body, to determine the course of action to identify the relevant facts of the matter and to address the legal question of whether a substantial interest or common-law conflict of interest exists. That determination may include, but not be limited to, (1) whether the matter can be resolved based upon consultation with the City's legal counsel or special ethics counsel; (2) whether the city officer or employee will independently seek a Kansas governmental ethics commission advisory opinion regarding the potential substantial interest; (3) whether the governing body chooses to authorize a request for a Kansas governmental ethics commission advisory opinion regarding the potential substantial interest; or (4) whether the governing body chooses to request a written opinion of the Kansas attorney general regarding the potential common law conflict of interest.
- (b) Separate-party-initiated inquiry. If a city officer, city employee, or any other person believes that a city officer or employee has a substantial interest or common-law conflict of interest relating to a specific matter, and chooses to raise the question, he or she should do so by informing the applicable staff board liaison or the city manager. The staff board liaison shall inform the city manager. If necessary, the City's legal counsel or special ethics counsel will be consulted regarding the alleged substantial interest or common-law conflict of interest. The City's legal counsel or special ethics counsel will consult with the city officer or employee alleged to have the substantial interest or common-law conflict of interest; any relevant city officers or employees; and, when applicable, the governing body, to determine the course of action to identify the relevant facts of the matter and to address the legal question of whether a substantial interest or common-law conflict of interest exists, including but not limited to the same considerations and options outlined in subparagraph (a) above.
- (c) Governing-body member to governing-body member. If a governing-body member chooses to raise the question of whether another governing-body member has a substantial interest or a common-law conflict of interest, he or she should do so by first advising the governing body member thought to have the substantial interest or common-law conflict of interest. If that does not resolve the matter, the city manager should be informed for the purpose of arranging for consultation with special ethics counsel in executive session regarding the course of action to identify the relevant facts of the matter and to address the legal question of whether a

substantial interest or common-law conflict of interest exists, including but not limited to the same considerations and options outlined in subparagraph (a) above.

Section 10. Participation by disclosure of substantial interest or abstention due to substantial interest, common-law conflict of interest, or appearance of bias.

- (a) Participation by disclosure of substantial interest. Disclosure of a substantial interest as the basis for taking action in relation to a matter in which the city officer or employee has a substantial interest shall include making a statement immediately following the introduction of any public consideration of the matter identifying the substantial interest and confirming that written notice of the substantial interest is on file with the county election officer.
- (b) Abstention due to substantial interest, common-law conflict of interest, or appearance of bias. Abstaining from any action relating to a matter shall include:
 - (1) Disclosure of the basis for the abstention immediately following the introduction of any public consideration of the matter;
 - (2) Stepping down from the dais and leaving the meeting room during consideration of the matter;
 - (3) Refraining from any advocacy regarding the matter at any time; and
 - (4) Refraining from consultation with any of the interested parties, staff, or the media regarding the matter at any time.

Section 11. Due Process in Quasi-Judicial Proceedings.

When the focus of a City decision-making body shifts from the entire city to specifically identified persons or properties, the function of the body shifts from legislative to quasi-judicial. In quasi-judicial proceedings, the City must comply with procedural due process requirements.²⁹ Due process requires that the proceedings be fair, open, and impartial.³⁰ Denial of due process may occur based on a decision-maker's: (1) prejudgment of a matter; and (2) *ex parte* communications related to a matter.

The doctrine of prejudgment requires that decision-makers keep an open mind and continue to listen to all the evidence presented before making the final decision on a matter.³¹ If a decision-maker is shown to have an "irrevocably closed" mind, he or she will be deemed to have prejudged the matter.³² Prejudgment may be established by a decision-maker's written or oral statements to interested parties, or by a decision-maker's advocacy for or against the matter while it is under consideration by an advisory body.

However, a decision-maker will not be deemed to have prejudged a matter based solely on a pre-existing political view or general opinion on a particular issue. The Kansas Supreme Court has cited with approval a Missouri case where the Missouri court reasoned that:

Familiarity with the adjudicative facts of a particular case, even to the point of having reached a tentative conclusion prior to the hearing, does not necessarily disqualify an administrative decisionmaker, in the absence of a showing that the decisionmaker is not capable of judging a particular controversy fairly on the basis of its own circumstances.³³

With respect to *ex parte* communications, the Kansas Supreme Court has stated that due process requires that "the parties must be informed of the evidence submitted for consideration and must be provided an opportunity to respond and rebut the evidence."³⁴ If *ex parte* communications are present in the context of quasi-judicial proceedings, they may compromise the fairness and the openness of the proceedings by denying other interested parties the opportunity to hear, rebut, or respond to the evidence.

To provide guidance for consistent application of the due process requirements described above, the following policies shall be applied to identify and resolve potential issues resulting from prejudgment and *ex parte* communications.

Prejudgment.

City officers serving as quasi-judicial decision makers shall endeavor to keep an open mind and a willingness to listen to all the evidence presented before making a final decision on the matter. If a city officer determines that he or she is not able to keep an open mind or consider all the evidence before making a decision, the officer shall abstain from any action relating to the matter.

Ex parte communications.

During the pendency of any quasi-judicial proceeding, no city officer who is a member of an advisory or decision-making body shall participate with any person in *ex parte* oral or written communications relevant to the merits of the matter, unless:

- (1) The city officer places on the record the substance of any written or oral *ex parte* communications concerning matter; and
- (2) A public announcement of the content of the communication and of interested parties' rights to rebut or respond to the substance of the communication is made at each hearing where action is considered or taken on the subject to which the communication related.

This prohibition does not preclude a member of an advisory or decision-making body from seeking in a public hearing specific information or data from such parties relative to the decision if both the request and the results are a part of the record. Nor does such prohibition preclude correspondence between a citizen and a member of the advisory or decision-making body if any such correspondence is made a part of the record when it pertains to the subject matter of a quasi-judicial proceeding.

Oral or written communication between an assigned member of the city staff and a member of an advisory or decision-making body within the scope of the assigned staff member's advisory role does not constitute an *ex parte* communication.

If a city officer is unable or unwilling to comply with the above requirements, he or she shall abstain from any action relating to the matter.

Section 12. Preventative judicial remedies. At the discretion of the governing body, the City may pursue in the Saline County district court any injunctive, declaratory, or other judicial relief necessary to prevent the violation of this policy by a city officer or employee.

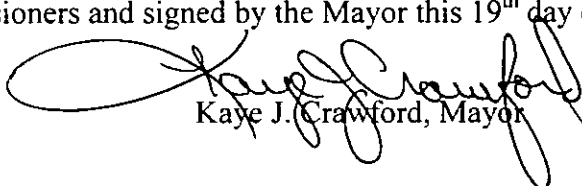
Section 13. City response to actions taken by conflicted employee or upon conflicted vote.

- (a) City employee. Upon discovery of an action taken by a city employee affected by an undisclosed substantial interest, a disqualifying substantial interest or a common-law conflict of interest, the city manager shall take the action he or she deems to best serve the public interest, with the approval of the governing body when applicable.
- (b) Appointed board member. Upon discovery of an action taken by any of the City's commissions, authorities, boards, or committees affected by a member's undisclosed substantial interest, a disqualifying substantial interest or a common-law conflict of interest, the acting body shall, after consulting with city staff and legal counsel, take the action it deems to best serve the public interest. The conflicted member who participated in the affected matter shall be disqualified from voting on the remedial action.
- (c) Governing body member. Upon discovery of an action taken by the governing body affected by a member's undisclosed substantial interest, a disqualifying substantial interest or a common-law conflict of interest, the governing body shall take the action it deems to best serve the public interest. The conflicted member who participated in the affected matter shall be disqualified from voting on the remedial action.

Section 14. Consequences of violation for city officer or employee. As described in Section 5.(a)(4) above, the Act imposes specific penalties upon the individual for its violation. Kansas common law does not impose specific penalties upon the individual for actions taken under a common-law conflict of interest. Aside from any consequences under state law, violation of this policy by a city employee may result in disciplinary action under the authority of the city manager. Violation by a board member may result in (a) private notice and warning, (b) private or public censure, or (c) removal from office; at the discretion of the governing body, based upon the nature of the violation. Violation by a member of the governing body will be addressed on a case-by-case basis at the discretion of the other members of the governing body, with the advice of special ethics counsel.

Section 15. This resolution shall be in full force and effect from and after its adoption.

Adopted by the Board of Commissioners and signed by the Mayor this 19th day of June, 2017.



Kaye J. Crawford, Mayor

(SEAL)

ATTEST:



Shandi Wicks, CMC, City Clerk

ATTACHMENT "A" TO RESOLUTION NO. 17-7463

SUMMARY OF KANSAS CASES AND ATTORNEY GENERAL OPINIONS ADDRESSING WHAT CONSTITUTES A COMMON-LAW CONFLICT OF INTEREST

Kansas appellate court decisions and attorney general opinions indicating what does or does not constitute a common-law conflict of interest are as follows:

Anderson v. City of Parsons, 209 Kan. 337 (1972): A property owner challenged the validity of various proceedings in the development of an urban renewal program in Parsons, Kansas, on the basis of an alleged conflict of interest arising from city commissioners' ownership of property within the general urban renewal area at the time they voted on various resolutions during the progress of the urban renewal program. The court discussed statutory and common-law conflict of interest rules and held that the commissioners would be prohibited from acting on specific urban renewal projects involving property they own, but they would not be prohibited from acting solely on the basis of property ownership within the general urban renewal area designated in the city.

City of Topeka v. Huntoon, 46 Kan. 634 (1891): The Court recognized the common-law rule that public officials are disqualified to vote on propositions in which they have a "direct pecuniary interest adverse" to the public body they represent. However, the court found no such conflict of interest where a city council member voted on the establishment of a sewer district which would include and exclude some of his property.

City of Concordia v. Hagaman, 1 Kan.App. 35 (1895): A city council member was hired by the city to revise, compile, and publish ordinances. The city later refused to pay for the services, on the ground that the contract was void due to the council member's conflict of interest. The court held that the contract was voidable at the option of the city, and stated as follows:

In the absence of a penal prohibitive statute, on grounds of public policy alone, an express contract entered into between the mayor and council of a city of the second class and one who is at the time a councilman of such city, for the performance of services for the city, will not be enforced. Such contract, while not absolutely void, may be avoided by the city, at will, so long as it remains executory.

Kan. Attv. Gen. Op. No. 85-141 (1985): The attorney general opined that common-law conflict of interest principles disqualify a city council member from making or voting on a motion to have the city pay for attorney fees incurred by that council member in a civil action against the city and the councilmember in his or her individual capacity.

Kan. Attv. Gen. Op. No. 01-56 (2001): The attorney general was asked to decide whether certain situations presented a conflict of interest in the context of credentialing or noncredentialing of health care personnel whose application for credentialing would be reviewed by a state technical committee. The attorney general recognized and recited the common-law conflict of interest principles stated in *Anderson*, but stated that a blanket opinion could not be furnished on the issue of whether a conflict of interest was present in the particular situations posed, because additional facts were needed and each situation must be evaluated based on its own circumstances.

ATTACHMENT "B" TO RESOLUTION NO. 17-7463

TABLE OF AUTHORITIES

Consolidated-Salina EPN111155

- ¹ K.S.A. 75-4301a, *et seq.*
- ² K.S.A. 75-4301a(b) (defining "business").
- ³ K.S.A. 75-4301a(a)(1-5) (defining "substantial interest").
- ⁴ *See Anderson v. City of Parsons*, 209 Kan. 337, 341, 496 P.2d 1333 (1972); *see also* Kan. Atty. Gen. Op. No. 85-141 (1985) (explaining that if a conflict of interest question does not fall under the scope of the Act, "[i]t is necessary to look to common law principles in resolving [the] question"); Kan. Atty. Gen. Op. No. 85-169 (1985) (same).
- ⁵ K.S.A. 75-4301a(b).
- ⁶ BLACK'S LAW DICTIONARY 276 (6th ed. 1990).
- ⁷ K.S.A. 75-4301a(i).
- ⁸ *Id.* at (g).
- ⁹ BLACK'S LAW DICTIONARY 472 (6th ed. 1990).
- ¹⁰ *Id.* at 576.
- ¹¹ *Id.* at 1131.
- ¹² K.S.A. 75-4301a(j).
- ¹³ *Id.* at (a).
- ¹⁴ BLACK'S LAW DICTIONARY 1245 (6th ed. 1990).
- ¹⁵ K.S.A. 75-4304.
- ¹⁶ K.S.A. 75-4305.
- ¹⁷ K.S.A. 75-4302.
- ¹⁸ K.S.A. 75-4305(a).
- ¹⁹ *Id.* at (b).
- ²⁰ K.S.A. 75-4304(d).
- ²¹ *Anderson*, 209 Kan. at 341.
- ²² *Id.* at 341-342 (citing *United States v. Carter*, 217 U.S. 286, 30 S.Ct. 515 (1910)).
- ²³ *Id.* at 342 (citing *Reilly v. Ozzard*, 33 N.J. 529, 166 A.2d 360 (1960)).
- ²⁴ Kan. Atty. Gen. Op. No. 2001-56 (citing *Wyzykowski v. Rizas*, 626 A.2d 406, 414 (N.J. 1993) quoting Michael A. Pane, *Conflict of Interest: Sometimes a Confusing Maze, Part II, New Jersey Municipalities* at 8, 9 (March 1980)).
- ²⁵ *Id.*
- ²⁶ *Anderson*, 209 Kan. at 341-342; *see also* 67 C.J.S. *Officers and Public Employees* § 347 ("According to some authority, in order to constitute a disqualification, the personal pecuniary interest of the official must be immediate, definite, and capable of demonstration and may not be remote, uncertain, contingent, and speculative.").
- ²⁷ K.S.A. 75-4303a(a).
- ²⁸ *Id.*
- ²⁹ *McPherson Landfill, Inc. v. Board of County Comm'rs*, 274 Kan. 303, 305, 49 P.3d 522 (2002).
- ³⁰ *Id.*
- ³¹ *Id.* at 318.
- ³² *Id.* (quoting *Madison River R.V. Ltd. v. Town of Ennis*, 298 Mont. 91, 94, 994 P.2d 1098 (2000)).
- ³³ *Id.* (quoting *Wagner v. Jackson Cty. Bd. of Zoning Adjustment*, 857 S.W.2d 285, 289 (Mo.App. 1993)).
- ³⁴ *Id.* at 533 (citing *Suburban Medical Center v. Olathe Community Hosp.*, 226 Kan. 320, 331, 597 P.2d 654 (1979)).

A Citizen's Guide to Open Government

Kansas Open Meetings Act
Kansas Open Records Act

Provided by



Kansas Attorney General
Derek Schmidt



Kansas Attorney General Derek Schmidt

Dear Fellow Kansans:

Our state has a long and rich history of ensuring that all of our citizens can participate in our democracy.

That's why our two principal open-government laws – the Kansas Open Records Act and the Kansas Open Meetings Act – are so important. They establish the legal requirement that the decision making of our public bodies remains open and subject to scrutiny and participation by our citizens.

As your attorney general, I share responsibility to enforce these laws and to help Kansans understand what they do, and do not, require.

This brochure is intended to help you and other Kansans understand the basic requirements of the Open Records Act and the Open Meetings Act. It answers common questions about the two and helps you understand what rights you, as a Kansan, have to obtain the records of your government and to view its activities.

In partnership with others who have a keen interest in open government – including the Kansas Sunshine Coalition – our office provides training for local and state officials about their duties and obligations under these laws. We work to resolve open government disputes and bring enforcement actions when necessary.

But I believe strongly that the best outcome is when everyone knows and respects our open government laws and we prevent violations from occurring in the first place. That's the point of this and similar publications.

For more information, you can check our website at www.ag.ks.gov or call my office at (785) 296-2215.

Thank you for your interest in open government!

Best wishes,

A handwritten signature in black ink that reads "Derek". The signature is stylized with a large, sweeping "D" and a cursive "erek".

Derek Schmidt
Kansas Attorney General



Understanding the Kansas Open Meetings Act (KOMA)

The Purpose and Scope of the KOMA

What is the KOMA about?

The KOMA is a law that guarantees anyone the right to observe governmental policy makers, such as your local school board, city council, county commissioners or most functions of the state legislature, that make the decisions affecting your life.

What types of groups are subject to the KOMA?

The KOMA applies to all of the political and taxing subdivisions in Kansas. There are approximately 4,000 public bodies and agencies that fall into this category. The KOMA may also apply to other organizations if they were created or controlled by a public body or agency or act on behalf of a public body or agency. This includes committees or sub-groups created by a public body or agency.

How do you know if a group is going to be subject to the KOMA?

That is determined by looking at all of the facts surrounding the creation and operation of the group. We also look at what services are provided by a group. If a group is providing a governmental service, it is more likely it will be subject to the KOMA.

The KOMA does not apply to the meetings of private groups such church groups, private clubs, private corporations or businesses or any other private associations.

Does the KOMA apply to every meeting related to the government?

No, the KOMA only applies to a public body or agency. It does not include the staff meetings for a public agency. It does not apply to elected officials who are not part of a public body, such as the governor.

Does the KOMA apply to Kansas courts or judges?

No, courts and judges are excluded from the KOMA.

Meeting Matters Not Covered by the KOMA

Does the KOMA include a requirement for an agenda?

No, although the creation of an agenda before the meeting will help provide focus for both the public body or agency and the public, there is no requirement in the KOMA to create an agenda. This also means that the content of the meeting may be changed at any time by amending the agenda.

Does the KOMA require detailed minutes of all of the items discussed at a meeting?

No, the KOMA does not speak to minutes or agendas, except to require that motions to go into executive session be completely recorded in the minutes. Meeting minutes are the responsibility of the public body or agency and the public body or agency determines what is recorded in the minutes.

Is the KOMA the same thing as Roberts Rules of Order?

No, the KOMA does not address the conduct of meetings or other procedural matters, such as the order of business, content of reports or length of time that may be spent on a topic of discussion.

KOMA Requirements for Public Bodies and Agencies

What does the KOMA require a public body or agency to do?

There are two main requirements. First, any meetings must be open to all members of the public. Second, notice of meetings must be provided to anyone who has requested it.

What does “open” mean in the KOMA?

It means that the meeting must be conducted in a way that the public may observe or listen to the proceedings.

Does that mean a meeting must be moved to another location if members of the public cannot get into the meeting room?

No, the KOMA does not require that public meetings be moved to larger or better locations. Meeting locations are left up to the public body or agency. Unless there is evidence that the public body or agency deliberately moved a meeting to a location with limited access to avoid public observation, there is no conflict with the requirements of the KOMA.

Does a public body or agency have to let members of the audience speak at a meeting?

No, the KOMA does not require that the public be allowed to speak. Some other law may require a public hearing with the opportunity to speak on that issue, but the KOMA does not.

Can I use a camera or other recording device to record a meeting?

Yes, the KOMA allows recording, but subject to reasonable rules to prevent disruption of the meeting, safety hazards, or other legitimate concerns. You may want to contact the public body or agency in advance to learn about any rules that may apply to recordings.

May one or more members of a public body or agency participate in a meeting by telephone?

Yes, as long as the meeting is open to the public so they might listen to the discussion.

KOMA Meetings

What is a meeting, as defined by the KOMA?

Three conditions must be met in order for a meeting to occur. All three must be satisfied. They are:

1. A gathering or assembly in person or by telephone or any other medium for interactive communication.
2. By a majority of the members of the public body or agency.
3. Discussion of the business or affairs of that public body or agency.

How is “interactive communication” applied?

The best way to determine if “interactive communication” has taken place is to think of it as two-way communication. For example, an email from one member of a public body to the rest of the body members is only one-way until there is a reply to all, and then it becomes a two-way communication that may violate the KOMA.

The two-way communication can be by any means, including using individuals as “go-betweens.”

What is a majority of the public body or agency?

Majority is one more than one-half of the membership. When counting the number of members, vacant positions must be counted as well. For example, if a school board has seven members, but there are two vacancies, a majority remains four.

Are there any topics that may be discussed by a majority outside of a meeting?

The only topic that may be discussed by a majority outside of a meeting is to determine a mutually acceptable meeting time so notice of that meeting may be provided.

Discussion alone triggers the KOMA requirements, regardless of whether an agreement is reached or a survey of how members are going to vote takes place. None of those actions are permitted.

Can members avoid the KOMA requirements by discussing public body or agency business with less than a majority of the other members?

Not really, as interactive communications in a series are forbidden by the KOMA. A violation will occur if all of the following conditions are met:

- Interactive communications collectively involve a majority of the public body or agency,
- A common topic is discussed concerning the business or affairs of the public body or agency, and
- There is intent by any or all of the participants to reach agreement upon a topic that requires binding action in an open meeting by the public body or agency.

Can a majority of the members attend a meeting of another group?

Yes, as long as they refrain from any discussions about the business of their public body or agency.

This limitation applies to all formal and informal gatherings, such as conferences, ribbon cuttings or social clubs.

KOMA Notice Requirements

When does a public body or agency have to provide notice?

Notice is required only when someone requests to receive notice of meetings. There is nothing in the KOMA that requires general notice, such as publishing the agenda in the newspaper or posting it on the agency website.

How do I request notice?

All you need to do is make a request to the appropriate public body or agency. Although not required, it is a good idea to make your request in writing and keep a copy.

What kind of notice should I expect?

The KOMA does not specify the method of notice; it could be verbal or written. The notice must provide you with the time, place and date of the proposed meeting.

You may receive a single notice for all regular meetings of the public agency or body. You should still receive notice for any special meetings or changes in the time, place or date of regular meetings.

How long is my request effective?

Your request is good for the fiscal year of the public body or agency. But, the public body or agency must contact you and ask if you wish to continue to receive notice before they discontinue providing it to you.

Is there a minimum time required to give notice?

No, the KOMA only requires “reasonable” notice. In some situations, that could be very short. If you believe a public body or agency did not provide reasonable notice, discuss the situation with the public body or agency to learn when others, including the members, received notice of a meeting. If this does not resolve the matter, please see the Enforcement section of this guide.

Executive Sessions: Closing an Open Meeting

What is an executive session?

An executive session is when the public body is permitted to discuss certain subjects in private.

What are the procedures to enter into an executive session?

An executive session may only take place once an open meeting is convened. A motion must be made to enter into executive session. That complete motion and the resulting vote must be entered into the minutes.

What must a motion to enter into an executive session say?

There are three parts:

1. A statement describing the subject(s) to be discussed in executive session, without revealing confidential information.
2. The justification: a reference to one of the permitted topics for executive session contained in the KOMA.
3. The time and place at which the open meeting will resume.

If a public body does not include all three portions, is the executive session illegal?

Probably not, as the courts have determined a technical violation occurs if there is an error in the motion, but the public body maintained the spirit of the KOMA.

Who may attend an executive session?

Only the members of the public body holding the executive session have a right to attend. The public body may include others, if they believe their information is important.

Can the public body make a binding decision in executive session?

No. Binding decisions must be made in an open meeting. The public body may reach a consensus during an executive session; however, binding action must occur during an open meeting.

What topics may be discussed in executive session?

The KOMA permits several topics including these most common topics:

- To discuss personnel matters relating to non-elected personnel
- Consultation with an attorney for the public body or agency which would be deemed privileged in the attorney-client relationship
- To discuss employee-employer negotiations
- To discuss data relating to the financial affairs or trade secrets of corporations, partnerships, trusts, and individual proprietorships
- To discuss matters relating to action affecting a person as a student, patient or resident of a public institution
- For preliminary discussion of acquisition of real property
- To discuss matters relating to security measures that protect specific systems, facilities or equipment including persons and private property if related to the agency.

What is permitted under the nonelected personnel matters subject?

The public body may only discuss its own individual employees and applicants for employment. They are not permitted to discuss elected officials, independent contractors, candidates for appointment to other boards or commissions or general concerns affecting all employees, such as a proposed pay plan.

What is permitted under the attorney consultation subject?

The public body's attorney must attend the executive session, even by speaker phone, to provide legal advice to the body.

Non public body or agency personnel may only attend if they are considered part of the client organization, such as consulting engineers.

What is permitted under the employee and employer negotiation subject?

Only discussion about negotiations with recognized bargaining units, not general employee matters.

What is permitted under the financial and trade secret subject?

Financial information of a private business or any trade secrets they may need to disclose to a public body or agency. General discussion of tax incentives is not permitted.

What is permitted under the student, patient or resident of a state institution subject?

The public body may discuss any matter that may have an impact on the individual's status as a student, patient or resident of a state institution, either in a positive or negative way. The individual may request that any hearing be conducted in an open meeting.

What is permitted under the property acquisition subject?

The public body may only discuss purchasing, not selling, real property. Real property is land with or without structures. A discussion of purchasing equipment or software is not permitted here.

What is permitted under the security subject?

The public body may review security measures for all of the facilities and operations under their control.

Enforcement of the KOMA

What should I do if I think there has been a KOMA violation?

The KOMA can be enforced by anyone – private citizens, the county or district attorney, or the Attorney General. You have three options if you think there has been a KOMA violation.

1. You may file your own case in district court against the members of the public body or agency.
2. You may file a complaint with the county or district attorney.
3. You may file a complaint with the Office of the Attorney General. If you decide to file a complaint with the attorney general's office, you must use the complaint form available online at www.ag.ks.gov.

What if I disagree with the findings of the county or district attorney?

You may file your own case in district court against the members of the public body or agency. The Attorney General will not review the findings of a county or district attorney. That is the role of the courts.

What happens if a violation is found?

That depends upon the situation. If we find that a violation has occurred, depending upon the severity, the typical resolution is to enter into a settlement agreement such as a consent order. We are seeking compliance with the KOMA and assuring that future violations do not occur.

If the circumstances show a pattern of willful disregard of the KOMA rules, we may impose a finding of violation on the public body or agency, or take the individuals responsible to court.

What can the Attorney General do to a violator?

The Attorney General may fine individual members of the public body or agency up to \$500 for each violation, require completion of Attorney General approved training, order the public body or agency to cease and desist from violating the KOMA, require future compliance with the KOMA, and require submission of proof of compliance. A violation of the KOMA may subject the individual to removal from office by ouster or recall.

What can a court do to a violator?

A court may fine individual members of the public body or agency up to \$500, require completion of Attorney General approved training, order the public body or agency to cease and desist from violating the KOMA, reverse any actions that were taken illegally, and potentially subject the individual to removal from office by recall or ouster.

The court shall award attorney fees and costs to private parties if they bring the action, and the public agency did not act in good faith and with a reasonable basis in law.

The KOMA is a civil statute, not criminal, so the violator will not be sent to jail under the KOMA.

NOTES

Understanding the Kansas Open Records Act (KORA)

The Purpose and Scope of the KORA

What is the purpose of the KORA?

The KORA is a law that permits the public to review or get copies of public records. There are two parts of the law. One part governs the procedure that public agencies must follow when someone requests a public record. The other part categorizes public records and, under certain circumstances, permits an agency to withhold public records.

What are public records?

Public records are records made, maintained, kept by or possessed by a public agency, or any officer or employee of a public agency pursuant to the officer's or employee's official duties, regardless of location, which are related to the functions, activities, programs or operations of any public agency. They may be in any form, including electronic storage and emails. The content of records varies widely; some track the routine activities of government while others contain personal information about citizens and businesses.

Why would a public agency have personal information about citizens and businesses?

Public agencies have regulatory responsibilities that require gathering personal information. Common examples include tax returns, driver's licenses and automobile registration. Many professions are licensed, such as doctors, dentists, cosmetologists, attorneys and accountants to name a few. Personal information is collected as a part of the initial licensing, but also in case of complaints and investigations.

What types of groups are subject to the KORA?

The KORA applies to State of Kansas agencies and all of the political and taxing subdivisions in Kansas. There are approximately 4,000 groups and organizations that fall into this category. The KORA may also apply to other organizations if they were created or controlled by a public agency or act on behalf of a public agency.

How do you know if a group is going to be subject to the KORA?

That is determined by looking at all of the facts surrounding the creation and operation of the group. We also look at what services are provided by a group. If a group is providing a governmental service, it is more likely they will be subject to the KORA.

The KORA does not apply to the records of private citizens or groups such as church groups, private clubs, private corporations or businesses or any other associations.

Does the KORA apply to court records?

Generally, yes, however the KORA permits the judicial branch to make its own rules for reviewing or obtaining records. Those rules are posted on the Kansas Supreme Court website and at the district courts throughout the state. The KORA does not apply to records made, maintained or kept by individual judges.

Is the KORA the same as the Freedom of Information Act (FOIA)?

No, the FOIA is the federal law that applies to records of the federal government. The FOIA and the KORA are different laws that have similar provisions, but are not exactly the same.

Procedures for Obtaining Copies of Public Records

How do I request a record?

The best place to begin is with either the public agency's designated record custodian or Freedom of Information Officer. One staff member may fill both roles. In either case, they will assist you with your request.

Do I have to put my request in writing?

A public agency may require you to do that, but not on any particular form. The reason for this requirement is so both you and the public agency are clear on what records you are seeking.

Who can request a record?

Anyone. There is no requirement that the person making the request have any special relationship to the record. There is no special status for any person making a record request, even if the record is about them.

What may the public agency ask of me when I request records?

The public agency may ask you for your name and address. It is optional, but the agency may ask you for some form of proof of your identity.

Do I have to go in person to the place where the records are kept to make my request?

No, you may make your request from anywhere. Many record transactions are handled through the mail or even online.

What do I do if the public agency that has the records doesn't have any full-time staff or regular business offices?

The KORA permits very small public agencies that do not have regular office hours to establish reasonable hours when you can inspect or copy records, but the agency may require 24 hour notice. All of the other requirements for access remain the same.

May I take a public record and have it copied elsewhere?

Not without the record custodian's written permission. If copies cannot be made where the records are kept, the custodian will make arrangements to have a copy made. Public record custodians are required to keep original documents safe, so they will be available for any person who might request that record.

Responding to Record Requests

When can I expect to receive the records?

It depends upon the availability of the records. Some records may be provided at the time they are requested, others may have to be gathered and reviewed before releasing them.

What is the “three day” requirement?

A public agency must act upon your request as soon as possible, but not more than three business days later, beginning the day after the request was received.

Does this mean I will get the records in three days?

No, the public agency must communicate with you within those three days. The public agency may provide the records, or explain that they do not have the records you want, or may inform you that the search or review is underway and will be completed as soon as possible.

Is there a deadline when the records must be given to me?

No, each request and record is unique, although if there is a delay, the record custodian should provide a time estimate to you. Some records may need to be gathered from remote locations. Other records that contain closed portions must be reviewed and appropriately redacted or blacked out.

Does the KORA require that a public agency answer my questions?

No, the KORA only applies to records as they exist at the time you ask for them. If you are asking for information, analysis or an explanation about a policy, you might get them, but not under the rules of the KORA. The KORA does not require an agency to do research for you or provide written answers to your questions.

May I request records that will be created in the future?

No, records not yet in existence are not subject to the KORA. Even though many records are routinely created, such as meeting minutes and monthly financial reports, your request must be made after the records are created and available.

KORA and Fees

May a public agency charge fees for accessing or copying records?

Yes, the KORA permits public agencies to recover their actual costs for gathering and copying records.

What kinds of fees are allowed?

The agency may only charge the direct cost for staff time to gather, review, photocopy and send the records to you. The agency may not charge for overhead or indirect costs.

Is there a standard fee schedule that all public agencies must use?

No, the KORA permits each public agency to establish their fees. However, they must represent their best estimate for actual costs.

May a public agency collect fees in advance?

Yes, the KORA allows public agencies to collect estimated fees in advance. If the actual cost is less, you will be refunded the difference. If it is more, the agency may bill you for the additional costs.

What can I do if I believe the fees are unreasonable?

If the records are from an executive branch state agency under the jurisdiction of the governor, there is an appeal process through the Secretary of Administration. If the records are from another public agency, you may complain to the county or district attorney or the attorney general. If the public agency can justify the fees and the fees are based upon actual costs, then the fees are reasonable.

Prohibited Uses of Public Records

May I use a public record that contains names and/or addresses on it, so I can contact the people on the list to offer goods or services for sale?

No, the KORA prohibits using lists of names and addresses as a marketing tool except in very limited cases, such as professional organizations that offer educational opportunities for licensed individuals.

If I request a public record that contains names and addresses on it, do I have to sign a special form?

Yes, the KORA permits the public agency to require that you certify that you will not use the names and addresses for any prohibited purposes. If you do not sign the form, the public agency does not have to provide you the records.

Record Content and Accessibility

Is there a general rule about public records being open?

Yes, unless a record is specifically closed by law, all public records are open for inspection and any person may view them to make their own notes or ask for copies from the public agency.

How will I know if a record is closed by law?

Ask for a copy of the record you would like to see. If it is closed, the record custodian will tell you and provide you the appropriate source of the law that closes the record.

Who decides that records are closed?

The legislature reviews and approves all the laws that close records. They have adopted general policies for closing public records. They are:

- The public record is of a sensitive or personal nature concerning individuals.

- The confidentiality of the public record is necessary for the effective and efficient administration of a governmental program.
- The public record affects confidential information.

How many records are closed?

There are more than 300 specific records closed by Kansas law. Many other records are closed by federal law. Many of the records that may be closed contain information that individuals and businesses are required to provide to the government, such as tax returns, reports of infectious diseases or private financial information. Federal laws close individual medical records and driver's license information.

Does the record custodian have any authority to release these records?

In some limited cases, yes. The law that closes a record may contain conditions that temporarily close a record or grant the record custodian the discretion to release a record.

For example, sealed bids are closed, but only until the bid contract is awarded, then the records are open. Another example is when the record custodian must use his or her judgment about whether a record contains information of a personal nature and disclosing the information would be an unwarranted invasion of personal privacy.

Enforcement of the KORA

What should I do if I think there has been a KORA violation?

The KORA can be enforced by anyone – private citizens, the county or district attorney, or the Attorney General. You have three options if you think there has been a KORA violation.

1. You may file your own case in district court against the public agency.
2. You may file a complaint with the county or district attorney.
3. You may file a complaint with the Office of the Attorney General. If you decide to file a complaint with the attorney general's office, you must use the complaint form available online at www.ag.ks.gov.

What if I disagree with the county or district attorney's conclusions?

You may file your own case in district court against the public agency. The Attorney General will not review the decisions of a county or district attorney. That is the role of the courts.

What happens if a violation is found?

That depends upon the situation. If we find that a violation has occurred, depending upon the severity, the typical resolution is to enter into a settlement agreement such as a consent order. We are seeking compliance with the KORA and assuring that future violations do not occur.

If the circumstances show a pattern of willful disregard of the KORA rules, we may impose a finding of violation on the public body or agency, or take the individuals responsible to court.

What can the Attorney General do to a public agency if they violate the KORA?

The Attorney General may fine the public agency up to \$500 for each violation, require completion of Attorney General approved training, order the public agency to cease and desist from violating the KORA, require future compliance with the KORA, and require submission of proof of compliance.

What can a court do to a public agency if they violated the KORA?

The KORA provides that a district court in the county where the record is kept may look at disputed records in private and make a decision about what may be released.

The court may order that the documents be produced for you. If the public agency did not have a good faith reason to withhold the records, the court may fine the agency up to \$500 if the action is brought by the county or district attorney or Attorney General.

The court shall award attorney fees and costs to private parties if they bring the action, and the public agency did not act in good faith and with a reasonable basis in law.

KORA is not a criminal statute, so there is no possibility of anyone going to jail for violating KORA.

NOTES



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