

**MINUTES OF THE REGULAR MEETING
OF THE SALINA AIRPORT AUTHORITY BOARD OF DIRECTORS
JANUARY 15, 2025
HANGAR 600, ROOM 100**

Call to Order

Chair Carlin called the board meeting to order at 8:00 a.m. and confirmed that a quorum was present. Business and Communications Manager Kasey Windhorst reported that staff published and distributed the board meeting notice and agenda January 10, 2025, and distributed the board packet January 13, 2025.

Attendance

Directors Carlin, Commerford, O'Brien, Boos attended in person and Director Roberg attended remotely (VTC). Attending were Executive Director Pieter Miller; Director of Administration and Finance Shelli Swanson; Director of Facilities and Construction Maynard Cunningham; Business and Communications Manager Kasey Windhorst; Airport Administration Specialist Michelle Moon; and Attorney Greg Bengtson. Guests at the meeting were Mitch Robinson, Salina Community Economic Development Organization; Lindsey Dreiling, Dreiling Aviation Services; Cody Heiman, First Bank Kansas; Julie Yeager Zuker, Avflight; Greg Lenkiewicz, City Mayor; Ryan Sajde, R & S Property Group. Guests attending remotely (VTC): David Arteberry, Stifel, Nicolaus & Company, Inc; Mandy Merritt, 1 Vision Aviation; Patrick Piper, Ashby House; and Jamie Benyshek, Adams Brown.

Agenda

Executive Director Miller provided an overview of the agenda and noted no additions to the agenda.

Minutes

Director Commerford moved to accept the minutes of the December 18, 2024 regular meeting as presented, Director O'Brien seconded. Motion carried 5-0.

Airport Activity

Miller presented the airport activity for the month of December 2024. The Salina air traffic control tower (ATCT) recorded 4,778 operations for the month, a slight increase compared to the December 2023 total of 4,297 operations. For the year-to-date, a total of 66,412 operations, 19% less than the December 2023 YTD total of 81,719 operations. Fuel flowage for December 2024 was 240,849 gallons, a significant increase compared to the December 2023 total of 127,411 gallons, year-to-date 2024 reached 2,210,220 gallons, a 7% increase over December 2023 YTD total of 2,069,378 gallons.

Miller presented the December enplanements for SkyWest at 2,089 passengers, a 43% increase over December 2023. December 2024 was a standout month for the Salina Regional Airport, the second-highest December for enplanements since SkyWest began service. Passenger traffic increased 69% year-over-year. The total passenger enplanement and deplanement count for December 2024 was 4,107, compared to the December 2023 total of 2,128. Total enplanements for 2024 were up 31% compared to 2023, reflecting a year of remarkable growth. Miller stated that Gary Foss would update the board with an in-depth review at the February meeting.

Financial Review

Swanson presented the preliminary December financial report, noting that the final report will be presented at the next board meeting as invoices for December work continue to arrive. Swanson reported unrestricted cash in bank is \$2,092,591. Total cash in the bank amounted to \$4.78M. Operating income rose 11% year-over-year compared to December 2023. Airfield revenue increased 22% year-over-year to \$1,672,592, building and land leases totaled \$1,791,321. Operating expenses for 2024 increased 6% year-over-year and administrative expenses remained stable. Total operating expenses are in line with the annual budget. Net Operating Income reached \$289,251 year-to-date, well above the budgeted \$57,046. Work continues on the terminal building water-line relocation, Hangar 626 parking lot construction, and the decommissioning of the underground fuel storage tanks. Swanson provided a list of expenses for the capital improvement projects and updated the board on the accounts receivable. Director Carlin instructed staff to file the financials for audit.

David Arteberry with Stiefel noted significant dates in the bond calendar for the Series 2025 1-2 presented to the Board. Arteberry discussed the differences in the taxable (MRO Hangar project application) and non-taxable (financing for Project 80, hangar acquisition) bonds. Staff will send out calendar invitations for the Special Board meeting March 5, 2025.

Consideration of 2025 Budget Adjustments for SAA Property/Liability Insurance Renewals and Snow Removal Expenses

Swanson provided a budget update prompted by the significant, 100% (\$375K) rate increase in insurance premiums. Staff will communicate with affected tenants advising that they research

their best interests. Swanson noted that staff are investigating working with an insurance consultant to mitigate future cost increases.

Miller recapped the recent snow event, noting that this single storm cost more than the entire year's budget. Due to the obligations incurred for the RON flights, staff will be switching from urea to New Deal Solid Airfield Deicer which works at much lower temperatures (-10 degrees) and without the need for sunlight. The cost is significant, and the deicing chemical will be used only when urea will not work.

Approval request for Hangar 509 HVAC update bids

Cunningham recapped the project at Hangar 509 to update the HVAC system on the east side of the hangar, matching the updates made to the west side. The upgrade is at the request of FOL tenants and costs will be reflected in the terms of future lease agreements. The scope of work includes all necessary gas lines and electrical service to the new HVAC units, and all ductwork to supply the space. The following bids we received.

Project:	Hangar 509 HVAC		
	2nd Floor, East Side		
Sponsor:	Salina Airport Authority		
Contractor:	Pestinger	Callabresi	Waddle's
Bid	\$ 34,965.00	\$ 34,475.00	\$ 37,844.96
Recommendation		X	

Director O'Brien made a motion to approve the construction bid from Callabresi for installation of a dual HVAC system for the east second floor area in Hangar 509 in the amount of \$34,475

and to authorize the executive director to sign a contract for the project. Director Boos seconded the motion. The vote passed unanimously.

Consideration of a Lease Termination Agreement with Airport Apartments, LLC

Swanson introduced Ryan Sajde of R & S Property Group to the board of directors. Swanson reviewed the history of the airport apartments and the terms of the current lease agreement. Swanson presented the lease termination agreement. Director Commerford moved to approve the lease termination agreement with Airport Apartments LLC. subject to and contingent upon execution of lease agreement with R & S Property Group d/b/a Airport Apartments and authorize the Board Chair to sign for delivery to the escrow agent subject to completion of closing of the sale, Director Boos seconded the motion. The vote was 5-0.

Consideration of a Lease Agreement with R & S Property Group, LLC d/b/a Airport Apartments

Swanson reviewed the following lease terms with R&S Property Group, LLC d/b/a Airport Apartments.

- Term and Effective Date of Lease: 49-year lease, Effective February 1, 2025 to January 31, 2074.
- Basic Rent: \$860.00 per month; and additional 3% of gross revenues
- CPI Adjustment: every 2 years

Motion made by Director Commerford to approve the terms of the lease with R & S Property Group, LLC, as proposed, subject to final legal review and contingent upon the consummation of the sale transaction between Airport Apartments, LLC, and R & S Property Group, LLC,

anticipated to occur on January 31, 2025. Further authorizing to grant consent to a leasehold mortgage with Exchange Bank of Salina, Kansas, as may be required to facilitate the transaction, and authorize Chair Carlin to execute all necessary documents to finalize the lease agreement and consent to leasehold mortgage. The motion is seconded by Director Boos and passed 5 – 0.

Presentation of the 2023 Annual Comprehensive Financial Report (ACFR) and Audit

Swanson introduced Jamie Benyshek of Adams Brown to the board to present the findings of the annual audit. Benyshek noted that the results of the audit for 2023 are delayed due to scheduling issues and not because of any deficits. The audit of the Salina Airport Authority's (SAA) financial statements for the fiscal year ending December 31, 2023, was conducted by Adams Brown, LLC, resulting in an unmodified opinion. This indicates that the financial statements present a fair and accurate representation of the Authority's financial position and operations, in compliance with accepted accounting principles (GAAP). Benyshek stated that the airport's practices complied with cash-based law and that there were no violations. Benyshek further noted that the internal controls were unmodified as were the audits of each major program. The successful audit outcome is a testament to the Salina Airport Authority's dedication to sound financial management and operational integrity. Achieving an unmodified opinion with no significant issues reflects the effectiveness of the Authority's internal controls, compliance practices, and financial transparency. This result reinforces stakeholder confidence and ensures that the SAA remains well-positioned to secure future grants, partnerships, and funding opportunities critical to supporting its mission and growth.

Benyshek anticipates that the 2024 audit will be completed quicker, with the field work scheduled for May 1, 2025.

Consideration of waterline utility easement vacation

Miller presented the board with the waterline project easement vacation statement. As part of the terminal expansion project at the Salina Regional Airport, the existing waterline will be abandoned, necessitating the vacation of an existing utility easement on Airport Authority property. The relocation of the waterline to Bailey Road, circumventing the terminal expansion area, eliminates the need for the existing waterline running beneath the terminal site.

Director Roberg moved to approve the petition to vacate the existing utility easement on Lots 2, 4, and 5 of Block 15 in Schilling Subdivision No. 5, as necessitated by the relocation of the waterline around the terminal expansion site, and authorization for the Board Chair to sign all related documents. Director O'Brien seconded the motion. The vote passed unanimously.

Attorney Bengtson noted that the petition to vacate, once signed by the board chair, will proceed to the City of Salina for review and approval. Franchise utilities will be consulted to ensure no service disruptions or conflicts.

Staff Reports:

Miller provided the update for Project 80, noting that groundwork was in progress and on schedule. The first milestone with Ebert was met. The closing is set for January 24, 2025 for twenty (20) acres (lot 1, block 1).

Miller updated the board on the MRO Project. The State of Kansas has made available \$35M in grant funding with a dollar-for-dollar match by the receiving entity. K-State Salina has received a NIST grant that is being offered as the matching funds for part of the project. The scope of the project and the final design will depend on the State's approval to use the NIST funds. If K-State can use their grant of \$29M for the match, \$2M is included in the bond funding for the tail dock construction, leaving \$3M in unmatched grant funds to cover. Staff are researching additional grants.

Director Boos moved to adjourn the meeting, seconded by Director O'Brien. The meeting adjourned at 9:57 a.m. following a unanimous vote.

Minutes approved at the February 19, 2025 board meeting.

Kasey L. Windhorst, Board Clerk

(SEAL)