

The regular monthly meeting of the Gallatin Airport Authority was held June 14, 2018 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Kendall Switzer, Ted Mathis, Karen Stelmak and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Carl Lehrkind, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

1. Review and approve minutes of regular meeting held May 10, 2018

Mr. Lehrkind asked if everyone had received their copy of the minutes and if they had any corrections or additions. There were none.

MOTION: Mr. Mathis moved approval of the minutes of the meeting held May 10, 2018. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider request by Mr. William J. Wuertz to construct a 60' x 50' non-commercial hangar on taxiway V

Mr. Sprenger reported that Mr. Wuertz is relocating to Montana and has a Baron. Mr. Wuertz spoke and said his wife and he live in Colorado Springs and are slowly moving to this area after retirement. Mr. Wuertz would like to fly his aircraft in and out of Bozeman. Mr. Wuertz said he had the plans and colors for review if necessary. Mr. Sprenger said Mr. Wuertz is using the colors of the hangar next to him, which are the standard colors, so there is no issue there.

MOTION: Mr. Switzer moved to approve the request by Mr. William J. Wuertz to construct a 60' x 50' non-commercial hangar on taxiway V. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

4. Consider request by Mr. Ken Flikkema and Mr. Tim Linn to transfer the non-commercial land lease on hangar #10 to Mr. Tim Linn

Mr. Sprenger reported that Mr. Linn wants to buy out Mr. Flikkema and put the entire ground lease under his name. Staff recommends approval of the request.

MOTION: Ms. Stelmak moved to approve the request by Mr. Ken Flikkema and Mr. Tim Linn to transfer the non-commercial land lease on hangar #10 to Mr. Tim Linn. Mr. Switzer seconded the motion.

Mr. Lehrkind asked if the hangar was in good shape. Mr. Sprenger said it is.

All board members voted aye. The motion carried.

5. Consider request by Mr. Doug Cairns to enter into a new non-commercial land lease on hangar #53

Mr. Sprenger said this hangar is in good condition although it needs paint around the pedestrian door. Mr. Cairns has requested the 20 year option on the lease. That means Mr. Cairns would pay \$1,000 and meet all of the structural and inspection requirements for the time frame. Staff recommends approval of the request.

MOTION: Mr. Kelleher moved to approve the request by Mr. Doug Cairns to enter into a new non-commercial land lease on hangar #53. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

6. Consider request by Mr. Eugene Graf to enter into a new non-commercial land lease on hangars #28/39

Mr. Sprenger said the hangar is in pretty good condition. The hangar needs paint on the man door and the under-hang of the building. We would like the hangar to match our other colors. But our primary concern is the boards under the roof and the man door. Staff recommends approval of the request. This is a 10 year lease so it doesn't have the structural requirements.

MOTION: Mr. Switzer moved to approve the request by Mr. Eugene Graf to enter into a new non-commercial land lease on hangars #28/39. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

7. Partner Marketing Presentation – Far From Ordinary, Closer than you Think – Doug Weber & JC Estensen

Mr. Sprenger provided some background to the presentation. He said 10-15 years ago all of the marketing for the surrounding areas was very separate. Yellowstone Country did a pretty good job of including all the areas but their travel guide didn't even have the Bozeman airport in it. We have worked with different entities to coordinate their effort where appropriate and look at the region as a whole. We have people fly in all the time to go to Big Sky and they don't know Yellowstone is here. We are an entity that crosses over all the different tourism areas. When working with the community on airline service, it often requires marketing to let people know the services that are available. Much of that is focused out of state. The entities have come together and worked with Mr. Weber & Mr. Estensen.

Mr. Weber and Mr. Estensen have a marketing firm in Bozeman called Mammoth and presented their project. They have been working on the Gallatin Foundation marketing. Their objective was to create awareness of the Bozeman, Big Sky and Yellowstone area in

specific markets. Their two main target areas are Dallas and San Francisco with sub-markets of Los Angeles and Houston. They used a multimedia approach including print in in-flight magazines on United and American and also in Texas Monthly. They did an online push and social media marketing.

They were surprised people didn't know that Yellowstone National Park was here and all the great things like the Gallatin River. They wanted to tie it all together in a way that would help consumers know who this message was coming from. The logo includes Bozeman, Big Sky and Yellowstone and an image of the state. The tagline is – Far from Ordinary, Closer than you Think.

In all the marketing mediums they are showing panoramas, wildlife images, downtown life pictures, activities, etc. They built a complete website including blog posts. They created a winter video that was played on seat backs on United flights. The website is Farfromordinary.com.

They developed a Facebook page and an Instagram page. They are targeted towards Texas and California. They have 330 Instagram followers and 4,200 likes and followers on the Facebook page. Through their efforts they reach 118,000 people per day on average.

The board thanked them for their presentation. Mr. Sprenger said the airport is not paying for this marketing. Various partners felt they needed to help support this so they put in money. This helps ensure the revenue guarantees aren't used.

8. Report on passenger boardings and flight operations – Scott Humphrey

Tower operations for May 2018 versus 2017 were down 4.6%. Considering we were closed most of May that isn't too bad. A lot of traffic used the new runway and many flew in

the mornings. That puts our rolling twelve-month operations at 77,426. Corporate landings were down 20.1% at 127 versus 159. Total enplanements were down 4.7 % at 39,761 versus 41,726. Total deplanements were down 7.3% but we are still up 10% for the year. Airline landings were down just 4.9% percent. Airline load factor was up 84.7% versus 81.8% with 4,000 less seats. Fuel dispensed for April was up 23.1%.

June will be a little hard to gauge. We have almost 17,000 more seats in June. We had an 81% load factor last June. Mr. Humphrey thinks we may lose 4-5% in load factor but will end up 8-10% better.

Mr. Switzer asked if they got feedback from the airlines on the runway closure. Mr. Humphrey said they started talking to the airlines 18 months before the project. That helped keep the operations on track.

9. Airport Director's Report – Brian Sprenger

United will be operating year-round daily service to San Francisco and Los Angeles. Those will become our eighth and ninth year-round destinations. The flights will add about 25,000 non-stop seats each way between Bozeman and California. We are adding a lot of passengers. There is a good chance this growth will be maintained but we are cautious.

Last month they talked with several airlines at the Missoula Air Rendezvous. They talked to Allegiant about San Diego. They don't want to base an aircraft there. They are looking at ways to transition an aircraft to San Diego. One way is a ferry from Las Vegas that would add \$17 to each ticket fare. Or they might be able to connect it with the Las Vegas flight if they can do it in the crew time available.

American Airlines is happy. They are indicating they are close to where they hope to be for Dallas and Chicago. They are experimenting with Los Angeles this summer and next winter. They are toying with the idea of Charlotte next summer.

Delta is status quo. They would like to build the market with some larger aircraft here and there. They are not looking at Seattle service from here at this point. That is good news for Alaska.

United told us about the San Francisco and Los Angeles service year-round. New York is booking well this summer and they are happy with that. Houston is status quo.

Southwest continues to be a focus. The challenge is our small size in population compared to their other destinations. They also have business plan and union restrictions. There are many other opportunities for Southwest at this time. Our strengths are that we are among the fastest growing airports and we are one of the largest markets west of Denver unserved by Southwest. The other two are Fresno and Palm Springs. The revenue potential for Bozeman jumps above Fresno and is slightly less than Palm Springs. 2021 is where things seem to align in our minds. They are the last major carrier that we don't have.

Mr. Sprenger presented a chart of net passenger enplanement growth by year over the last 20 years. Generally, we have seen a steady progression of adding passengers. Another visual showed that non-stop daily year-round service has expanded.

Mr. Mathis asked about Calgary. Mr. Sprenger said there is not enough data, the energy sector is down, and the exchange rate is not advantageous.

The parking garage is coming along. Mr. Sprenger showed some pictures. The concrete is complete on the entire floor level other than the connector building. The second

level concrete should be done by the end of next week. It's starting to look like a parking garage inside. There was a delay in receiving a couple steel beams. Those should come this week. The connector building was waiting for those beams.

Mr. Sprenger presented some runway project numbers. General Aviation itinerant was down 10.1%. We had 32 less corporate operations. We had only 30 less local operations which was 1.2% down. The flight school and local pilots were flying like normal. Our busiest day of the month was our first day of paving. Overnight vehicles were down .4% or 79 vehicles over 19 days. The impact was more on the inbound passengers. Billings' operations for July and August when they did their runway project were down much more than we were. Part of that was due to the difference in needs of the airports and the timing. It was overall a good project. It was a challenge for us to close and reopen every day. We think we minimized the impact as much as we could.

The grooving work is making progress. They are completing about 550' per night. The grooving should be done by the 4th of July. Mr. Mathis asked what the cost is for the grooving. Mark Maierle thought it was around \$350,000 but said he could look it up later. Ms. Stelmak complemented the work being done since it is a thousand moving parts and is all coming together well.

Mr. Sprenger showed a picture of a retro American Airlines plane with TWA colors that landed at BZN today.

Signature Flight Support – They are making progress with Arlin's but still have a lot of work to do.

Next month we will have preliminary designs for the terminal project. They will be conceptual. The size is within our original budget. It appears it will work within the footprint we expected. We are working on concessions. There will likely be adjustments in concept.

Mr. Sprenger will be at the contract tower meeting next week.

Ms. Stelmak asked for an update on the extra hour in the tower. Mr. Sprenger said we are averaging about 1.5 operations during each of those hours. Mark Maierle said having the tower land those after midnight flights has helped a lot during the construction.

Mr. Kelleher asked how the tower meeting went last night. Mr. Sprenger said people from the national weather service gave an enthusiastic presentation.

Mr. Mathis said the two young people from the weather service are very excited about their jobs. Ms. Stelmak said the high tech connecting impact was phenomenal. Mr. Sprenger said it was encouraging that they are not as reliant on the old technology. They are trying to use and find tools that are over and above what the government will pay for.

Ms. Stelmak referred to the concession revenue report. Our Customs office has been profitable for the first time. Mr. Sprenger said the aircraft handlings are down and the size is up. That means the revenue is a little higher.

10. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Ms. Stelmak moved to pay the bills and Mr. Switzer seconded the motion. All board members voted aye and the motion carried.

11. Adjourn

The meeting was adjourned at 2:50 p.m.

Following the regular meeting, a closed meeting was held for the purpose of conducting the annual Airport Director performance review.



Carl Lehrkind, Chairman