

The regular monthly meeting of the Gallatin Airport Authority was held April 9, 2015 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Kevin Kelleher, Ted Mathis and Karen Stelmak. Board member Kendall Switzer was unable to attend the meeting. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director-Ops, Troy Watling, Assistant Director of Finance, Cherie Ferguson, Office Manager, and Shannon Rocha, Recorder.

Kevin Kelleher, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board and said members of the public are welcome to comment on a specific agenda item when it is being discussed . He asked that they raise their hand, be recognized, go to the podium, state their full name and make their comments.

1. Review and approve minutes of regular meeting held March 12, 2015

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

MOTION: Mr. Mathis moved approval of the minutes. Mr. Lehrkind seconded the motion and all board members voted aye . The motion carried unopposed.

2. Public comment period

Mr. Scott Sievert of Sievert Construction came to the podium. His company constructs pre-engineered steel buildings. He would like Sievert Construction to be added to the airport's list of approved builders. Mr. Sprenger commented that we do have a list of builders to build hangars. The airport will review Sievert Construction to see if they meet

the standards. Mr. Sievert commented that he has a packet that he will provide to Mr. Sprenger.

3. Consider request by Flying Montana, LLC to construct a 64' x 72' non-commercial hangar

Mr. David Johnson, of Flying Montana LLC, was present at the meeting. Mr. Sprenger noted that the proposed location is off of taxiway Uniform, just off of the 5 unit hangar complex. It would be placed back far enough so as to not impede use of the taxiway. This is the only spot that is currently available with the space they need.

Mr. Johnson came to the podium. He would be housing a Seneca in that space .

Mr. Mark Taylor spoke during the discussion period of the motion. He occupies Echo Uniform 4, which is adjacent to the location of the hangar to be constructed by Flying Montana, LLC. Mr. Taylor said they have a wing span on a Citation that comes out about 60 feet that goes over the top of the grass area there. It is Mr. Taylor's hope that the new hangar will be far enough away to not impede the use of their hangar. Mr. Sprenger commented that our engineering staff will review that.

MOTION: Ms. Stelmak moved to approve the request by Flying Montana, LLC to construct a 64' x 72' non-commercial hangar and Mr. Lehrkind seconded the motion . All board members voted aye and the request was approved.

4. Consider request by Robert and Linda Marshall to enter into a new ten-year non-commercial land lease on hangar #59

Mr. Sprenger showed on the map the locations of all the hangars on the agenda to be reviewed for lease. All the hangars are in good condition. Mr. Sprenger wanted it noted that over the next several years the pavement around the airport will begin to deteriorate,

especially around the general aviation hangars. This is something that should be addressed with these hangar renewals. Airport Improvement Program (AIP) funding does not allow us to pave up to the hangar door. It is the responsibility of the building owners to maintain the asphalt in their leased areas. The airport will be paving during that ten-year lease period. Based on use and plowing in that area, we don't know when the pavement will begin to tear up. Something we need to address is having the hangar owners maintain the pavement. Asphalt maintenance requirements should be outlined for the hangar owners going forward with these renewals.

We did go through our based aircraft list and have information that there is an aircraft in each of these hangars.

Mr. Mathis commented that the pavement on the south side of the hangars, right off the taxiway, will not make it until the taxiway needs work. It is in real bad shape. It needs to be brought to the attention of the owners.

MOTION: Mr. Mathis moved to approve the requests to enter into new ten-year non-commercial land leases on hangars 59, 64, 65, and 67 as detailed below. Ms. Stelmak seconded the motion . All board members voted aye and the requests were approved . The motion carried unopposed.

5. **Consider request by Big Sky Aero, LLC to enter into a new ten-year non-commercial land lease on hangar #64**
6. **Consider request by Expert Pilots, LLC to enter into a new ten-year non-commercial land lease on hangar #65**
7. **Consider request by Sparrows Nest, LLC to enter into a new ten-year non-commercial land lease on hangar #67**
8. **Consider rotating art exhibit policy**

Mr. Sprenger provided a draft concept of the rotating art policy. We developed it because we get requests regularly to display art. We currently have a permanent display. People see that as an opportunity. We don't have any space left for more art. A solution would be a rotating display in a limited location with no permanent art. The challenge would be reviewing ongoing art requests. That would require some staff and board time. We are not advocating one way or the other. We chose to provide a policy as an option. It would include music as we have seen that occur at more and more airports. Our PBS shows on the monitors feature music from Montana State University.

Mr. Mathis commented that he reviewed the policy and gave it a lot of thought. We have several advertising options if artists would like to rent cases for display as they become available. Sometimes Public Address (PA) announcements are hard to hear as it is. We have music on Public Broadcasting Service (PBS). We have audio from The Museum of the Rockies and Yellowstone Foundations displays. The policy seems like it would require a lot of additional work for the staff. He is in support of Mr. Sprenger's suggestion to wait until we have another expansion of the terminal. We have a lot of art in the building currently. The building itself is a large piece of art. For those reasons, Mr. Mathis cannot support this idea.

Ms. Stelmak commented that she agrees with Mr. Mathis. She feels the airport is absolutely beautiful as it is. There are wonderful displays already. She would not be supportive of putting together a formal program like this. Maybe there could be more screens where the PBS is displayed.

Mr. Lehrkind agreed with Mr. Mathis and Ms. Stelmak. The policy is well written but he doesn't think it is something they should approve at this time. This would provide Mr. Sprenger and his staff the ability to say no to additional art in the facility.

Mr. Sprenger confirmed this would not affect any art that has previously been approved.

Mr. Kelleher agreed with the comments stated by the other board members.

No action needs to be taken at this time on a rotating art policy.

9. Continue consideration of entry signage

Mr. Sprenger reported that we have reviewed many different signage concepts. However, as we get closer to looking at potential locations of the sign or signs, we should wait to see the finished interchange product. He has a video he could show of the entrance coming up from the interchange. The determination was that when you come up from the interstate, there is a lot of congestion and the signage would get lost in that location.

Ms. Stelmak commented that at this point we need lighted directional signage . We have a nice sign but the location will be better chosen when the project is complete.

The board agreed to not see the video and wait on entry signage determination.

10. Consider request by Rocky Mountain Rotors to construct a 200' x 240' commercial hangar on the east ramp

Mr. Sprenger commented that Mr. Mark Taylor from Rocky Mountain Rotors was present at the meeting. Mr. Sprenger showed the proposed location on the map and said Mr. Taylor has been working diligently to define what would be placed in that location. He just submitted a request to consider two additional buildings at next month's meeting. Mr. Sprenger said we have another interest for a 150' by 200' hangar. That may be reviewed at

next month's meeting. Mr. Taylor has talked to that party about leasing space to them. Approving this hangar and possibly two more at next month's meeting leaves a gap in ramp space. Completing that ramp space would cost about \$1.6 million. The payback on the land lease will not pay for the expansion. However, it is AIP fundable so 90% of it could be reimbursed from future AIP entitlement funding. That being said, we have current projects that will be using that funding for some time. For perspective, if we do everything this year that has been approved; the terminal de-icing area, the parallel runway, and the taxiway system on the north side of the airport, we are anticipating approximately \$10-11 million in asphalt and concrete work in the next 18 months. That is an aggressive schedule. We have \$3.1 million in AIP funding this year. We understand that Billings will not be utilizing their funding this year. We could borrow their AIP funding from this year to pre-pay \$3.1 million of AIP funding and get that into our account and pay them back next year. That would mean we don't have to wait another year for that \$3.1 million.

The hangar does meet minimum standards for commercial operation there. It would be beneficial for Mr. Taylor as it would consolidate his operations and better meet the standards of commercial operation.

Mr. Taylor addressed the board. Rocky Mountain Rotors started in 2006 at the airport. They have been constantly growing. They have been the exclusive helicopter company for The Yellowstone Club for the last 3 years. That has put him in contact with some of the large private jet owners. They have shared their concerns with him regarding aircraft parking limitations here in Bozeman. Some are taking their jets to warmer climates when they cannot park them inside. We are limited in large jet storage. The two big hangars

would be for the large jets and would free up space for the smaller jets that can sit outside. The smaller hangar would be by the FedEx building. This would consolidate their operations as they currently operate out of 3 hangars and lease an office building. They have put many miles on their vehicles driving between so many buildings. Their growth has been slow at times and rapid at times. They are a 135 operator for the airport and a 133 operator for extreme load. Their flight school will remain small. They don't train everyone who wants to fly. They have an interview process and only select those they would like to hire at the end because they promise the students a job as a Certified Flight Instructor (CFI) when they are done. They don't intend the flight school to be large. They have 6 full time students at a time. Their goal is to train good mountain pilots for our area. Their shop is also a 145 service center with Robinson Helicopters. The proposed hangar would meet all their needs they have now due to their growth.

The Bell helicopter they purchased has doubled their projections for flights and has been used twice for search and rescue.

Mr. Lehrkind asked Mr. Sprenger about timing with paving.

Scott Bell, Airport Engineer, said the intent would be for construction to start in July. Concrete would be a 90 day project. That would mean it would be done by the beginning of this fall. That should provide Mr. Taylor the time to bid and plan his construction.

Mr. Taylor responded that at least the shell would be up by November. They have hired a contractor and architects already. All the funds have been secured including those for the other two buildings. They would like to be utilizing the 200' x 240' hangar by this winter. Gulfstream G650s would be housed there. Think they can get close to eight aircraft

in the 2 large hangars. The actual size is 200' x 200'; the accordion style doors make up the additional space. They feel this would be an advantage to the airport down the road. Rocky Mountain Rotors will be the managing entity of the two big hangars and the owners of the smaller hangar. They would rent space out anytime it is available.

Mr. Lehrkind asked about funding. With the airport's AIP funding of \$3 million and Billings' \$3 million, there is still a difference of \$4 million.

Mr. Sprenger responded that this will initially come out of airport funds. 90% will be reimbursable. Funding for future projects as well as discretionary funding will allow 90% of the funds to be paid back. Depending on the delay or change in other projects, this could be paid back over the next 3 years.

Ms. Stelmak asked if there were any other planned projects that would be delayed due to using funds on the paving.

Mr. Sprenger responded not at this point. It would take up some of the capital improvement funds. We have some snow removal equipment that we will need to purchase. That is technically AIP refundable. But it may not be beneficial to use AIP funding for that. We may use our funding to get the best snow removal equipment that we can so we may choose to not abide by federal funding standards for equipment. All projects get more vague the further we go out. For the \$1.6 million that we are discussing, we feel comfortable we could accommodate that cost now with minimal impact in the next few years. It is hard to say for sure beyond that. The project would start this summer.

MOTION: Mr. Mathis moved to approve the request by Rocky Mountain Rotors to construct a 200' x 240' commercial hangar on the east ramp and Mr. Lehrkind seconded the

motion . All board members voted aye and the request was approved . The motion carried unopposed.

11. Consider east ramp expansion

Mr. Sprenger commented that they have already gone over most of that but he is willing to answer any further questions.

MOTION: Mr. Mathis moved to approve the east ramp expansion as proposed by Mr. Sprenger and staff. Ms. Stelmak seconded the motion . All board members voted aye and the request was approved . The motion carried unopposed.

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

Mr. Humphrey reported that tower operations in March were down 6.8%, 6,310 versus 6,768. Rolling twelve-month aircraft operations stand at 80,866 . Corporate landings were down 2.1%, 328 versus 335 in March 2014 . Enplaned passengers for March were up 5.1%, 45,829 versus 43,587. For the past 12 months, we're at 492,000 enplanements. Enplaned passengers are 7% better, 43,903 versus 41,026. Airline landings were down 4.1%, 534 versus 557 for March 2014. Airline load factors were up 89.5% versus 88.2%, a gain of 1.3%. Fuel dispensed in February was up 4.3%, 675,000 gallons versus 647,000 gallons. In terms of seats, we are looking at a flat summer period. Through this April 19th, our bookings are up 30% over last year. We will most likely not end there but will probably end the month of April somewhere in the high teens as ski season winds down. For the summer we are 14% down in seats compared with last year. Last year we were up 23% in available seats in the market. There has been no change in the Dallas/Fort Worth (DFW) picture. We correspond with American monthly. We sent them our figures along with the article about

the Bozeman Yellowstone International Airport (BZN) and they said they will continue to consider us and contact us when they're ready.

13. Airport Director's Report – Brian Sprenger

Mr. Sprenger prompted the board to take another look at the boarding figures. Alaska Airline's passenger levels were up 46.1% and their landings were up 37.1%. They saw a huge increase from adding that 3rd flight a day. If you look at their load factor, they added 37% more seats and filled more of them. We are hearing that Alaska is pleased with their operations here. They may extend their 4th flight longer into the fall.

Mr. Sprenger then brought our attention to Frontier. Their landings were down 13.6% but they boarded almost the same number of people, 2,350 versus 2,378. Their load factor went up 11 points considering they don't have any connections. Frontier told us they are pleased with how things have happened in Bozeman, despite their change in the model, and they plan to be status quo going forward. They have extended their summer schedule into late October and are continuing their four flights a week to Denver.

Mr. Sprenger attended the FAA conference in Seattle. Over the past 13 to 14 years, we are the second fastest growing airport both in operations and enplanements in the region. We were the only one in the top 5 on both lists. On a smaller base for operations, the fastest growing one was Jackson Hole, WY. But on the passenger basis, Bellingham, WA was the faster growing airport. The FAA is starting to acknowledge that BZN is an anomaly on the growth side.

As Mr. Sprenger mentioned before, the Federal Aviation Administration's (FAA) specs and procedures for snow removal and crash fire rescue equipment make it really

difficult to use FAA money to get the best product. We are one of the few airports that have the choice to use that funding or not. We may go through the process, and if we don't get what we want, we may reject the bids and fund it ourselves.

The environmental analysis is continuing to move forward. Our engineer commented that it is going to the next level tomorrow. The public sees it after the legal team approves it. The regional environmental person is leading the discussion. We have to get an assessment each time we tear a hangar down.

Mr. Sprenger directed attention to a map. There is a portion of land at the end of the runway that would be beneficial to control, especially considering the contours of the new runway and a possible gravel pit. We have had some discussions with the entities. We have looked at offering them a portion along the frontage road as a trade. It would have to go through an appraisal process. The goal would be an equal exchange. The land in the back has a lower value than the land along the frontage road. We may have to get another appraisal. The appraisals we have don't differentiate between the two locations and doesn't take into account the diminished value in certain areas. If the difference is not equal, it would be made up on a cash basis.

Ms. Stelmak commented that property would be very desirable to acquire.

Mr. Sprenger commented that we have an insurance Request For Proposals (RFP) out. This one is being done differently than in years past. In the past we have had proposers lock up the underwriters. This time we want a broker to make a recommendation based on all the opportunities available. This process was recommended from an airport in Colorado who said it worked well for them .

For the 3rd quarter of 2014, the top 5 inbound markets are New York with 77 people per day. The second is the California Bay Area with 70 people a day. Third is Denver. Fourth is Seattle. Fifth is the Los Angeles basin with 56 people per day. It is interesting to see how much New York has developed. Dallas is about 23 people per day.

Steve White, County Commissioner, came to the podium to thank Mr. Sprenger for coming to their commission office and giving them a very interesting manager's report. It provided an excellent opportunity to hear about what is going on. It was an extremely productive meeting and he wanted to thank Mr. Sprenger.

14. Consider bills and approve for payment

The fourteenth agenda item was to consider the bills and approve for payment . The board members and Mr. Sprenger reviewed and discussed the bills.

CompuSource is the company being utilized to accept credit cards for our luggage carts. The summer should be able to provide better numbers for us.

We have a Contract Tower bill and bills for the last of snow plowing and ice control. There has been a lot more ice control this winter compared to previous winters.

MOTION: Mr. Lehrkind moved to pay the bills and Mr. Mathis seconded the motion . All board members voted aye and the motion carried unopposed.

15. Adjourn

The meeting was adjourned at 2:57 p.m.



Kevin Kelleher, Chair