

The regular monthly meeting of the Gallatin Airport Authority was held September 8, 2016 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Carl Lehrkind, Kendall Switzer, Karen Stelmak and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director of Finance, and Shannon Rocha, Recorder.

Ted Mathis, 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. There is a sign in sheet if anyone would like to talk during the public comment period.

1. Review and approve minutes of the regular meeting held August 11, 2016.

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

MOTION: Ms. Stelmak moved approval of the minutes of the regular meeting held August 11, 2016. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

Mr. Mathis asked if there were any other public comments. There were none.

3. Consider request by Yellowstone Aviation Group to operate a Part 135 operation at BZN

Mr. Sprenger reported that Yellowstone Aviation Group is in the process of getting a Part 135 certificate. They need an office to base their operation out of. They have been operating privately out of Bozeman and have a helicopter base in Townsend. In order to obtain an operating agreement with the airport they need to meet the minimum standards including

office space and insurance requirements. We don't know exactly what kind of aircraft they intend to operate here.. Most of their operations will most likely be outside of Bozeman.

Approval of the operation at the airport is still contingent on completion of the Part 135 certification.

Mr. Lehrkind asked if there were any contingencies we needed to add.

Mr. Sprenger said it makes sense that we would not execute the operating agreement until they provide the Part 135 certificate. For now it would just be the sub-lease from Arlins.

Mr. Switzer asked if approval of this would be consistent with other requests of this nature. Mr. Sprenger responded yes and no. Yes, in that we have had other people in the process of completing Part 135's or other certificates. We have had people in the past who have used our location in order to get a FAA flight standards office that is easier to deal with and had no intention of operating out of Bozeman. Mr. Sprenger doesn't think that is the case here because it is a person who has operated out of here regularly. But, at the same time, we don't have any indication that the operation will use Bozeman for its primary operation.

Mr. Mathis asked what building they would be leasing. Mr. Sprenger said it would be in Arlins' FBO building. Mr. Mathis commented that there are at least two others in there already. Mr. Sprenger said at least one is not really operating at this time.

MOTION: Mr. Kelleher moved to approve the request by Yellowstone Aviation Group to operate a Part 135 operation at BZN. Mr. Switzer seconded the motion.

Discussion: Mr. Mathis said he has a couple concerns. We don't know what type of aircraft they would be operating, we haven't met the individuals involved and he can't find anything that indicates they are registered with the Montana Secretary of State.

Mr. Kelleher asked Mr. Sprenger what the risk is if things don't materialize the way staff or Arlins hopes they will. Mr. Sprenger said essentially they would not be operating here. If they do operate out of BZN they will have to meet the minimum standards which they are at this point. We have Part 135 operations that operate in and out of BZN all the time from other locations. If it doesn't come to fruition, Arlins would terminate the lease and Yellowstone Aviation Group wouldn't operate. But it does meet the standards to maintain consistency for others who would like to operate a Part 135 out of Bozeman. The minimum standards were built at a time when things were different. Cell phones weren't available. There were requirements to protect the existing operators at the airport as well as provide standards of service for customers. There may be a time when we need re-evaluate the Minimum Standards. For now, the rules we have are what we need to abide by. But there is some merit to determine how this is evolving at other airports and how to manage that locally. We only get one of these requests every 1 or 2 years. Most often they are from someone we know like Summit Aviation. This is one we haven't had a lot of dealings with. Yellowstone Jet Center has dealt with this individual before.

Mr. Kelleher asked Mr. Sprenger if he had a chance to speak to anyone at the Jet Center about Yellowstone Aviation Group. Mr. Sprenger said he did and they had nothing negative to say.

Ms. Stelmak confirmed that Yellowstone Aviation Group has met our requirements. Mr. Sprenger confirmed they have.

Board members Lehrkind, Switzer, Kelleher and Stelmak voted aye. Board member Mathis voted Nay. The motion carried.

4. Consider request by Palmer Empire, LLC to transfer their non-commercial land lease on hangar #94 to Brookhart Aero, LLC

(Combined with agenda item #5 below)

5. Consider request by Mr. Doug Chapman to transfer his non-commercial land lease on hangar #93 to Brookhart Aero, LLC

Mr. Brent Brookhart took the podium to address the board. Brent Brookhart said he was born and raised in Bozeman. Aviation is something that has always interested him. He started his flight training in Alaska in 2003. He wasn't able to finish as he became a father for the first time. He just got back into aviation this spring. He has 2 planes. He is hoping to rent some space in these hangars and he brought a list of tail numbers of the other aircraft that will be in the hangars. Everyone has been very welcoming and helpful. He is looking forward to being out here.

The board thanked Mr. Brookhart.

Mr. Sprenger reported both hangars are in good condition and the rent is current.

Mr. Mathis mentioned in the past there have been occasions when someone has hangar space they don't need and the use of the space becomes something other than for aviation purposes. That is a concern as the space should be used for aviation purposes only. Mr. Brookhart said his plan is to use the hangars for aviation purposes.

MOTION: Mr. Lehrkind moved to approve the request by both Palmer Empire, LLC and Mr. Doug Chapman to transfer their non-commercial land lease on hangars #93 and #94 to Brookhart Aero, LLC. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

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

Mr. Humphrey started by saying that due to the timing of the meeting and the Labor Day holiday, we only have preliminary numbers for United, no numbers for American and he just received Delta's numbers an hour before the meeting. Total operations for August 2016 versus 2015 were up 6% at 7,715 versus 7,276. Our rolling twelve-month operations are at 80,819. Corporate landings were up 5.7% at 316 versus 299. Enplaned passengers were up 3.1% at 64,200. Rolling twelve-month enplanements are at about 540,000. Total deplaned passengers should be at about 60,000. Airline landings should be up 2%. The load factor is up 91.0% versus 90.7% but with more seats in the market. Fuel dispensed for July was up 32%.

For the year we are sitting at 7.2% better in enplanements.

He will send the final numbers at the end of this week or beginning of next.

The board thanked Mr. Humphrey for his presentation.

Mr. Mathis mentioned last week we hosted the Northwest Chapter of the American Association of Airport Executives (AAAE) conference. Mr. Sprenger and airport staff played a major role. He has been to many of these over the years but has never been to a better one. Mr. Mathis heard a lot of compliments from attendees. The content and facilities were great. The board congratulated Mr. Sprenger and staff on a job well done.

7. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported on the following:

For July and August combined we handled one quarter million passengers in 2 months. We have been looking at choke points within the terminal. Baggage handling, particularly through screening, is the largest area of concern for the future. Through Morrison-Maierle, we

have been working with a consultant for baggage handling systems with security screening. They did a quick evaluation of our system. They have come to the same conclusion that we have, that we are operating close to capacity during peak hours and peak days. This is probably a good time to continue the analysis. We want to make sure we are able to accommodate growth. Right now we have 6 machines which is a 50% increase from when we opened the terminal. If we created the most sophisticated system, we would need a minimum of 5 machines with a backup which is where we are at now. If split into 2 pods like it is now, Delta and United both require 2 screening machines, American and Allegiant require 1, and Frontier and Alaska require 1. That is exactly what we now have.

Areas to look at for the future are baggage screening, passenger screening and having enough gates for our peak periods. With any growth we will start seeing some bursting at the seams. We currently have 3 to 4 airlines leaving in the 5:45 to 6:15 range. Fortunately this year United operated their flights in the 7 o'clock range. We will be watching everything closely and keeping the board informed.

Airlines are figuring out that they should get their schedules out in advance. Last year New York's summer service was loaded in February. The schedule is already loaded for the coming summer for United. In the past, we have always had at least one day that had to have guarantees. This year United has loaded the exact schedule without any guarantees. We are down to about 5 flights to New York from mid-January to early-February that require a guarantee to establish consistent Saturday service. We are almost to the point where NY service is 100% self-sufficient year round.

The center taxiway is all paved. We will be doing the most invasive part next week which is the center section between the General Aviation ramp and the terminal ramp. We have received news that the FAA has extra money at the end of the year. Since this was a 2 phase project with discretionary funding, it looks like the discretionary funding will come out of this year's fund instead of next. So all the delays we had this year will not be a factor because the funding will already be in place. If that occurs we will have the funding in place for this year's taxiway project, next year's taxiway project as well as the runway project. We are currently working on the capital improvement plan for the AIP portion that will be on next month's agenda.

The AAAE conference went well as mentioned by Mr. Mathis. We were fortunate to have 4 of our 5 board members attend the conference. It is good to have a board that is so involved.

Mr. Switzer commented that he is aware that the capacity concern is something Mr. Sprenger and staff are addressing. Besides the baggage, Mr. Switzer asked if customers are feeling well served and if we are doing everything we can to ensure that. Mr. Sprenger said that in general we are serving customers well. Due to some hiring constraints we may have individual companies where staffing may be short. But we will look at all the needs as growth occurs including possibly an additional baggage claim carousel and additional concessions. Also, if we were to have another airline, we do have the flexibility to quickly give and take space between airlines and that is by design.

Conferences like the AAAE, especially on the national level, are looking at technology and where it can help. Technology can solve things, but we are not always in a position to

support new technological solutions due to our somewhat remote location. A good example is on the baggage handling side. Technology is two steps beyond where we are currently. Now we have a simple inline system. The next step would be having a pod where you might have two or three belts coming in, there are several scanners, and they all exit at the same place. That would probably be our next solution to consider because it gives us redundancy to keep all the machines filled. The next level is one that we don't want to go to. That level would have several incoming belts, multiple different scanners, and each bag tag is programmed to be delivered to multiple different locations. That technology has improved but it is on a whole different level. Our best bet is to determine what is appropriate without being on the leading edge.

Ms. Stelmak commented that she flies in and out often. From her experiences and observations things moved much smoother and steadier this summer than last. The wifi service was a concern before and she hasn't heard any complaints. Mr. Sprenger said they have seen that as well. The additional services, like new concessions, have helped. The main help has been that Delta and United weren't conflicting anymore. If two large flights are scheduled for roughly the same time, it takes TSA time to solve staff and train for that. If you take that to the facility side, then the same thing happens. We have eight gates but if they all leave at the same time it is a challenge.

Mr. Mathis asked Bert about the food cart. Bert said it is functional but they are still trying to staff it. The hiring has been miserable this summer but they hope to get it up in short order. Mr. Lehrkind asked Bert if he has tried hiring seasonal help. Bert said they staffed this summer with seasonal employees but those employees have gone back to school. Bert said their sales from April through July increase 250%.

8. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

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

9. Adjourn

The meeting was adjourned at 2:41 p.m.



Ted Mathis, Chairman