

The regular monthly meeting of the Gallatin Airport Authority was held December 13, 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 Director and 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 November 8, 2018

Mr. Lehrkind asked if everyone had received their copy of the minutes and if they had any corrections or additions.

Mr. Sprenger recommended a correction to Page 11 to change preview to purview.

MOTION: Mr. Mathis moved approval of the minutes of the meeting held November 8, 2018 as amended. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Update on Yellowstone Airport Plaza – Loren Bough

Mr. Bough, owner of Yellowstone Airport Plaza, said Phase 2 has now been funded. They are in the process of reducing the footprint of Knife River. Belgrade Liquor and Holiday are committed. One 120-room hotel has also committed. Several other hotels are lined up.

We will see a lot more activity in early June. It will look very different early summer.

Mr. Mathis said he heard there were some concerns or delays from the highway department and asked if that had been resolved. Mr. Bough said those have been resolved.

Ms. Stelmak asked for a rough estimate of when the first business might open. Mr. Bough said probably a year from now. The hardest part is getting contractors and subcontractors scheduled. Ms. Stelmak asked if he could give some names for other businesses that have leased space there. Mr. Bough said he couldn't at this time. He said there will be no surprises. There will be restaurants, bars, coffee shops, etc.

4. Update on Commemorative Air Force – Mike Phillips

Mr. Phillips said they started the Commemorative Air Force Unit in Bozeman 2 years ago. Their main program has been to acquire some World War II (WWII) aircraft and seek opportunities for a hangar. In October, they were given an SNJ. That aircraft is currently in a hangar in Three Forks. Roger Stradley recently approached their unit and proposed they become a part of his operation. It is to their liking because it is one of the historical hangars on the airport. The style is traditional. They are aware of some issues related to the water and sewer hookup, Americans with Disabilities Act (ADA) requirements, some electrical upgrades needed, and the outside appearance. The lease expires June 30, 2020. They need assurance from the airport that on July 1, 2020 they would have a lease on the property.

Mr. Phillips brought a packet of some architectural illustrations of some ideas related to this hangar. They looked at the airport properties along the front line. Most are a light color with a dark trim. Traditionally that would look good for a military hangar.

Page 3 shows there is a gate that goes through the fence approaching the ramp side door on this hangar. They are proposing to put a public access outside the fence through

that gate. The last page shows a member's suggestion of putting an observation deck on the front. They would like the board's input. They still have to work out the financial agreement.

Mr. Sprenger said they have discussed this. With the expiration date coming up, the owners have been looking at options. We have said there are some concerns about the hangar. Bringing the electrical and plumbing to current code are important things. We want it hooked up to the airport water and sewer system. It would have to meet current minimum standards for a commercial hangar. It would have to meet ADA codes and have an approved exterior for the board's consideration. These would need to be addressed before a new lease could be considered. We have worked toward new leases on all of our hangars. This hangar is one of the oldest on the field so we are concerned about its long term viability. It is in a prominent position. We agree that in order for them to proceed they would need some assurance that this is a viable direction for the airport to go in.

Mr. Mathis said he likes the modifications and it looks nice. He said the elephant in the room is the lack of exterior vehicle parking and exterior aircraft parking. There is not much parking and it is a busy corner of the airport to park aircraft.

Mr. Sprenger said they discussed the parking of aircraft with Roger Stradley. The General Aviation (GA) ramp is for active use aircraft and not for display aircraft. There is a limited ramp behind the hangar for smaller aircraft. The hangar itself is limited in size. The parking has more than 10 spots, somewhere between 16 and 18. If there was an event there, there would be conflicts with Yellowstone Jet Center (YJC). We are currently having those conflicts as well.

Mr. Switzer asked if the building is listed as a historical building. Mr. Sprenger said it is not. It is not an airport owned building. There are no historic restrictions.

Ms. Stelmak said from a glance she likes some of the ideas with the understanding that it needs to fit within our color schemes and other requirements. She said the observation deck is a great idea but asked if that is allowed. Mr. Sprenger said yes. Some of our terminal designs have features that could be considered an observation area.

Mr. Sprenger said staff would like to hear the concerns from the board. Then they can work with Mr. Phillips on what might be a proposal for consideration. Mr. Sprenger requested that the board members individually let staff know their concerns. They will determine if there is an acceptable direction to move in at all and staff will continue to work with Mr. Phillips if approved.

Kent Foster with Yellowstone Jet Center said he appreciates what the Commemorative Air Force Unit is doing, but the biggest issue is the parking. It is one driveway into a shared parking lot and has been a point of contention for years. It is the biggest issue in that location. He would like to make sure that is addressed. The ramp congestion is also a struggle. Snow storage is a problem. Aircraft parking is a problem. He would like the board to consider if this is the best location for that purpose and whether it would be possible to move it somewhere else on the airport. He wants what is best for all. He is not against it, but he would like everyone to work together.

5. Consider request by Islands, LLC to construct a 120' x 120' commercial hangar in the location of the former Airport House

Mr. Sprenger reported there are some outstanding issues that they are still working out. Staff recommends tabling the item for another time.

Mr. Mathis said parking is a problem in this location. When it gets busy cars are parked in the mud and along the road. Another issue is snow storage. Mr. Mathis would like staff to look at using that area for additional vehicle parking and snow storage instead of an additional hangar.

Mr. Lehrkind asked about the road re-alignment and if that provides an opportunity to do something in that location. Mr. Sprenger said you can see the re-alignment plans on the proposal. Mr. Sprenger said it is good to discuss parking but we are also running out of locations for commercial hangars. Snow storage and parking are important. There are technically only two commercial hangar locations left on the existing ramp area. This is one of those two, assuming it is approved. That is until we get to the north side. There will be discussions on what will occur there. This is the result of the strong growth we have had.

Mr. Lehrkind asked that this discussion be added to the agenda next month. Mr. Sprenger agrees and they will also address it with the prospective proposer.

6. Consider request by Mr. Michael Huempfner to construct a 120' x 100' non-commercial hangar on taxiway "U"

Mr. Sprenger said the packet contained the location which is planned for this type of hangar. Mr. Huempfner is acquiring a CJ4. Staff recommends approval of the request.

MOTION: Mr. Kelleher moved to approve the request by Mr. Michael Huempfner to construct a 120' x 100' non-commercial hangar on taxiway "U". Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

7. Report on terminal concourse expansion project

Mr. Sprenger had plans to look at that were displayed on the wall. Things are coming along very quickly. The budget has been reviewed with various contractors. The numbers

are coming in about 10% higher than we were expecting. We are in a tough market. In our discussions yesterday we probably pulled off about \$300,000 to 400,000 by refinements. That is continuing to be the case.

There are additional parts for consideration. We have boarding bridges. We have the apron that will need to be done. We have looked at opening only a portion at first and not all of it right away. If we open 2 gates rather than 4 it saves us about \$1 million and yet we have more gates. Then we can wait another year or two and put on more bridges.

When we bring the recommendation to the board next month we will include a month by month cash flow analysis over the next 4 years. In January will be the proposal for Schedule I which is essentially the dirt work, excavation, concrete and structural steel. That way we can get into the dirt as early as late April. Then we can continue the process of defining interior finishes which we plan for the February meeting with the maximum price.

The design for the structure of the building is now set. The inside looks similar to the existing terminal building. The gate areas will look very much like what we have now. The most different area will be that center grand area where the concessions will be. The drawings are focused on that.

The different drawings have the fireplace in the same area. It is a structural element. It is visual from the entire concourse. There are some designs to break up some of the long hallway area. There are three variations. Some of the differences are where the bar is located. One design puts it in the center and another puts it against the back. You will not see all the gates from any of the seats if against the back wall. An advantage is it provides

some shading. Martel is working on mitigating the light coming in. Another option is to put the bar on the side and separate the different elements.

There are two versions of the fireplace. If we go with the island bar, one fireplace design blocks the bar. The fire pit idea is another option and that option opens it up. Some discussion has been regarding having the fireplace as part of the bar making it not really a family area. Something else that was discussed was who is responsible for that area, the airport or the restaurant.

They had 15 people look at various designs. Generally, the feeling was that one design is preferential. It was not overwhelming but if it wasn't their first choice then it was their second choice. These designs will be sent out to each board member. By late January we will be moving a lot quicker. Staff wants the Board's comments even if you don't like any of them.

There are three options on carpet flooring. We can pay for a new run. We have had the existing carpet for almost ten years. We have a small section that is different in the parking garage connector building that could become the airport carpet. Or we can come up with a third one altogether. That is a little less desirable because the existing part of the concourse is probably going to be the last part we need to replace. Tile floor needs to be durable and ideally be domestic. Hardwood looking tile is a nice new option. Lighting will also be important. It provides an opportunity for cost savings but we also need the right type for the vast areas we have.

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

Tower operations for November 2018 versus 2017 were up 39.7%. That puts our total rolling twelve-month operations at 88,476 which is our second record in a row. Corporate landings were up 14.1% at 186 versus 163. Revenue enplanements were up 22.4% at 41,730 versus 34,096. Total deplanements were up 21.6% at 40,747 versus 33,520. Airline landings were up 17.9% percent 493 versus 419. Airline load factor was 83.86% versus 83.95% from the previous year, so about the same with 25% more seats in the November market. Fuel dispensed for October was up 2.1%.

We have 15,500 more seats in the market in December which is 27% more than last December. Mr. Humphrey doesn't see any reason why we won't be in the high teens or low 20's in growth for December.

Mr. Lehrkind asked if there will be enough parking. Mr. Humphrey said they expect to open overflow parking the Friday before Christmas. It is signed and flagged already. They have a snow plowing plan in place as well.

Ms. Stelmak asked how the staff is doing with keeping up with everything. She said it looks great walking in. Mr. Humphrey said they are doing a phenomenal job. The good thing is that it comes in waves which gives everyone time to clean things up. The winter will be a struggle though with the numbers they are seeing.

9. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported the JetBlue inaugural ceremony is today after the meeting. They have been working toward probably the biggest event for a new airline we have seen since before the 1980's. They are very enthusiastic. A lot of their staff chose to fly to Bozeman instead of Steamboat. JetBlue seems to be pleased with everything that is going

on here. It remains to be seen how the flight does. American Airlines announced summer only service into Kalispell from Los Angeles (LA), Chicago and Dallas. That was an interesting turn of events. American Airlines likes Montana. They are metering the growth. It seems like every year they have added another destination. The LA area is very competitive.

The parking garage is coming along quite well. It is enclosed in the connector building.

The fifth lane in security is complete for the holiday season. It is tight up there compared to what we're used to. We are now full with equipment at the checkpoint. We are pleased. In the long run it is a good thing for our passengers.

Central Valley Fire said they average 5 calls a day. They expect that to go down to maybe 4 to 4.5 calls.

The TSA Pre-Check event is here January 7 through 18 - Monday through Friday.

Montana has been granted an extension until June 1, 2019 on the Real ID Act. The Department of Motor Vehicles will begin issuing compliant ID's on Jan 7, 2019. Applicants can make appointments online at Mtrealid.gov. If all goes according to plan, they expect one more extension until October 2020. At that point they understand there will not be any more extensions. It is \$50 to change your unexpired license to a Real ID compliant license. It is \$25 to change a license that is near the expiration date. It appears we should be able to use current ID's until June of next year but hopefully all the way until October 2020.

Ms. Stelmak asked what occurs in June 2019 if there isn't an extension and someone shows up with their regular ID. Mr. Sprenger said they understand from TSA there will be additional screening options that they will take to get people on the plane. Mr. Sprenger

confirmed they will not be turned away but there will be an additional screening process. No one has gone to that point yet. TSA is aware of the backlash. TSA is only the enforcer but they also have to make sure people fly and don't have significant issues. Having the fifth lane might be very important for that.

10. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Mr. White, County Commissioner, thanked Mr. Sprenger. He said Mr. Sprenger was their secret weapon in their interchange discussions and Scott Bell helped a lot too.

MOTION: Mr. Mathis moved to pay the bills and Ms. Stelmak seconded the motion.

All board members voted aye and the motion carried unopposed.

11. Adjourn

The meeting was adjourned at 2:52 p.m.



Carl Lehrkind, Chairman