

The regular monthly meeting of the Gallatin Airport Authority was held January 14, 2010 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Kevin Kelleher, Greg Metzger and John McKenna. Steve Williamson was unable to attend. Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director and Cherie Ferguson, Office Manager were present.

John McKenna said this was the first meeting of the decade and he welcomed everybody to the meeting. The first agenda item was to review and approve the minutes of the regular meeting held December 10, 2009. Kevin Kelleher moved to approve the minutes and Greg Metzger seconded the motion. The motion carried with all Board members voting aye.

The second agenda item was public comments. Mr. McKenna said that he was aware of one comment that wasn't on the sign-up sheet and said the public is able to make comments during specific agenda items. Richard Roehm said he was not asking for any action but he wanted to read a letter to the editor of the Bozeman Daily Chronicle just for the record. This letter was in the Saturday, January 9, 2010 paper.

“Shame on United Airlines for their treatment of Marine. My nephew proudly serves his country in the United States Marine Corps. He just completed one tour in Afghanistan and is scheduled for a second. Thank goodness he made it safely back on American soil and was able to come home for the holidays.

“He was taken to the airport this morning to return to base. His bag was 12 pounds over the allowed amount (Christmas gifts), and United Airlines wanted to charge him \$125. His grandfather was able to purchase a \$50 bag for him to carry on.

“Another \$20 was paid for him to take that on the plane. It was stated that since he is on leave they wouldn't wave the fee.

“I think it is terrible that my nephew who has put his life on the line for the freedoms we all enjoy was treated like this. How many other of our military personnel have had the same thing happen to them?”

“I spent over half an hour calling every United Airlines number I could find to speak to a live person only to have the call routed to India. Shame on you, United Airlines. Maia Johnson of Bozeman.”

Mr. Roehm said he had asked Brian Sprenger to check with United to see if that is their policy. Mr. Sprenger said he checked with William Jeffries, the local United Airlines Station Manager, about United's policies. Mr. Jeffries said that was not their policy and that he will be addressing it with his personnel. Mr. Sprenger said hopefully, if they can find contact information, they will be contacting the person who wrote this letter. Mr. Roehm thanked Mr. Sprenger. Mr. McKenna said that is not how we would like any of our military personnel treated and we look forward to a positive outcome from United.

The third agenda item was meet the staff. Barbara Spatig was the featured employee this month. Mr. Sprenger said that Barbara has been with us about 10 years. Ms. Spatig said she's heard that people in the back sleep, so she didn't want it to be boring. Mr. McKenna said we like it boring but for her to go ahead and make it fun today. Ms. Spatig said the reason she comes to work here is so she can get gifts from the trash and that's always so fun. She said we had recipients of the trash gifts and that hot pink didn't match their automobile and had jewels on them and have been passed around a whole lot. She said the Board could ask the maintenance guys if any of them were recipients of the trash. She said she loves it here and it's fun.

Ms. Spatig said she was born January 28, 1942 in Preston, Idaho. She said Preston has become famous because of Napoleon Dynamite. She said her father came over to this

country from Switzerland with his mother and three sisters and their families the Schneiders, the Storys and the Spatigs and they all came on the same ship. Her father said he was seasick a lot. Ms. Spatig's mother's parents came across the plains to Utah.

Ms. Spatig said she was raised in Preston, which is out in the country. She said she loved shooting gophers. Her dad said, shoot them or poison them; she preferred lead poisoning best. Sometimes she had pet gophers, but sometimes they would get out of the barrel and then they got shot. She said she didn't care if the ones that weren't her pets got shot.

She learned to move hay bales and level the grain bin. She said she was the youngest and had five older brothers. Her family canned a lot of peaches, pears and tomatoes as a family. In their community, to earn extra money during the summer, they would go into Preston and go to different farms that raised beans. Ms. Spatig said she thought it would be glorious to earn all this wonderful money. She said she hated picking beans and it was so awful. She was so glad her dad ordered her to work on the farm. She hated to pick beans and that's not one of her favorite jobs.

She said she graduated from high school in 1960 and went to beauty college and has done hair designing for many years. When she was out of beauty school, she married and moved to Bozeman, Montana. She said that from this union were born three children; Becky, Mike and Kurt. She said her children intertwined with Mr. Sprenger in school and they were in the Northwinds, concert and choir and that was really fun. She has known Mr. Sprenger for many, many years.

Ms. Spatig brought a picture of two of her three children (redheads) and their families. She wanted to share that with the Board so they could see what her family looks like. She also brought brownies to share with the Board. She brings brownies to work

because of the maintenance guys. When she first started working here, they told her that when they do a favor for somebody, they usually get cookies or something ,so she bought them cookies from the store. They asked her if she knew how to cook or how to bake and she said yes, so when the brownie pan is empty, they just write a little note saying that there must be a leak in the pan and it's not working so they might have to have some more brownies. So she brought the Board some so she could share herself with them.

She said her work history in Bozeman was that she started working for Jack and Sue Davis and learned to do maintenance. She said it was delightful working for them and she learned so much from them. She knew being a single person, she needed to have some income over and above what she was making doing hair. She worked for them, then she started cleaning for churches and then she started here. She thought yay! when Mr. Sprenger hired her. She thinks this is a great place to work.

Mike, one of her three children, lives anywhere in the world and he is fluent in ten languages. He and his family live in New Zealand right now. Her daughter home schools her children and her son has a scholarship to Logan, Utah for school. Ms. Spatig's younger son is bipolar and schizophrenic so there are challenges. She said you just live with that and you love them.

Ms. Spatig said that the Board needs to know how fun it is to work here and she likes working with these people. She said that one day she was near the fence to engage the dumpster and as it was being engaged, this horrible thing came out of the fence and she didn't know what it was. It was a tape measure that came out of the fence and she screamed because she had no knowledge of what it was. The person on the other side of the fence was maintenance and he laughed and laughed. She laughed and laughed too and then she came in and told Ted Mathis what had happened. Mr. Mathis called the person in and asked if there

was some harassment here of a custodian and they both laughed and laughed. Ms. Spatig said that is some of the fun of working here at the airport and it is a delightful place. She said she works with some of the best people and she just can't tell the Board how great everyone is. She said she was sad when Ted Mathis left, when he graduated from here, and went on about his way, but Mr. Sprenger has been such a champ. She said he has taken over in a great way and she has watched him work hours and hours, and he is here, and he is here for us and cares about us. Ms. Spatig said she is thankful for the Board people; they are terrific and they accept her as one of their people too and not just a custodian and she appreciates that.

She said she wanted the Board to know that when she first started here, the best people in the world worked in security and it was so tight. It was Al Sprenger, Janice Hoffman, Ron Morton, Dave and she didn't remember who else. She said they could detect anything, anywhere, anytime, and there were no slipups. She said they were our TSA and she dearly loved them.

She said she is grateful for working with the greatest people in the whole world, and the Board members just are. Ms. Spatig said we have what is behind us and what is before us, but what is inside of us is what really matters. Mr. Roehm thanked Ms. Spatig so much for all that and said he has noticed how efficiently she does her duties. But more importantly, he sees how she interacts with the flying public, which is always very cheerfully and positively. For that the Board thanks her and he's honored to be part of the same team she is.

Mr. McKenna said he comes in and out of the airport and if Ms. Spatig hadn't confessed her age today, he would have placed her at quite a bit her junior. He said obviously her family is lucky to have someone like her around. He could only imagine what

it would have been like to have grown up with a bunch of big, older brothers and he bets there was a bunch of interference run in Preston, Idaho. He said there probably wasn't a guy who got close to Ms. Spatig. He said we appreciate what she does for us, and all the way from Mr. Sprenger's job to her job on the custodial end, we do have a great staff. He said this is the first time anyone has received applause from the audience and he sees it coming from people who she actually interacts with on a daily basis and he thinks that kind of says something. He said it will give some of the rest of us characters something to strive for.

The fourth agenda item was to consider the request by Mark Duffy and Pam Duffy to transfer their Non-commercial Hangar Ground Lease Agreement for hangar #94 to Doug S. Chapman. Mr. Sprenger showed where the hangar was located on the map and said it was next to hangar 93, which Mr. Chapman owns. Mr. Sprenger recommended approval of the request. Mr. Kelleher moved to approve the request; Mr. Roehm seconded the motion and it carried with all Board members voting aye.

The fifth agenda item was to consider the request by Mark Duffy and Pam Duffy to construct a 65' x 100' non-commercial hangar. Mr. Sprenger said there was a slight modification because of his discussions with Mr. Duffy. The hangar would be just off the east ramp so it was decided to change the hangar size to 65'x80' to accommodate the parking, the ramp and it keeps them out of the easement. This is close to their other hangar on the east ramp and Mr. Sprenger recommended approval. Mr. Roehm moved approval for Mark and Pam Duffy to build a 65' x 80' non-commercial hangar and Mr. Metzger seconded the motion. The motion carried with all Board members voting aye.

The sixth agenda item was to consider the future use of existing gift shop and kitchen areas in the expanded terminal building. Mr. Sprenger said that next month we will be issuing requests for proposals (RFPs) for the gift shop and food and beverage concessions.

Because they will carry over to the terminal expansion, they wanted to discuss possibilities and recommendations for the existing facilities. The current gift shop area will be between baggage claim and the future rental car areas. The existing kitchen will not be used as the kitchen after the terminal expansion is complete. Mr. Sprenger asked Scott Humphrey to talk to the Board regarding the main level concept store.

Mr. Humphrey said about two months ago they were approached by the Yellowstone Association. He said they would like to sell educational books, videos maps etc. much like their regional concept store in Yellowstone National Park and Gardiner as depicted in pictures he showed the Board. He said that they were concerned about cannibalization and they have talked to our existing concessionaire, Bert Hopeman, and there isn't much overlap and cannibalization wasn't a problem. This should be geared toward deplaning passengers. The gift shop will be geared toward enplaning passengers. They are all in agreement that this would complement the existing gift shop and the airport.

Mr. Humphrey said they would like to issue an RFP geared towards a concessionaire with strictly educational books, videos, and information about the region. They would lease the existing space as it is with the caveat that they provide an information desk as the Yellowstone Association wanted to do to provide our passengers some additional information about local attractions, regions and, if it's the Yellowstone Association, some customized trips and information about Yellowstone National Park. We want to narrow it down to a concept store so we don't get a second gift shop in the terminal.

Mr. Roehm expressed concern that we are narrowing it down to where only one entity would be interested.

Mr. Sprenger said they would present this opportunity to the Museum of the Rockies, the Grizzly & Wolf Discovery Center, the CVB at Big Sky, and a number of other entities

that may be interested in this space at the airport. We want to be sure that whoever is in the space won't be selling the same things as the Montana Gift Corral. He said that we have interest from one entity already and believe that we could possibly get interest from others. We also wanted to get someone in there who would staff the information counter. He said we have constraints on what the Airport Authority can do to staff the information counter where one concessionaire, the Yellowstone Association, would be interested in doing that in conjunction with the concept store. By putting that in the RFP, any other concessionaire would need to do that as well. That would give us a staffed information counter as well as a regional tourism-based business that would be successful in the space. He said it's a difficult space to have something in because it's only in the path of the inbound passengers.

Mr. Roehm said that possibly a number of advocacy groups that couldn't handle this on their own could join up under the Chamber or us and could each put up a little booth instead of having just one concessionaire. Mr. Metzger said that would be a possibility and we could have one of our employees staff the information counter and no one group would have an edge, or maybe it could be done on a year rotation.

Mr. Humphrey said that the space won't be available until June 2011 and we just wanted them to know that this wouldn't be a competing entity with the gift shop concessions. He said we can write a right of refusal into the agreement.

Mr. Sprenger said they would take the ideas and comments into consideration as we move forward with the concession for the main gift shop and will come back to the Board with some additional ideas on this, but we will let the bidders for the main concession know what we're considering for this space.

Mr. Sprenger said the food and beverage concession will move inside the secure area and in the center of the terminal in the atrium. Therefore we won't use the existing kitchen.



He said we have been requested by potential concessionaires to consider the ability to use the existing kitchen for inside and outside catering. This would help offset the peaks and valleys on a seasonal basis as well as an hourly and daily basis. He knows this would be a change in how we have done things. He said it also would possibly include a separate alternate that we would offer to the concessionaires bidding to put in that would have a separate minimum annual guarantee and concession fee. It would be competitive with the cost of the kitchen facilities within the valley and a concession fee would increase the concession fee revenue for the airport. The Board would have the ability to allow that alternate at the time of the bid. He said the Board could look at it as subsidizing a business that would be competing outside the airport, but it is also helping assist the food and beverage service inside the terminal that has some extreme challenges due to the peaks and valleys inherent at an airport that other restaurants don't have.

Mr. Metzger said he initially had some issues and has talked them over with Mr. Sprenger and believes that the alternate option is something he is willing to consider. He said that doesn't necessarily mean he is willing to approve it, but he is willing to consider it. He thinks this may be our first foray into different concepts because of the possibility of the interchange coming in.

Mr. Roehm asked if any of the items in the kitchen could be used in the new kitchen because they were state-of-the-art when we purchased them. Mr. Sprenger said that many of them were space specific, and they are 17 to 18 years old. He said he is willing to endorse moving ahead. Mr. Kelleher said he was in agreement with both of them.

Jamie Lenon said that when we receive the kitchen equipment bids in three weeks, it will allow us to know how much value there is in taking equipment from the existing kitchen.

It is the sense of the Board to allow the bid to go out with the alternate.

The seventh agenda item was the report on passenger boardings and flight operations – Scott Humphrey. Mr. Humphrey reported that December enplanements were down 2.5%. Calendar year 2009 enplanements were down 2.5%. Delta's seat capacity was down 18% and passenger numbers were down 15%. Their load factor was 80.9%. United's seat capacity was down 6%, their passenger enplanements increased 3% and their load factor was 78.3%. Frontier's seat capacity increased by 37%, the number of passengers increased 57% and their load factor was 63.5%. Horizon's seat capacity was down 13%, their passengers decreased by 22% and their load factor was 77.5%. Allegiant wasn't here for the full calendar year but their load factor was 80.2%. They did have a bump up to 86.4% for December with 1076 passengers. Delta had a 15.8% drawdown for December giving them an 81.2% load factor in December. United was the benefactor with a 28% increase in passenger boardings for December, giving them an 81.6% load factor. Frontier had a slight dip of 13.7% and ended up for December with a 65.9% load factor. Horizon had a 4% increase in passenger boardings giving them a 75.5% load factor for December.

Mr. Humphrey said we got off to a good start for January 2010 with a slight dip in mid month, and we anticipate that we may be down 2% from January 2009. He said we may be down 2% or come out flat with passenger boardings compared to January of 2009.

Mr. Humphrey reported that December tower operations were up 7% at 4,454. Calendar year was down 5.1%. Airlines were up 13.6% for December, and there was a 3% reduction in seats due to downgrades in equipment. General aviation (GA) was up 11.1% in December and down 11.4% for the calendar year. Corporate jets, 12,500 pounds and above, was up 4.9% for December but down 15.09% for the calendar year. He said December overall wasn't a bad month; we have seen some declines for the calendar year, but we are

guardedly optimistic about January's numbers. He said he would let Mr. Sprenger discuss Allegiant and Frontier in his report. The Board thanked Mr. Humphrey.

The eighth agenda item was the Director's Report – Brian Sprenger. Mr. Sprenger reported that on Monday and Tuesday the FAA flight check aircraft was running approach and departure procedures all day long for publishing the procedures in April. He said this is the result of our efforts on approach control and procedures. He said the FAA postponed the meeting we were to have with them because they want to have all their ducks in order before the meeting because of the high level of oversight on this project.

He said he had a good meeting with the new CEO of the Bozeman Chamber, Daryl Schliem. He is very interested in working with us on air service development and is bringing it to his Board on Wednesday. He wants to participate and help coordinate efforts on that.

Mr. Sprenger reported that on Monday, Governor Schweitzer was here and said he was interested in finding out what the state can do to assist in air service development in the state, and Gallatin Field is a point of interest. Therefore we are getting some traction on our efforts. He said we are planning a meeting next month with key players so that we can implement something similar to the Jackson Hole Air Improvement Resource Organization, which manages about \$1.2 million of resources in the Jackson Hole area for air service development. We are trying to learn from their successes and attempting to incorporate that type of program here in conjunction with all of the CVBs, Chambers, Big Sky area, the airport and different tourism groups, and hopefully the State of Montana as well. Governor Schweitzer is truly interested in it.

Mr. Sprenger also reported that Frontier's new management is currently evaluating their routes and aircraft. While we remain optimistic about service to Gallatin Field, obviously there are no guarantees. We are a smaller market. Service here has improved and

the load factors are much better. We are seeing some progress. In order to be successful, we need to maintain our existing air service and expand service. Frontier is of key interest.

We are working with Allegiant Airlines and have some proposals from them for additional marketing dollars. Mr. Sprenger would like the Board's concurrence to spend \$5,000 on advertising for our airlines. He said we need to have the ability to do it for any airline that wishes to do it to be equal with all of our carriers but we would like to be able to offer at least a portion of that to Allegiant and potentially Frontier as a first step toward assisting marketing. He said we have the dollars in our budget. This coincides with what Allegiant would normally be looking at in their type of advertising and he is trying to fulfill the Board's request at looking at what we can do to assist the airlines. This is the request Allegiant had. This would be on a cooperative basis. We have five carriers and would be looking at about \$1,000 per carrier and they would be a 50% co-op. Most of them would do it with tickets.

Mr. Sprenger said we are relying on input from the airlines for the advertising venue because they have experience marketing their products and TV is the advertising mode of choice for Allegiant. They are looking at a two-week program. We don't have the expertise to know what kind of return we will get for our advertising dollars.

Mr. Metzger said we need the airlines and advertising moves people. He said the conservative side of him says absolutely not, but if it saves an airline at the airport, \$5,000 is a small cost. He thinks the gesture is important and that we should try it to see if there is a benefit for us. We won't know until we try it. This is a short-term commitment. Since Delta is cutting seats, he feels his money is better spent trying to help Allegiant.

Mr. Sprenger also reported that while the Governor was here, he discussed the possibility of customs at Gallatin Field and he is intending to write a letter to the Secretary of

the Treasury in support of these efforts. Mr. Sprenger believes this was instigated by the Yellowstone Club. It does require a letter from the Governor to the Secretary of the Treasury. This would probably be a 100% user fee airport. If somebody needs customs, they would provide advance notice to the customs agency and they would send an agent here. The aircraft would pay for customs. Mr. Sprenger said we are very pleased the Governor is willing to take this on. Mr. Roehm said he was involved in trying to get customs here in the past and is very pleased. We had strong requests then and have even more need now.

Mr. Sprenger reported that we had an incident with the TSA on December 13<sup>th</sup>. An individual went through the checkpoint with a firearm in his carry-on luggage. He reported it to the TSA and the TSA implemented their policy and dumped the concourse of passengers and the return to the gate of a Horizon flight that hadn't taken off. There were about 100 passengers who were affected for about an hour delay for rescreening. KBZK covered it back on December 17<sup>th</sup> but nobody else picked it up then. The newspaper picked it up in the last day or so and it coincided with some discussions of the airport being able to opt out for private screening, which is happening in other parts of the state. Mr. Sprenger would like to continue to watch what happens in those places to see how successful they are. It is valid for our local TSA to know there are other options if there are performance issues and they don't meet the standards we would like to achieve.

Mr. Roehm said the Chronicle inadvertently called him the Chairman in their article. As soon as he read it, he called the Chronicle and told them he was no longer the Chairman.

He said it bothers him that the TSA didn't detect the handgun. He said we have been trying to keep handguns off airplanes for twenty years now. It also bothers him that there is a lack of communication between the TSA and the Airport Director. Mr. Sprenger called the TSA when the incident occurred and suggested that a PR person get involved. Both the TV

and the Chronicle have asked the TSA for comments and they say they can't say anything until it is cleared by Washington. Everybody comes to the Airport Authority when something goes wrong.

Mr. Roehm said Barry Jacobson called him and said he flew 189,000 miles on Delta last year all over the United States and back and forth because he works for the USDA in Washington and these are the most ornery people he runs into. He told Mr. Roehm about an incident with a USDA laptop that the screener looked at and shattered the display area. When he complained, the TSA person asked him if he wanted to get on the airplane or not, and he said yes, and the TSA person told him to move on. The USDA got him a new laptop, but that's the kind of issues that people call him with. Mr. Roehm said some of the employees are really good and friendly and do their jobs competently, but many of them act in a high-handed, officious manner to the travelers. He said we have a high percentage of this type here at this airport compared to the rest of the country.

Mr. Roehm said the Airport Authority is in an awkward position because we have great employees. We have less to say about employees of the airlines but they have an imperative to be nice to customers because they want them to come back. The TSA does not have that imperative. They view their job to just screen passengers and have them move on. Mr. Roehm would like to bring these instances to light and ask them to be more civil to the flying public. Part of our job is to take care of the flying public. He said he doesn't know the will of the Board, but he's asking Mr. Sprenger to pursue a closer relationship with the TSA so that they're more amenable to the concerns that we have. There are times when they are their own island and are autocratic. They have 60 employees, the most at the airport, and they just do their own thing and that bothers Mr. Roehm because the flying public views it as a black mark against Gallatin Field.

John McKenna (not the Gallatin Field Board member) is the local Deputy FSD for the TSA and Dan Fevold is the Federal Security Director in Billings. Mr. Sprenger said we have a very good working relationship with the TSA from a regulatory standpoint. He said the frustration comes because of the lack of courteousness by certain employees, ensuring that the screening checkpoint is managed well to the degree that it keeps passengers flowing and that the third lane is open in time. He said there may be some things that we don't know the full story too but there are times we think they could be doing a better job for the flying public. We have limited say under the current circumstances.

Board member John McKenna said he would like the TSA to have some comment cards so people could comment on their experience with the TSA at Gallatin Field. Mr. Roehm said that during the holiday, Mr. Sprenger and some of his staff were up near the checkpoint talking to people in line and telling them they needed their driver's licenses, their tickets, needed their fluids in a plastic bags. He said this wasn't initiated by the TSA but by Mr. Sprenger and it was great. A lot of people are confused during the holidays because it is their first time flying and they don't know these things. He said it was met with indifference by the TSA; if he wanted to do it, that was okay, but they had their job to do. Mr. Roehm thinks that attitude needs to be modified. We are trying to help and be user friendly and in some instances, not all, they are indifferent to the needs of the passengers and don't respect them as individuals.

Mr. Roehm said being customer friendly comes from the top down. He said Ms. Spatig reflects Mr. Sprenger's leadership by being customer friendly. If the TSA employees see their job as pouring through your bag, tear up your laptop, frisk people and x-ray your shoes and that's it, move on, it can be better than that. He said he's talked to people who have come in from McCarran Airport and said the TSA people there are friendly and that's a

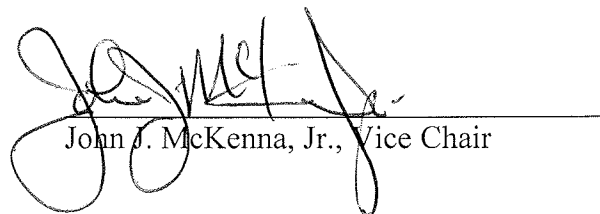
better technique to have a friendly conversation and engage passengers rather than just shuffling through them like they're a bunch of cattle. He said he would like it to be an agenda item for them to come to our next meeting. Mr. McKenna said he was very supportive of them coming to a meeting. Mr. Sprenger said he would try to arrange that for the next Board meeting because they said they are willing to talk to the Board.

Mr. Roehm said he often sees Bert Hopeman, from the Montana Gift Corral, and Jim Schneider, from the Overland Express at our meetings and because of that, they know the tone of our operations.

Mr. Sprenger reported that next month we have a Guaranteed Maximum Price on Bid Package IV and we will have a recommendation for that. We are also expecting an interiors presentation by our architectural team.

The ninth agenda item was to consider the bills and approve for payment. After reviewing and discussing the bills, Mr. Roehm moved to pay them and Mr. Kelleher seconded the motion. The motion carried with all the Board members voting aye.

The meeting was adjourned at 4:25 p.m.



John J. McKenna, Jr., Vice Chair