

The regular monthly meeting of the Gallatin Airport Authority was held December 14, 2017 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Kendall Switzer, Ted Mathis, 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 November 9, 2017

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

Mr. Sprenger noted a change to page 1 to indicate that Kendall Switzer was in attendance.

MOTION: Mr. Kelleher moved approval of the minutes of the meeting held November 9, 2017 as amended. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

Tracie Pabst, Owner of Big Sky Shuttle, came to introduce herself. Big Sky Shuttle has been in operation since 2006. For the first 9 years it offered private employee transportation for The Yellowstone Club. After that they went into the oil fields in a couple different states. Two years ago, they changed to a private car service. They are now one of the few that will be providing scheduled luxury coach airport service. Starting December 21st, 2017 they will be providing service 5 days per week between the airport and Big Sky

resort. Big Sky Shuttle has a perfect safety record. They offer a guaranteed ride even with one rider.

Mr. Mathis asked the size of their vehicles. Ms. Pabst said they can hold 39 passengers but they will only fill 32 passengers in the winter to account for luggage.

Ms. Pabst also said she has been in discussions with Mr. Sprenger about current contracts for concessions. Big Sky Shuttle would like to put up a kiosk that would allow people to make and pay for reservations. Due to standing contracts Mr. Sprenger had mentioned he is not sure if it is possible at this time and it may be 5 years before they can do anything. Ms. Pabst has submitted a proposal and asked that the board take it under consideration.

3. Yellowstone Airport Plaza Discussion – Loren Bough

Mr. Loren Bough said they have been in communication with the airport since they started the process of acquiring the Knife River property. Mr. Bough is a partner in the project. They have committed to being transparent and communicating with the airport board. Mr. Bough passed out a flyer with some preliminary plans. There is a lot of interest in the project and they anticipate a lot of activity this spring. Their website, chartweb.com, contains more information on the project. Charter Realty is a partner in the project and they have projects across the country including Big Sky. Mr. Bough said he intends to keep us updated as this develops.

Mr. Lehrkind asked about the timeframe. Mr. Bough said there will be specific site pad work in March or April. It will also depend on the response time from the City of Belgrade. The plans have been submitted to Belgrade.

Mr. Kelleher asked about how they developed the name Yellowstone Airport Plaza. Mr. Bough said we started the process of including Yellowstone. They wanted to be in sync. They view this project as a positive for Belgrade and the airport. They didn't want to have a super long name so they weren't able to include Belgrade in the name. Plaza is a keyword that is attractive and descriptive of its nature. Mr. Kelleher said he is thinking about the crossover between Yellowstone Airport and West Yellowstone and this project. Mr. Bough thinks the West part is pretty specific and said that is a good point but doesn't think it will be an issue.

Mr. Kelleher asked what projects Charter Realty is working on in Big Sky. Mr. Bough said Charter is doing all the retail for Cross Harbor and Town Center.

Mr. Lehrkind asked if they have any residential planned. Mr. Bough said Phase 1 and 2 are on the flyer. Residential will be part of the later phases depending on how Phase 1 and 2 go.

Mr. Lehrkind asked Mr. Sprenger if there are any concerns of how our runways are aligned with possible residential growth. Mr. Sprenger said they would be further away than most of the other residential locations in the area. The big limitations would be height but since it is in a former gravel pit there shouldn't be a problem. The only thing Mr. Sprenger sees on the rendition is the water. Water features near an airport require discussion. Mr. Bough said they are not planning on expanding the existing water features.

Mr. Lehrkind thanked Mr. Bough for his presentation. Mr. Bough said he is available to respond to any questions or concerns.

4. Consider request by Bridger Aerospace for preliminary site approval to construct a 225' x 175' commercial hangar and a 110' x 80' commercial hangar on Taxiway EU

Mr. Sprenger said there are two requests that are related. Mr. Sprenger said this is part of a large scale development by Bridger Aerospace.

Tim Sheehy from Bridger Aerospace presented their plans through a brochure and presentation. Mr. Sheehy said they have been in discussions with Mr. Humphrey and Mr. Sprenger for some years. Mr. Sheehy is requesting a special lease agreement since the traditional lease does not allow enough time for financing, planning and construction of the larger hangars.

Mr. Sheehy represents two separate companies, Ascent Vision Technologies and Bridger Aerospace. Both companies started as Bridger Aerospace three years ago by Mr. Sheehy and his co-founder. They took their military experience with ISR and sensors and applied that to aerial firefighting that could benefit from that type of situational awareness. They got their first contract in 2015. They have grown to have over 50 employees and 9 aircraft with 5 new aerial firefighting super scoopers on order. In late 2015 they spun the technology company out of Bridger after recognizing that the aerial sensing service they were providing was its own product line. Both companies still operate in concert with one another and are based out of one facility.

With their current growth, they are constantly outgrowing their space. They need to do an addition on hangar one for corporate offices and manufacturing space and they need two new hangars. The first is a large Type 1 hangar which can hold the CL415 EAF aircraft. The aircraft will require some added underwater storage and pumps because the airport doesn't have the water capabilities to support this type of aircraft. Bridger will be bearing the cost for those additions.

The other hangar will be a repair station. It is a contract requirement. This will not be to pump fuel or fix other people's planes. It is a contract requirement for them to have a Part 145 repair station. To contract with the Forest Service, they are required to be a FAA return to service provider.

By the end of 2020 they hope to have 3 separate buildings. Hangar 1 will be used for aircraft sensor integration. They have a number of classified military contracts that are growing rapidly in size and scope. That requires Hangar 1 to be secure from physical and cyber threats which will create specialized IT and physical requirements. It will also include corporate offices.

Hangar 2 will be their large hangar and will be custom designed to hold five CL415 EAF aircraft. The brochure Mr. Sheehy distributed includes size and scope specifications of the aircraft.

Hangar 3 is their Part 145 repair station.

They are asking for a 3 year development lease for the campus. They would also like some security on the land around their current hangar. They would like assurance that the plots around them will remain available for their development. They are willing to pay the leases in the meantime or hopefully have the right of first refusal. They would like to work collaboratively.

Mr. Sheehy said they have put about \$2 million back into the community per year which doesn't include their building costs. They are servicing clients on 6 continents and they fly to all 50 states. They are supporting our military and allied military. They plan to have 50 more employees in the next 3 years.

Mr. Switzer asked what classification level they are at. Mr. Sheehy said it is currently at Secret but will be moving up soon. Mr. Switzer mentioned to Mr. Sprenger that the classification level will probably have unique response capabilities that we will need to be aware of. Mr. Sheehy said at the new level they will be required to provide their own contracted or internal armed personnel security.

Mr. Mathis asked if they have existing contracts with the Forest Service. Mr. Sheehy said yes they have 9 aircraft in their fleet now and 8 or 9 contracts with state and federal governments. This year they received an award from the Forest Service for aerial firefighting excellence. They have a nationwide contract provision to provide aerial fire suppression and monitoring in all 50 states. Mr. Mathis asked if the CL415's can be ramp loaded. Mr. Sheehy said yes, they are not restricted to retardant pumping on the ramp. Mr. Mathis said one concern is manufacturing that is not aviation related. We have a commitment to the community not to have an industrial park. Mr. Mathis asked if we can be assured their manufacturing would be aviation related. Mr. Sheehy said yes and we are welcome to perform annual or quarterly inspections if we would like. Their only income that is not aviation related is through a licensing agreement with General Motors for self-driving cars. It is a license to do the computer design and software and GM licenses and manufactures the design elsewhere. They have done some prototype parts. Their design will probably be a stop gap. Mr. Sheehy doesn't think they will have a high involvement in that and he is not particularly interested in that market. They currently provide knowledge, software and consultation services for that industry.

Mr. Kelleher asked if the CL415's flew into Yellowstone at all this year. Mr. Sheehy said he wasn't sure. Canada sends them down on a lease sometimes. Last summer they were here. Mr. Kelleher asked if the CL415 is the best. Mr. Sheehy said it is hands down. The Forest Service was trying to make the C130's useful but they couldn't. The CL415 is the only plane in the world designed for this specifically. This would be the first U.S. based fleet of these aircraft. Bridger will be getting two CL415's in January of 2020. That gives them enough time to get the hangar up and running.

Mr. Lehrkind asked when they would break ground if they receive approval today. Hangar 2 would be the first and they could break ground this summer. That is a 12 month project. Hangar 3 would probably start in spring 2019. The addition to hangar 1 will be in that timeframe somewhere. Their plan is to have the entire campus done by the end of summer 2020. Mr. Lehrkind confirmed that they have contractors lined up and Mr. Sheehy said they do.

Mr. Kelleher asked how hangar 2 compares in size to the YC's new hangar. Mr. Sheehy said theirs is just slightly larger but much taller. The CL415's require a 30 foot door. Mr. Kelleher asked if the height would create a problem with the tower.

Mr. Sprenger clarified this is a preliminary site approval.

MOTION: Mr. Switzer moved to approve the request by Bridger Aerospace for preliminary site approval to construct a 225' x 175' commercial hangar and a 110' x 80' commercial hangar on Taxiway EU. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

5. Consider request by Bridger Aerospace for preliminary approval to construct a 30' by 80' addition to hangar SE1 on Taxiway EU

MOTION: Mr. Kelleher moved to approve the request by Bridger Aerospace for preliminary approval to construct a 30' by 80' addition to hangar SE1 on Taxiway EU and extend lease lines to accommodate additional parking. Mr. Switzer seconded the motion.

Discussion: Mr. Mathis said they knew parking space was insufficient originally. He recommends that parking areas be considered for the new construction as well.

All board members voted aye. The motion carried.

6. Consider Central Valley Fire Station Design

Ron Lindroth, Central Valley Fire Chief, and Brian Tate, Project Manager, presented the plans for the new fire station. Mr. Lindroth apologized if we heard about this through the media first.

They will have a roughly 4 acre area. Traffic will come into Wings Way for parking and public access.

Mr. Lindroth said this is probably the best location for this facility they could ever dream and hope for. They view this station as the east end anchor of the new Belgrade. A lot of design and research has gone into this project.

Mr. Lindroth presented a bird's eye view of the proposed station. It will be a metal building with a brick façade on the front for cost efficiency. Mr. Lindroth then presented a view of the building from the front. The station will contain a training room also designed to be a backup emergency operation center. Mr. Mathis asked how many will the training center seat. Mr. Lindroth said it will hold 40 people. Mr. Lindroth presented several additional views of the building when driving by and coming from the airport.

The building will contain a new type of doors. They are air activated side bi-fold doors instead of roll up doors and they open in less than 3 seconds. The doors are also low maintenance and earthquake proof. The building will be a critical infrastructure facility.

The building is designed to have 8 firefighters on duty at one time and 24 firefighters over a period of 3 days. Administration staff would be additional.

Mr. Lindroth said they will have a building they are calling a decontamination building but that is more of a glorified car wash. Firefighter health and safety is the reason behind this design. They lose twice as many firefighters to job related cancer than they do to line of duty deaths. That is primarily due to the carcinogens they are exposed to. Their goal is to keep those contaminants out of the living area. The building is designed for washing the truck and the gear. There will be 2 steam showers to off gas and sweat out contaminants before entering the facility. This is an Australian design to improve health and safety.

Mr. Switzer said he likes the design and asked what their preferred timeline is assuming it is all approved. Mr. Tate said the project timeline is to go out for bid in February and start construction this spring. It will be a 14 month project. Mr. Lindroth said he would like to see them breaking ground April 1st so they could be into the building the following spring.

MOTION: Mr. Mathis moved to approve the Central Valley Fire Station design as presented. Mr. Kelleher seconded the motion.

Discussion: Mr. Lehrkind asked if there would be a stop light where the fire trucks will be leaving onto Airport Blvd. Mr. Lindroth said they haven't had that discussion with the

state. Depending on the traffic they may require that. It will be situated with a clear view in both directions and the emergency lighting should alert people to the situation. Mr. Lehrkind said a light might be something to look at since people don't always look like they should.

Mr. Kelleher asked Brian Tate his name and position and Mr. Tate said he is the owner's representative with Tate Management.

All board members voted aye. The motion carried.

7. Consider Architectural Services Procurement Process

Mr. Sprenger said he and staff wanted to express their growth concerns. Delta is adding Saturday only Atlanta service in April and May which is our shoulder season. Allegiant has added a third weekly frequency to Phoenix next summer. Allegiant is also discussing a new destination but nothing has been confirmed yet.

Our summer schedule for next year is currently up 7% in available seats. Our 8% growth that we will have this year, that we also had last year, is within realm of next year's growth as well. The national average growth is 2.4% over the past 5 years, ours over the past 15 years has been 5.4%. Growth over the past 10 years has been 6%. Over the past 5 years our growth has been 6.75% and now 7.5% for last 3 years. Extrapolating that out, we are concerned that we need to continue on with our terminal expansion plans. We are forecasting that by 2021 we could be at 750,000 enplanements and 1.5 million total passengers. If we grow over the next three as much as we have over the last two years, that number will be closer to 800,000 enplanements and 1.6 million total passengers.

We have the expansion in our capital budget. We can handle it in our budget. One year of design work takes us through 2018 and breaking ground spring of 2019 and finishing an 18 month project at the end of 2020, just in time for 2021.

Mr. Sprenger continued that in looking at designing the next addition for the terminal building we have come up with 3 different scenarios. One would be to do an RFQ directly for architectural services as the lead in the project. A second would be to do an RFQ but have the architectural team work underneath Morrison Maierle. The third option would be to go to the construction manager side and they would hire the architectural team.

On our last terminal project the architectural team was the lead. There were some challenges with that mostly because our engineering team is experienced on the airport side of things and the architectural teams often are not. That required duplication of efforts in managing the airport specific requirements. Staff believes it would be best to have the architectural team work under our engineering team, Morrison Maierle. The RFQ that we sent out a year ago included the possibility of having the architectural team under Morrison Maierle. The other airports in Montana that are currently under terminal design, Butte, Missoula, and Billings, are doing the same process with Morrison Maierle and hiring the architectural team under them.

Staff is asking today to move forward with an architectural procurement process. The board would be involved in selection process but once selected they would be under Morrison Maierle in the overall design team.

Mr. Switzer asked Mr. Sprenger if having the engineering firm as the lead has been the most successful process based on his experience and knowledge of other airport

expansions. Mr. Sprenger said they have been done all 3 ways. Morrison Maierle handles all of our grants and financial aspects. Some parts of the terminal are eligible for grants and others are not. There is a lot of coordination involved in leveraging the best possible funding for the project and ensuring all payments are done correctly. Architects are not familiar with that process. Morrison Maierle is best suited for the administration portion. On the last project the architects would make payments and then Morrison Maierle would look back after the fact and this created extra work. Mr. Switzer asked Mr. Sprenger if he knew the process that Salt Lake City is using for their expansion. Mr. Sprenger said he didn't know.

Mr. Kelleher asked if Prugh & Lenon Architects acted as the lead during the last terminal expansion and Mr. Sprenger said yes. Mr. Sprenger said it comes down to the managing of all the different aspects of the project such as the civil and mechanical engineering, electrical, baggage handling, etc. Morrison Maierle is familiar with managing all of those parts of the project in accord with FAA requirements and multiple funding sources. Another factor is that the architectural firm used last time had airport experience but they have retired. We will be looking locally for an architectural firm and more than likely none of them will have airport experience. Even if they did have the experience, we couldn't guarantee that they would be the ones selected.

Mr. Switzer asked Mr. Sprenger if he looked back at the last expansion and he were to change that to make it better, is this how he would make it look? Mr. Sprenger said more than likely yes. It took a year after the project to reconcile everything because of the differences in process. Making sure everything is done right the first time would be better.

Mr. Switzer said that on a big project like this the knowledge is important but trust between all the entities is also important. We have a good relationship with Morrison Maierle. Mr. Sprenger said we would like to establish a good relationship with the new architectural firm as well. We would benefit from a relationship with a firm that knows the terminal and the airport. It makes much more sense for this project for the architectural firm to work under Morrison Maierle.

Mr. Kelleher asked Mr. Sprenger to define local architect. Mr. Sprenger said it would be an architect in the immediate drivable vicinity of the airport. There are capabilities in the region. We will go out for selection with criteria that will be weighted and location will be a significant part of that. Having one close is very important. For example, we would like someone who can drive over on an emergency basis on a Sunday before Christmas. Mr. Kelleher said he is comfortable with Morrison Maierle being the lead so we don't run into the issues from the last expansion and thinks this streamlines the process. Mr. Kelleher said as long as there is fairness in the selection process of the architect he doesn't see a problem.

MOTION: Mr. Kelleher moved to approve the architectural services procurement process as submitted by staff. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

Mr. Keller asked Mr. Sprenger where we will be with the project on the main runway in July. Mr. Sprenger said it will be completed by May 18th.

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

Total operations for November were down 20.1% at 5,059 versus 6,330 due to weather in November. That puts our rolling twelve-month operations at 76,099. Corporate landings were down 1.8% at 163 versus 166. Total enplanements were up 6.8% at 34,096 versus 31,298 which is 8.8% for the year. That puts our twelve-month rolling enplanements at 598,735 which is another record. Total deplanements were up 7.1% at 33,502 versus 31,293. Airline landings were up 13.3% percent at 418 versus 369 due mainly to United and American. Airline load factors were 83.9% versus 84.9% with 7% more seats. Fuel dispensed for October was up 18.2% but 5% down year to date.

We have the same amount of seats this December as last year. Last year's load factor was 79% for December. If we get in the 83% to 84% range our calendar year will end up just below 601,000 enplanements.

9. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that they have parking in the old car condo area completed. Knife River did a nice job. They opened up most of the additional 100 stalls the day before Thanksgiving. We also have an improved surface for overflow parking and a sidewalk to that area. We will be sending cars to that area a week from today to make sure we have enough stalls for cars over the holiday season.

The later holiday this year shifted some of the traffic to January. Seats in December are allocated for people coming in. We have a lot more coming in than out so that is why the load factor is usually lower outbound than inbound prior to Christmas. That creates more opportunity for growth outbound.

We are doing a lot of parking evaluations. 51% of our enplanements equal the number of overnight cars in a year. That number has been steady for 5 years. Our peak for Christmas is about 200% of our average, 170% for Thanksgiving, and 130% for spring break. About 50-100 overnight cars are added each year on average. Our total parking is suited for averages but under suited for our peaks. We hope to get everyone situated over Christmas but it will be hard.

Mr. Lehrkind asked for the latest information on additional fuel tanks. Mr. Sprenger said they have been talking with Yellowstone Jet Center. They are in their peak season so discussions have backed off for now.

Mr. Mathis asked about the request for proposals for Yellowstone Forever location and what length of lease that would be. Mr. Sprenger said it is traditionally a 5 year lease on similar items. We can adjust that. Mr. Mathis is concerned about the location. Mr. Mathis said he thinks the location is very pretty and is under-utilized. Mr. Mathis would like to see doing a year to year agreement at the most. He thinks it would be good spot for additional restrooms and realizes they would be small. Mr. Switzer said he thinks a shorter commitment makes sense. We want to make sure the setup is the most efficient.

Mr. Sprenger said they have also looked at the existing gift shop area next to the bistro. They have had discussions with Bert on that. It is nice to have a place to wait that has services, even though they are not as profitable. Bert has always been willing to look at unique ways to change and adapt his business. As for restrooms, it would be extremely difficult. There were restrooms there at one time and they were twice as large. We had to adjust that to create enough space into the opening of the new area of the building. The

larger issue on restrooms is inside security, especially during peak arrival times. In future development, restrooms inside the concourse should be expanded and enlarged. Restrooms are a very important part of the future expansion.

Mr. Lehrkind said it would be interesting to hear from staff on how can we better use space as we continue to expand.

Mr. Kelleher said the airplanes are a lot bigger. Mr. Sprenger said yes and we may see some change. Now airlines are adding frequency instead of larger planes. We are going to see that go up and down. The good news is the numbers are going up.

10. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Mr. Mathis asked about a towing charge. Mr. Sprenger said that was a customer reimbursement. We had a sign post that was covered by the snow that we missed. The customer drove over it and damaged his car.

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

11. Adjourn

The meeting was adjourned at 3:29 p.m.



Carl Lehrkind, Chairman