

The regular monthly meeting of the Gallatin Airport Authority was held October 8, 2015 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, Paul Schneider, Assistant Airport Director-Ops, 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. He understands people are busy and cannot stay for the entire meeting but are welcome to stay if they would like to.

1. Review and approve minutes of regular meeting held September 10, 2015

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

MOTION: Mr. Kelleher moved approval of the minutes of the meeting held September 10, 2015. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

Robert Shropshire signed up to speak about helicopter operations. Mr. Shropshire indicated that he had prepared a script and provided it to be included in the minutes. Mr. Shropshire read the following statement:

Last Friday, October 2nd, there was a meeting between Summit Air Ambulance, Shropshire, some GA hangar owners, an FAA representative, Brian Sprenger, and Scott Humphrey.

Shropshire had written a letter to the Gallatin Airport Authority stating his concern of Summit Ambulance operations. Shropshire specifically stated that Summit operations on September 12 was a hazard to his personal property and that Summit operations were a hazard to other GA Hangar owners property. And that their operations were dangerous. A video was viewed on a laptop computer by anyone who cared to view it.

At the conclusion of the meeting it was agreed that a letter of understanding will be written by Brian Sprenger that both Shropshire and Summit will abide for 6 months.

I plan to keep my end of the bargain but my concerns are still there. Summit is only to takeoff in an emergency and if my hangar door is open they are to inform me that it is an emergency to give me time to close my door to prevent damage to my property. All other operations are to be down on the ground. I still have concerns on their operations and the damage that could be done to other GA Hangar owners and their property if an 'air taxi' is done. And more importantly their operations within 10 ft of a fuel truck. Not to mention operations next to a transient parking area where airplanes, tents, and gatherings are held.

I want these words read into the minutes of the Airport Board meeting so that they all can understand the problems caused by Summit Air Ambulance and that they will have to live with their actions.

Two more small items.

First. At the very start of the meeting Summit, in particular Matt Williams, stated that I made an obscene gesture when they landed two days prior to the meeting. And it was not 'the finger'. The gesture I made was a 'thumbs down' when they landed, once again, in front of my open hangar door and I wanted to make sure they knew it was not appreciated. He stated otherwise. And I take great exception in his attempt to defame me in any way. This was supposed to be a meeting of professional people trying to resolve a problem; not start it with lies.

Second. I feel strongly that something needs to be on record for the problems Summit is causing for the GA Hangar owners and especially me. And if anything happens in the future I want it to be taken very seriously as should any hangar owner or property owner.

Mr. Shropshire said that was his statement and asked if there were any questions for himself or Mr. Sprenger who was also present at the meeting.

Mr. Switzer asked what the FAA said at the meeting. According to Mr. Shropshire, the FAA had very little to say officially during the meeting.

Mr. Kelleher asked him to re-read the last sentence. Mr. Shropshire reiterated that the operations flying down the taxi way are creating dust and dirt and are hazardous. Mr. Shropshire is of the opinion that Summit Ambulance can make operations a lot more comfortable for others.

Mr. Sprenger reported that we had a sudden change in contractors for the screening partnership program. The TSA made these changes largely due to contracts at other airports in Montana. The new company is Trinity Technology Group. They operate out of other

airports our size. They are well respected in their field. Mr. Sprenger introduced two of Trinity's local representatives, Joanna Whittle and Zoe Hauser. Ms. Whittle was present to answer any questions.

Mr. Mathis asked Ms. Whittle when they plan to have their people in place. Ms. Whittle said that the TSA will decide that for the most part. It should not be longer than 30 days and they will keep us in the loop.

Mr. Mathis also asked what percentage of the current staff they would be hiring. Trinity has made offer letters to everyone. All but 2 of the current staff have signed on.

Mr. Mathis mentioned that the Northwest Chapter of the American Association of Airport Executives held its annual meeting in Denver this past month. Each year they choose an airport director of the year for the entire region. The region includes 8 states and 2 Canadian Provinces. He proudly announced that Brian Sprenger, our Airport Director, was chosen as the airport director of the year for this year.

3. Consider request by James and Kristine Hall to construct a 50' x 56' non-commercial hangar.

Mr. Sprenger mentioned that the current pictures haven't kept up with our growth. There is a spot available for the hangar. The spot chosen works well for Mr. and Mrs. Hall and for the airport. It generally finishes off the west side of the cross wind runway. Staff feels it would be a good addition.

MOTION: Mr. Lehrkind moved to approve the request by James and Kristine Hall to construct a 50' x 56' non-commercial hangar. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

4. Continue consideration of entry signage

Mr. Sprenger sent out images of the proposed signage and location(s) prior to the meeting. Mr. Sprenger reported that in last month's meeting we had narrowed the choice down to one type of sign. There are two proposed locations. One location is at the top of the hill coming into the airport and the other is at the corner of Wings Way and Airway Blvd. Both would work well for representing General and Commercial Aviation. One difference between the two locations is the congestion at the Wings Way intersection that would block visibility of the sign. The other location at the top of the hill is before the green highway signage. Staff recommends the location at the top of the hill referred to as location A.

Mr. Lehrkind asked about snow removal. Mr. Sprenger replied that because of the height of the sign there should be no snow removal issues.

Mr. Mathis mentioned he thinks it is a great location that makes sense. Mr. Lehrkind and Mr. Kelleher agreed with Mr. Mathis' comments. Ms. Stelmak said she thinks the signs accomplishes what we are trying to achieve with a welcome monument sign.

MOTION: Ms. Stelmak moved to approve entry signage at location "A" as detailed by staff. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

During the discussion portion of the motion, Mr. Switzer recommended that we not give up on having a sign after coming off the interstate. He understands it does not make financial sense at this time but it may be something to think about at a later point in time.

5. Consider Airport Capital Improvement Plan (AIP)

Mr. Sprenger reported that a significant amount of funding will go towards asphalt. The next four years of AIP funding are dedicated to the parallel runway, rehabilitation of our taxiway and main runway, and the ability to accommodate growth including possibly Summit Flight School on the north side. All of those projects total to about \$21 million.

Based on our talks with the FAA, we are expecting to use \$12.7 of our entitlement funds and \$6.3 million of discretionary funding to accomplish those projects. We would be paying 10% of that as our match.

The long range plan for capital improvements was also provided to see how those projects fit in with the longer-term plan. The long term plan includes several projects including parking garages, terminal expansion, an additional General Aviation rehabilitation, additional taxiways, and a master plan. The master plan is for after the ten-year period since our former master plan that was created in 2008 will be mostly completed.

Over the next 11 years, we will have \$100 million worth of projects in the plan. That includes AIP and non-AIP fundable projects. The plan includes paying off our bonds at the call date at the end of 2019. It also maintains a minimum cash threshold of \$10 million. It also takes into account keeping the cash balance at a point where we are continuing to provide infrastructure.

A 7-year plan will be provided to the FAA which is based on our overall plan. Within that 7-year plan, the first 2-3 years are most important in securing discretionary funding.

Ms. Stelmak commented that the sequencing has worked out very well and that is because it is very well thought out. But it is still very impressive and a good plan.

Mr. Mathis asked if anyone had an update on the new runway. Scott Bell said they received FAA comments on dust and noise. We intend to have our plan back to them by Wednesday morning. Hopefully then it will move onto the next step of the environmental assessment.

MOTION: Mr. Switzer moved to approve the Airport Capital Improvement Plan (AIP) as presented by staff. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

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

Mr. Humphrey reported that we have surpassed 1 million people through the terminal. 1,000,483 people have transited the terminal in the last 12 months.

Total operations for September 2015 versus 2014 were up 11.9 percent at 8,369 versus 7,478. Twelve-month operations are at 81,095. Corporate landings were down slightly at 205 versus 209. Revenue enplanements for September were up 3.4% at 44,857 versus 43,367. Twelve-month enplanements stand at 501,501. Deplaned passengers were up 6.5 percent at 42,234 versus 39,644. Airline landings are down 3.6 percent at 556 versus 577. Our load factor is at 87.1 percent versus 83.2 percent for September of 2014. Fuel could not be reported on as the numbers had not come in yet. For October we are sitting at 4.5 percent better than we were last October. October is up 4.5 percent in seats, and up 7.5 percent for November and December. We should finish off strong for the year.

We will be in Dallas on November 18th to meet with American Airlines. We will be discussing service for summer of 2016.

Mr. Lehrkind asked what kind of service are we looking for. Mr. Humphrey replied they have thought it over and will take any service at this point. From what we can tell, American is looking at seasonal summer service. We are of the opinion that any service for the summer of 2016 will be good. Looking at the numbers we are back on track for 5% growth. Yellowstone National Park just had a record year. They had 15% growth in 2015 and are expecting more in 2016 as it will mark the 100-year anniversary for the national park system. That is something we will be highlighting with American Airlines.

7. Airport Director's Report – Brian Sprenger

Mr. Sprenger started by adding a couple things to Mr. Humphrey's report. Since 2009 every odd year has had single digit growth in September and every even year has had double-digit growth in September. It was an interesting statistic he wanted to mention.

Next year we will lose 11,000 seats in the first 5 months of the year due to Frontier going seasonal. However, Delta, United, and Alaska will be adding 30,000 seats during that same period. This is due to a change in market dynamics.

Alaska Airlines will start Portland service March 13th instead of June 7th and will run until the end of October. Horizon added 29% more seats and their load factor was still above their system average for the month of September at 83%. Frontier has indicated they are still planning on coming back in the May timeframe. American Airlines would have an impact as well if they enter the market.

Ms. Stemplak asked if those 30,000 seats being added include any new markets. Mr. Sprenger said there are not any new markets outside of Portland. A significant part of the

increase in seats is service to the Pacific Northwest. The other significant part is the United Airlines mainline service to Denver with a larger aircraft.

We successfully made the parking lot management transition. The parking lot staff is essentially the same.

Mr. Sprenger reported on the meeting with Summit Air Ambulance and Robert Shropshire. We have an agreement. It is important to note that we are an airport for all aviation. We need to make it work. We will be stepping up our part by keeping up with sweeping the ramp. There are multiple parts that we hopefully have addressed effectively.

We received a draft of the hotel feasibility study and a bill. The early draft indicates a 3% return. For a new market they are expecting a 20% return to justify the capital. In reviewing the draft, there were a couple areas we felt were not well covered. In particular, we have seen consistently that people are going directly up the canyon and are unaware that Bozeman exists. We feel there was an over emphasis and expectation on the amount of travelers who would just as well stay in Bozeman. We haven't seen that to be the case which is why Bozeman Chamber of Commerce wants staff at the information counter. We wanted to make sure that was effectively included in the report. We would also like the park and fly segment evaluated. From a feasibility standpoint, the results may not change all that much. He would guess they will have a positive effect but maybe not positive enough. A copy will be provided of the final report when it is received.

Mr. Kelleher asked if there was any chance of getting airport signs on Valley Center Road. Mr. Sprenger reported that that question was addressed at the last Montana Department of Transportation meeting. Gallatin County Commissioner Steve White

reported that Valley Center Road is a State responsibility. The county is responsible for Alaska Road. Montana Department of Transportation is very receptive to providing airport signage at the Valley Center location.

Mr. White also reported that they are running into speed limit issues on Alaska Road. The gravel trucks are taking a while to get up 50 mph so vehicles are passing them and not getting back into their lanes in a reasonable amount of time.

Ms. Stelmak asked about additional ground signage just past Wings Way. People change lanes there a lot. Mr. Sprenger said the roundabout is designed to redirect them but they can take a look at it.

Mr. Kelleher asked about Mandarin directional signs to the airport. Mr. Sprenger said that signs outside the terminal would have to be coordinated with The Montana Department of Transportation. Inside the terminal that is a discussion we may want to have. The international signage we have generally works. China will be a larger part of our traffic and we should keep watch on what we can do to take better care of that population. That includes training even at, for example, the rental car companies.

Mr. Lehrkind asked if we had heard anything about the supposed extra funds that were going to be spent on the frontage road. Mr. Sprenger said The Montana Department of Transportation will tell us there are no extra funds. But their emphasis is in line with our concerns. They are going to be doing several improvements on Frontage Road over the next 2 years. They are also going to be doing a transportation study on the Frontage Road from Jackrabbit Lane to Bozeman. Mr. Sprenger had talked with Ted Barkley, with the City of Belgrade, who indicated there would be a significant investment in roads over the next 7 to

8 years on Main Street in Belgrade and Frontage Road towards Bozeman. So while the money was not transferred from one pot to another, they are holding up their end of the bargain by focusing their attention where we expected it to be.

Mr. White reported that because of federal involvement, that money goes someplace else. But in replacement of that, there will be focus on that stretch of highway and other improvements. In addition The Montana Department of Transportation is going to break ground next spring for the four-lane project on Jackrabbit.

Scott Bell added that they reclassified the funding mechanism for Frontage Road from the Airport into Bozeman. It used to be a secondary road, which would have come out of the county's funds. It is now a primary road and funded by a better funding account.

8. Consider bills and approve for payment

Mr. Sprenger pointed out a split in the payments from September 25th to October. Our bills are sometimes arriving in the mail on their due date. To get our bills paid on time, Mr. Sprenger went ahead and signed some payments. This is a slightly different process than in the past. The board will still review all the bills and payments. If anyone has any concerns with the process, please let Brian know.

The bills were reviewed and detailed by Mr. Sprenger.

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

All board members voted aye and the motion carried unopposed.

9. Adjourn

The meeting was adjourned at 2:53 p.m.

Ted Mathis, Chair