

The regular monthly meeting of the Gallatin Airport Authority was held September 14, 2023, at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Karen Stelmak, and Kendall Switzer. Carl Lehrkind was connected to the meeting virtually. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, and Troy Watling, Assistant Director - Finance.

Mr. Mathis, Board Chairman, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board and called the meeting to order.

1. Review and approve minutes of regular meeting held August 10, 2023

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

MOTION: Mr. Switzer moved approval of the minutes of the regular meeting held August 10, 2023. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider request by Yellowstone Airport to donate surplus baggage system conveyors

Staff has reviewed the equipment and recommends approval. Mr. Sprenger confirmed for Ms. Stelmak that we would have no liability in donating the equipment.

MOTION: Ms. Stelmak moved to approve the request by Yellowstone Airport to donate surplus baggage system conveyors. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

4. Consider request by Centerline Properties, LLC to transfer the commercial land lease on hangar EU9 to Zeliff Aviation, LLC with a subsequent sublease to Ridgeline Aviation

Mr. Sprenger said Ridgeline is in the process of moving to the north side. Ridgeline is preparing to sell this hangar and use the proceeds to build the hangar on the north side. In the meantime, the purchaser will lease the hangar to Ridgeline until their new facility is complete.

Mr. Lehrkind asked when the hangar on the north side will be completed. Mr. Sprenger said there are some challenges with FAA approval in connection to radar on the north side. After that is resolved, construction is estimated to take 12 to 18 months.

MOTION: Mr. Switzer moved to approve the request by Centerline Properties, LLC to transfer the commercial land lease on hangar EU9 to Zeliff Aviation, LLC with a subsequent sublease to Ridgeline Aviation. Ms. Stelmak seconded the motion.

Mr. Mathis said he is disappointed to see a commercial spot transferred to a non-commercial entity.

All board members voted aye. The motion carried.

5. Consider request by Mark Kossler to transfer the non-commercial land lease on hangar 49 to M&A Alaska, LLC

Mr. Sprenger said this hangar is in good condition. An addition was built for which the siding doesn't match. Part of the approval would be to request that the hangar be the same color. Anticipated completion is prior to the lease transfer.

MOTION: Ms. Stelmak moved to approve the request by request by Mark Kossler to transfer the non-commercial land lease on hangar 49 to M&A Alaska, LLC contingent on the siding matching. Mr. Switzer seconded the motion. And all board members voted aye. The motion carried.

Mr. Switzer asked with the commercial hangars that have access to the ramp, is there anything we need to do to keep them in commercial hands. Mr. Sprenger said it is a challenge. We need to have enough space for commercial operators. Short of restricting the market elements, we are fortunate to be able to expand and accommodate the changes. Mr. Mathis said as we develop on the northside, may want to consider language for those buying on the frontline to include the requirement to have a commercial operation.

6. Consider request by RMR Hangar 1, LLC to transfer the commercial land lease on hangar ER7 to Barnard Aviation Hangar, LLC

Mr. Sprenger said RMR has ceased operations. Staff has been in discussion with Barnard Aviation. They would have liked to build a commercial hangar a couple years ago. The hangar is in good condition and staff recommends approval of the request. The aircraft to be stored in the hangar is a G-500 Gulfstream.

MOTION: Mr. Switzer moved to approve the request by RMR Hangar 1, LLC to transfer the commercial land lease on hangar ER7 to Barnard Aviation Hangar, LLC. Mr. Lehrkind seconded the motion. And all board members voted aye. The motion carried.

7. East Terminal expansion update

Mr. Sprenger gave a presentation of the East Terminal Project and ACIP 2024-2030. Comparisons of passenger enplanement projections from the 2019 master plan, actual 2023 cash flow projection and FAA TAF were presented. We are trending about 25-30% higher than what our master plan was projecting. The goal of the master plan is to give us a blueprint of what needs to happen when we meet certain thresholds, which we are meeting sooner than projected. We are projecting that in 11 years we will be close to 2 million enplanements. This year we projected 4.5% and we will be around 8-9%.

Mr. Switzer asked if we would hit a threshold when the growth expansion accelerates at a higher rate due to the service we can provide. Mr. Sprenger said there are multiple factors. Local population growth has an impact. The number of hotel rooms available for tourism also affects the growth rate.

Mr. Sprenger thanked the team from architects along with staff and engineers who have been working on phasing plans. Six months ago, we expected to leapfrog and build Phase 2 first and then come back and build Phase 1. That was to maintain service levels. But it was an inefficient way and not cost effective. We have changed that. There will be impacts. We will be down to 2 baggage claims for a period of time. We are proposing to bring out a second bag claim area adjacent to the lobby. The advantage is that we can move into Phase 1 and start that demolition first. We will reduce the time we are down to 2 baggage claims. Architects believe we would only lose 2 summers and a winter. Some of the payback is we get what we need sooner. We would have an additional baggage claim with more capacity. That is the tradeoff. For efficiency, we take the project from a 3 phase to a potential 2 or 1 phase project.

Plans for the second level were presented. We are saving \$10 million plus by making these changes. There will be tunnels to relocate boarding bridges. To give us enough gate hold room space, we have a ramp down to the old section of the terminal which needs to be leveled out. We will temporarily increase the hold room area to accommodate 2 gates. We will bring in the bathrooms outside security into the hold area. They are the least used restrooms currently. We are planning some things to expand the checkpoint and increase the size of the queuing area. The plan will allow us to wall off the entire construction area.

Passengers will not be inconvenienced as much as planned with the exception of baggage claim for 18 months. The accelerated process and cost savings will be worth it. This also allows bag claim to remain indoors.

There will be no changes for aircraft capabilities at gates. The ability to ground board will remain if necessary. We also have an elevator and stairway if needed.

Overall, the biggest customer impact is baggage claim. Staff inconveniences are to be determined. There is a good chance some staff offices will be modular in the employee parking lot. The baggage impacts will be mostly congestion.

We are getting close to the timeline to make some hard decisions. The first bid process is planned for the 1st quarter of next year. If we don't feel comfortable doing Phase 3, it will be an alternate and could go away resulting in a savings of \$38 million. We also have another alternate; build the shell of Phase 3 but not complete it for a savings of \$18 million.

Ms. Stelmak asked about heating and cooling. Some heating and cooling will be new but not all of it. We are planning to expand groundwater cooling wells. There will be more boilers coming down to the east.

Mr. Sprenger presented an image of project timelines for Bidding, Phasing, Baggage Claim, Rental Car Counters, Gates, and Administrative Offices. Phasing, bidding, and costs could come as early as late fall. Phase 1 is about a 2-year project. Phase 2 is 2 years past that.

This change creates efficiencies when moving east in a linear way. Baggage claim, Rental car counters, and gate phasing were presented.

The estimated cost of Phase 1 is \$58 million. Phase 2 is estimated at \$80 million. (Without Market 2 and Baggage Carousel 3). Phase 3 is at \$34 million without a second

restaurant. There is \$21 million in contingencies. The overall project cost is \$172 million. We think we will get some of the contingent money back but we don't know how much. Inflation was factored into the costs.

We are projecting a negative cash on hand of \$4 million at the end of 2028. The accelerated schedule means we will spend quicker but also save money in the overall project. There may be a need for financing. With our cash flow, we believe recovery would happen within a year. We are also assuming we go into another parking garage project following the terminal project.

Some assumptions that could impact the project:

12% contingency = \$21 million

Bipartisan Infrastructure Law (BIL) Terminal Grants give us a chance at \$30 million but it could be less. We believe we are in a good position. The first grant should be awarded close to the first bid. This would be motivation to move forward with Phase 3. Same for later bids, might mean we don't do the finishes on phase 3.

Phase 3 accelerated decision on phase 3.

Phase 3 finishes are completed on phase 3.

There are a number of ways to adjust the project as we move forward. We are cautiously optimistic. If we delay, and continue to grow, it will just get more expensive.

Michael Spitzer and Frank Gratton with RS&H presented virtual images of the design for the East Terminal Expansion.

Baggage claim will ultimately have 3 large carousels. Images of today and the future were presented. The existing fireplace remains for economical and structural purposes. The

terminal will be opened up behind the fireplace. The wood “look” advertising will be moved to another wall and has been accounted for. Strong stone columns will hold up the second floor above baggage claim. A view into the mezzanine level was presented. The second level will have a bag drop area when coming out of the parking garage. The bag drop can also be accessed from elevators. The 3 levels of the terminal are open and connected.

Three options for the bar in the new great room, near the windows, were presented for consideration.

The first option presented was a canopy at the oval bar. The curved steel beams wouldn't obscure the view but would create uniform lighting. The oval bar itself, the counter and underneath counter provide an opportunity to bring some lighting in.

The second option was titled “Jetstream” and included undulating topography. Images were presented. This design was inspired by the slopes of the mountains and aircraft wings. This design creates a feeling of something above you. A room within a room.

The third design option was titled “Mammoth Hot Springs”. Images of organic shaped rings with possible acrylics to let light run through were presented. They could be arranged at different levels. The lighting could change throughout the day.

Mr. Sprenger said we narrowed down a lot of the options. The Mammoth Hot Springs design stretches the envelope a lot. Each of us has opinions on design. It is a big space. We want elements that don't impact the mountains. But also need to provide lighting.

Ms. Stelmak said she would not be supportive of the Mammoth Hot Springs concept. Mr. Switzer said it is neat to see the artistic concepts and he likes the Jetstream theme. Mr. Lehrkind agreed with the Jetstream concept. Mr. Mathis said the fourth option would be

none of the above. Mr. Spitzer said that is true and they have considered lighting from the bar or existing beams.

There will be two walls flanking the checkpoint. Two design concepts were presented. We have the option for some degree of transparency. An image of the wall from the airside was presented. The first was a concept image of a glass wall with the Bridger Mountain profile. It could highlight some of the peaks. It could be instructional. It isn't fully developed. There could be a series of lines to add texture. "Four Seasons" is the second idea for the walls. Landscape photos were presented. They could be photos from local artists and the images could be layered into the glass.

Mr. Switzer asked if there is technology available that allows the image to change. Yes, the technology is out there. There are options at different price points. We could have a projection of scenes throughout Montana and they could be seasonal.

The team was thanked for all their work and the presentation.

8. Consider FY 2024 – FY 2030 Airport Capital Improvement Plan

Mr. Sprenger presented an image of the plan, on screen, including goals and other projects to consider. We will be extending and widening Runway 11/29 in 2028/29 and relocating the Very High Frequency Omni-Directional Range (VOR) prior to our next Runway 12/30 rehabilitation. There are more parts to that goal but in essence these improvements provide for additional north side development and runway redundancy. Ultimately, that is what we are spending the next 6 years trying to complete.

The first phase is fiscal year (FY) 2024 with Taxiway Bravo (B). That is in conjunction with FY 2025 including a 328' extension of Runway 30 while adding the MALSR and a

secondary entrance to 30. FY 2026 includes the finishing of Taxiway B to the end of Runway 12. We will have more development on the north side, and they will need access to the main runway. FY 2027 is relocating Taxiway C to have adequate separation from 11/29 to be an air carrier runway. FY 2025 also involves the relocation of Airport Rd.

Other projects include the relocation of the VOR, the installation of other navigational aids, and a Cat II Approach. The master plan was essentially just approved but was based upon 2019 information. We have new assumptions. One more project for future consideration is the extension of Runway 12/30 partially due to the number of east coast flights we have now compared to 2019. The best time to do that is while the rehabilitation happens in 2032/2033 time period. However, to get the steps in order, we need to include the extension as a concept, we will be required to move forward with the next Master Plan and an environmental analysis in 2026 and 2029 respectively.

We have the ability to adapt if we don't get discretionary funds but we need to be establishing those needs now in order to have a chance for the funding. The numbers are shocking in growth and will help justifying the need.

MOTION: Mr. Switzer moved to approve the FY 2024 – FY 2030 Airport Capital Improvement Plan as presented by staff. Ms. Stelmak seconded the motion. And all board members voted aye. The motion carried.

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

There were 12,000 total tower operations for August, which was up 14.3%. There was a big jump in local general aviation (GA) traffic with 3,766 operations versus 2,734 last year. Rolling 12-month operations were 122,125 operations which is another record. Corporate

landings over 9,000 lbs. were 1,016 and 902 operations were above 12,500 lbs. There were 19 custom clearances in August 2023 versus 9 in August 2022. For the calendar year, we are up 39.7% for customs clearances. Total revenue enplanements were up 9.7% at 142,631 passengers versus 130,033. Rolling 12-month enplanements are higher than projected with 7.5-8% growth. Deplaned passengers were up 11.6% at 138,813 versus 124,412 passengers. Airline landings were down 2.6% at 1,043 versus 1,071. The overall load factor for August was 90.5% versus 87.3% last year. Fuel dispensed for July was 2.593 million gallons compared to 2.318 million gallons last year.

For September we are currently 15-16% better but we will probably drift down a little. This October 3rd & 4th, we will be in Missoula for an airline partners meeting.

10. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported overnight cars for August at 93% of last year but parking revenue was 108%. Food and beverage revenue was 110% of last year and retail was 115%. September to date for food, beverage, and retail revenue are both 110% of last year. Overnight cars for September to date are 93% of last year.

We received our tower grant. We have \$450,000 to upgrade the HVAC and some other improvements to the tower.

The GA ramp is essentially complete. The east ramp is essentially complete. Rental car storage lots are essentially complete. The Tie-down ramp and Taxiway G will be paved late this month or early next month and will be complete before winter sets in.

For the baggage system, the final ticket counter line will be added tomorrow. It should be complete by the beginning of October.

Airline office remodels will be completed by the end of October. The airline back wall will be finished next month as well.

We had hoped to open the BZN Market, but the countertops have been delayed. A soft opening is planned for October 18th and a grand opening on October 26th at 10am.

The ticket counter lobby carpet will be installed soon.

The checkpoint expansion begins early October.

The construction of Fuel Farm Loop starts Sept 25th. There will be a bill to be paid this month for Northwest Energy to provide the gas and electricity there. We will be reimbursed by the tenants as it fills out.

Our skid steer should arrive next week and the street sweeper by the end of the month.

Jet Aviation will have a hangar grand opening September 28th.

Summit Aviation has steel on hand for the north side.

Yellowstone Jet Center has a new parking lot complete on the southeast side of Wings Way. Their fuel farm and ground support equipment building are coming along.

Yellowstone Club hangar foundations are coming in. We expect to see steel installed this winter and hopefully completion of the hangar sometime next year.

We have new and enhanced financial reporting in this packet from Mr. Watling.

The Transportation Security Administration (TSA) change to federal program is planned for October 8th. The team arrives October 5th with up to 70 of the national deployment team. They will take over the checkpoint from midnight into Sunday. They have

28 staff on board, and they are in the process of hiring more. As those are certified, the deployment team gets released back home.

Mr. Mathis asked about TransMedics acquiring the charter portion of Summit Aviation. Mr. Sprenger said they purchased it for the charter operation to move human organs. It also includes the flight school as a stepping stone into the charter operations. Ben will be Vice President of flight operations. They are excited about the new building. From our standpoint, the bulk of the aircraft is for the charter. We haven't heard anything about moving aircraft or personnel. Essentially, they are able to keep organs viable substantially longer than previously.

11. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Mr. Lehrkind moved to pay the bills and Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

12. Adjourn

The meeting was adjourned at 4:14 p.m.



Ted Mathis, Board Chairman