

The regular monthly meeting of the Gallatin Airport Authority was held July 8, 2010 at 3:00 p.m. in the Airport Conference Room. Board members present were Steve Williamson, Richard Roehm, John McKenna, Kevin Kelleher and Ted Mathis. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director and Cherie Ferguson, Office Manager.

Steve Williamson, Board Chair, introduced Ted Mathis as the new Board member. Mr. Mathis retired a year ago as the Airport Director of Gallatin Field.

The first agenda item was to review and approve the minutes of the regular meeting held June 10, 2010. Richard Roehm moved acceptance of the June meeting minutes and John McKenna seconded the motion. All Board members voted approval of the motion.

The second agenda item was the public comment period. Candy Barrios, a Delta Air Lines agent, said that people have been moving the ashtrays from the smoking area to the non-smoking areas and she has seen a representative from Karst Stage smoking in the non-smoking area.

Ms. Barrios said that the airport staff does a wonderful job cleaning.

Ms. Barrios said she has seen parents lifting their children so they can drink from the water fountains or wash their hands in the restrooms and she asked if it is possible to get folding stools or something so they won't have to be lifted.

She said she is proud to work here.

Jamie Lenon, the airport architect, said the ADA won't allow stepstools as they are a trip hazard but he will see if there are other options to help children.

Brian Sprenger, Airport Director, said Korman Marketing brings in about 5,000 passengers a year so we took the initiative and set up smoking areas. He said we will address the ashtrays being moved and the Karst representatives smoking in non-smoking areas.

The Board thanked Ms. Barrios.

Mr. Roehm said he has a friend who is an aviator. On July 4th he was flying and he reported to Mr. Roehm that the control tower staff did a superb job. He landed on the grass turf and that was nice too. Mr. Roehm said that whoever has been maintaining that has been doing a great job. The turf runway is smooth and well maintained.

The third agenda item was to meet the staff. Mr. Sprenger said this month's featured employee is Ken Dove, who is not related to Chief Bill Dove.

Mr. Ken Dove said he started in Glendive as a patrol officer and then served as a patrol officer with the Billings Police Department from 1984 until he retired in 2004. He then tried ranching. He worked for probation and patrol for a year and a half and then came here.

His dad and Bill Dove's dad met together to discuss common ancestry and they didn't find any.

Mr. Williamson said we like having someone from the eastern part of the state working here. The Board thanked Mr. Dove and said they are glad to have him here.

The fourth agenda item was to consider Guaranteed Maximum Price – Schedule V of the Terminal Expansion Project. Mr. Sprenger said the board had a recap of the GMP for Martel for bid package five. This schedule is primarily the final interior finishes and negotiated items to finish the terminal building. He said we will also be bidding the loading bridges in the next couple of months. Overall our budget for this package was \$3,181,312 and the bid amount came in at \$3,152,756.74. As this is the last bid on the terminal, we have final mechanical and electrical negotiated work of \$582,777.20 for the finishes as well as \$100,000 in allowances for concrete floor sealer, special concrete floor finishes in the baggage handling area and wood finishes that are also being negotiated. These negotiated

items and allowance will add \$682,777.26 to the GMP and in essence are part of the reason Schedules III had so much savings. This will finalize the project Guaranteed Maximum Price from Martel (Schedules II – V) at \$36,311,820. This is \$9,235,098 under our original budgeted amount for Martel and \$10,277,304 under the budget with Schedule I included. He recommended acceptance of the GMP for Martel for the base bid in the total amount of \$3,835,534. The board members and Mr. Sprenger discussed the negotiated items, \$100,000 allowance for the items that are being negotiated, and the projected estimates when we issued the bonds in October. They also discussed the fact that we considered that we might need a line of credit when we issued the bonds. If we didn't need the additional funds, we didn't want to add them to the amount of the bonds. If land becomes available, we can also tap into the line of credit. When we borrowed the bond money, Schedules I, II and III had been bid at \$26,900,000.00.

Mr. McKenna made a motion that we accept the bid of \$3,835,534 for Schedule V. Mr. Roehm seconded the motion, and all Board members voted aye.

The fifth agenda item was to consider parking lot proposals. Mr. Sprenger said we received three proposals and the Board received a summary of them. He said two of the proposers are here; Clint Joy from Standard Parking and Chris Howley from Republic Parking.

Mr. Joy of Standard Parking introduced himself and said that Standard Parking would continue to provide excellent customer service. Their operating fees were the lowest of the three bidders. Even though their Minimum Annual Guarantee (MAG) came in lower, they would contribute more to the airport than the other bidders. Mr. Roehm said one other bidder has extra incentives and asked Mr. Joy if Standard Parking has any. Mr. Joy said they have a Park and Click program that is similar. In response to Mr. Williamson's question regarding

moving to more automation, Mr. Joy said he believes it is the correct thing to do and they plan six additional weeks to help customers with the new system. After that, they plan to man one booth. Mr. Roehm said the projections are going upward without knowledge of catastrophes and Mr. Joy said they were fairly conservative with their bid.

Chris Howley, Executive Vice President of Republic Parking from Chattanooga Tennessee, said they have had one owner since 1966 and they operate 65 airports from large, midsize and smaller airports. He said Republic is much higher on the MAG and the airport would get more money up front. At gross sales of \$1.35 million, they would pay the airport \$110,000 more than Standard Parking does. If the revenues increase by 20%, Standard Parking would pay more. If the Board grants the bid to Republic Parking, the airport would get the money up front and then have \$110,000 more than they are currently receiving.

Republic Parking has taken over the pay parking lot management for the Missoula and Great Falls airports. In Missoula, they have been able to raise revenues and increase customer service. The incumbent had been there 25 years. He said they have provided a new set of eyes and new ideas.

Mr. Howley thanked the Board. He said the traveling public would get air miles when they parked in the public lot if Republic Parking was chosen. They see a great opportunity here. Mr. McKenna asked what Mr. Howley thought about going to an automated system and Mr. Howley said Republic started the first two automated systems for airports. He said credit card in - credit card out (CCIO) and ticket in credit card out (TICO) allow flexibility.

The Board asked Mr. Howley a few more questions and thanked him.

The Board discussed the MAGs, risk, how long to approve the proposal for, not having the Airport Authority operate the concession at this time, if Republic had enough

incentives to justify changing concessionaires and that the Request for Proposals (RFP) was reviewed by legal counsel. Mr. McKenna said it is hard from his standpoint because we have two great contractors sitting in the audience and they both see things much the same way. \$30,000 isn't much of a difference and he said he would fall on the side of a guaranteed income. Kevin Kelleher said his feeling is to go with staff's recommendation.

Mr. McKenna said he likes both proposers and appreciates their professional demeanor toward each other. He made a motion to accept Republic Parking's option #2. The motion died for lack of a second.

Mr. Kelleher moved to accept Standard Parking's proposal as recommended by staff. Mr. Mathis seconded the motion. Mr. Roehm, Mr. Kelleher and Mr. Mathis voted aye. Mr. McKenna and Mr. Williamson voted nay. The motion carried and Standard Parking was awarded the concession.

The sixth agenda item was the report on passenger boardings and flight operations – Scott Humphrey. Mr. Humphrey reported that we don't have all the numbers from Delta because of the holiday and the station manager being out of the office. The Board meeting also fell early in the month. Delta's seating capacity is down 8%. United's seat capacity was down 10.5% but the percentage of passenger enplanements was up 12.8% and their load factor was 76.1%. Frontier's seating capacity was down 33% and their enplanements decreased 10.2%. Their load factor was 82%. Horizon's seating capacity was up 73%; the number of passengers increased by 35% and their load factor was 64.2%. There was no seat capacity change for Allegiant but their passenger boardings increased by 9.5% and their load factor was 88.2%. The July projections are from .05% below to 1.0% better than July 2009.

Mr. Humphrey reported that the tower operations for June increased 23% over the previous year to 7,307 operations. General aviation (GA) traffic for local and itinerant

combined was up 20.3%. We don't have the final count of GA landings of aircraft 12,500 pounds and over.

Mr. Humphrey also reported that we had a great turnout for the GA appreciation day. He thought there were somewhere between 120 to 150 people who came. They had to make another run to the store for supplies.

At this time 18 hangar owners have responded to the inquiry if they want their ramps fog sealed when the airport is fog sealing the runways and a number of taxiways.

The seventh agenda item was the Director's Report – Brian Sprenger. Mr. Sprenger reported that the community is still talking to American Airlines. At this point, we are sitting on the sidelines but we have advised the community how it will affect the other airlines.

Allegiant Air said we are still being considered for a direct flight to Phoenix-Mesa, Arizona. Since this would be new service, they would be able to take advantage of the incentive package the Board approved earlier this year, as would American Airlines.

Mr. Sprenger also reported that Mr. McKenna, Mr. Mathis and he were in Washington D.C. to meet with the FAA.

Mr. McKenna said they had a couple of meetings and our Senatorial delegates met with the FAA with them. Mr. McKenna said he wanted to say a special thanks to our Senators. No one from Denny Rehberg's staff met with them or attended the meetings with the FAA.

Mr. McKenna said they also met with the National Business Aviation Association and the Airports Council International who listened to our story and wrote a letter of support.

Mr. Roehm asked if there was a Memorandum of Understanding (MOU) to Congressional delegates and the FAA and the Gallatin Airport Authority. Mr. Sprenger said

he sent an email on Tuesday to all the parties who were present outlining what was agreed to in the meeting.

Mr. Mathis said the FAA is doing a cost benefit analysis. They said Great Falls, Billings and Salt Lake Center have adequate staffing. Mr. Mathis said Mr. McKenna, Mr. Roehm and Mr. Sprenger have already greased the skids. He said this is the most positive meeting he has ever had with FAA. If nothing happens, he will be dumbfounded.

Mr. McKenna said they had the opportunity to make a statement and they had Mr. Mathis comment on a letter he wrote 28 years ago regarding the original request. Tom Lynch from Senator Baucus' staff said they would watch the dates agreed to in the meeting. The Chief of Staff of the FAA said he didn't think it would be problematic.

Mr. Roehm said this is all the more reason to have a MOU and he thanked everyone for their efforts. Mr. Williamson thanked them too.

The eighth agenda item was to consider the bills and approve for payment. After review and discussion of the bills, Mr. Roehm moved to pay the bills and Mr. Kelleher seconded the motion. The motion carried unopposed.

The meeting was adjourned at 4:26 p.m.



Steven H. Williamson, Chair