

The regular monthly meeting of the Gallatin Airport Authority was held November 14, 2013 at 2:00 p.m. in the Airport Conference Room. Board members present were Kendall Switzer, Ted Mathis, Kevin Kelleher and Karen Stelmak. Carl Lehrkind was unable to attend. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, and Cherie Ferguson, Office Manager.

Kevin Kelleher, Board Chair, welcomed everyone to the meeting and said anyone wishing to make public comments could write their name and topic on the signup sheet. Members of the public are also welcome to comment on the agenda items when they are being discussed by raising their hand, being recognized, and going to the podium and introducing themselves before making their comments.

1. Review and approve minutes of regular meeting held October 10, 2013

Mr. Kelleher asked if everyone received their copy of the minutes and if they had any suggested changes. Hearing none, he entertained a motion.

MOTION: Kendall Switzer moved to approve the minutes of the meeting of October 10, 2013. Ted Mathis seconded the motion and all board members voted aye.

2. Public comment period

There were no public comments at this time.

3. Consider Audit Report

Brian Sprenger, Airport Director, said Vickie Tischendorf from Holmes and Turner was here and would go over the audit report. Ms. Tischendorf introduced herself and Jodi Dunfee, who participated in the fieldwork. Ms. Tischendorf said it was a pleasure working with the staff, and the open atmosphere and attention to detail to make things right was refreshing and made their job a lot easier.

It was a clean audit and in their opinion, there were no issues that were material. They also do a report on internal controls and financial reporting and compliance and other matters based on audited statements with Government Auditing Standards. They found no significant deficiencies with internal controls and no instances of non-compliance which would have a direct material effect on the financial statements. She said this is consistent with the prior year and is not common. She said it speaks to the quality of personnel here.

Ms. Tischendorf said they did not have to perform a Single Audit because the Authority did not expend \$500,000 of federal funds this year. Because of that we will have to amend the Single Audit Certification Form and send it to the FAA. Next year we may have a Single Audit but we don't know yet. The FAA said there may be an amendment to the Single Audit guidelines to increase the figure to \$750,000 but that hasn't been decided yet.

Ms. Tischendorf briefly went over the financials. Due to new Government Accounting Standards Board (GASB) changes, a few items were renamed or reclassified, but there wasn't anything significant. There was a new footnote regarding the parking concession because of GASB 60. Our contingent payments were higher than the set fee so it didn't affect the financials. There were changes due to GASB 63, which specifies where deferred outflows of resources and deferred inflows of resources—as well as assets and liabilities—should be displayed. The Statement also discusses how net position—no longer net assets—should be displayed. In the past, auditors could choose just regular Financial Accounting Standards or Governmental Accounting Standards but this year GASB 66 made it a requirement to use Governmental Accounting Standards. That did not affect our financials.

Ms. Tischendorf said there were no journal entry changes and no past adjustment entries, which is also very uncommon. Because we receive Passenger Facility Charges (PFC), Holmes and Turner was required to audit them and do an additional schedule and report on compliance and internal controls. She said there were no findings.

Ms. Tischendorf thanked the board and said what is happening at the airport and with the Interchange is exciting. The board thanked her.

Mr. Sprenger said having two audits in a row by different auditors without any significant findings is something that both Scott Humphrey and Cherie Ferguson could be proud of. The board thanked Mr. Sprenger and staff and said they did a phenomenal job.

Mr. Kelleher also thanked Mr. Mathis for his report on the National Airports Conference and believes it was an asset for our knowledge at this airport. He encouraged the other board members to report on meetings they attend.

MOTION: Karen Stelmak moved to approve the Fiscal Year 2012-2013 Audit Report and Mr. Switzer seconded the motion. All Board members voted aye and it was a unanimous decision to approve the audit report.

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

Mr. Humphrey reported that it was the first time in six months that he was able to report that total tower operations for the month were up when compared to same month for the previous year. Total October 2013 tower operations were 7,836 compared to 6,851 in October 2012. He said good weather and the flight school contributed to the increase. Rolling twelve-month aircraft operations were 76,098. Corporate landings were up 3.4% for October. Enplaned passengers were down 7.1% because we didn't have the seats in the market and rolling twelve-month enplanements were 442,278. Deplanements of 27,793 were down 6.6%. Year-to-date enplanements are still up at 384,378. Airline landings were down

12.1% due to the drawdown Allegiant and Frontier in flying. The overall load factor for the month was 92.5%, which he has not seen in October. United went from 82.9% for October 2012 to 95.2% for October 2013. We had 5,700 less seats in the market. Fuel dispensed was down 4.3%. Mr. Humphrey believes November enplanements will be about 10% below last year. We will have 7% to 8% fewer seats in the market. The seats should be back in December.

He reported that United has loaded their New York schedule for the summer and, in addition to the Saturday and Sunday service, will have Wednesday service from July 2nd through August 13th. The local partners have agreed on the guarantee package. Saturday and Sunday summer service will not require a guarantee. Mr. Humphrey said United is happy with our winter yields but there may have to be some guarantee participation for the winter service. The board thanked Mr. Humphrey.

5. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that Approach Control was opened on October 22nd and he has heard only positive comments. We are pleased to have it in place and are looking forward to the results when we have Instrument Flight Rules (IFR) conditions.

Mr. Sprenger also reported that the City of Belgrade doesn't have the money for the Dry Creek connection from Broadway at this time. Mr. Sprenger said we cannot participate because it is not on our property and the FAA would not approve it. Morrison Maierle will prepare the bid packages for our portion of the project in December, put them out for bid in January and have them ready for the February board meeting.

Scott Bell, airport engineer with Morrison Maierle, said the Montana Highway Department will take care of operation and maintenance costs, and even snow plowing on our portion of the project, the connection from Dry Creek Road to Highway 10, when it is

completed. He said Knife River is working on their portion of the project. NorthWestern Energy was behind a little with the utilities and Mr. Bell said it affected Knife River's schedule but they were able to complete their work. The shoofly is in place so the two railroad tracks have been diverted and work has begun on the railroad bridge. Knife River's goal for this fall is to completely pave both on ramps. They are putting in the culverts on Alaska and Frank roads and will pave if the weather permits. He said the Interchange may be open by this time next year. We may not have to move some of the evergreen trees Mr. Sprenger talked about at the last meeting.

Mr. Sprenger reported that the American Airlines, US Airways merger is still moving forward. The Hertz Corporation is in the process of acquiring the Dollar Thrifty Car Rental franchise here. American Medical Response is still interested in having a presence at the airport and is working through contractual agreements with the Central Valley Fire District.

Mr. Sprenger reported that the TSA precheck will be up and running soon. We will be the only airport in Montana that will have that in the foreseeable future.

Mr. Sprenger said the Gallatin Airport Authority potluck Christmas party will be held Friday, December 20th at 5:00 PM in the old lounge and the board members are invited.

Mr. Sprenger also reported that staff has been discussing renting one of the empty airline offices with three SkyWest employees who want to charge airport tenant and other airline employees who are interested in using the area for a breakroom. If an agreement was approved, they would rent the space at the same rate as the airlines pay and would list the Gallatin Airport Authority additionally insured. It would be on a month-to-month basis.

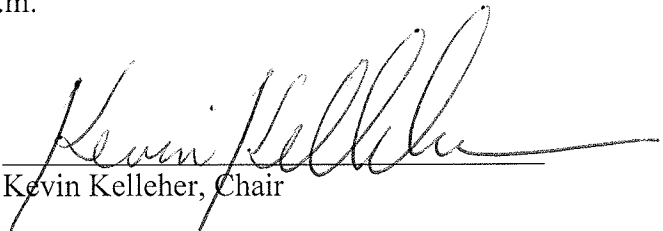
6. Consider bills and approve for payment

The sixth agenda item was to consider the bills and approve for payment. The Board members and Mr. Sprenger reviewed and discussed the bills.

MOTION: Mr. Mathis moved to pay the bills and Mr. Switzer seconded the motion. The motion carried unopposed.

7. Adjourn

The meeting was adjourned at 2:50 p.m.



Kevin Kelleher, Chair