

The regular monthly meeting of the Gallatin Airport Authority was held October 10, 2013 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Kendall Switzer, Karen Stelmak, Kevin Kelleher and Carl Lehrkind. 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.

1. Review and approve minutes of regular meeting held September 12, 2013

Mr. Kelleher asked if everyone received their copy of the minutes and if they had any changes. All board members received their copy of the minutes and there were no changes.

MOTION: Ted Mathis moved approval of the minutes and Kendall Switzer seconded the motion. All board members voted aye and the motion passed.

2. Public comment period

Mr. Kelleher said anyone was welcome to comment during a particular agenda item. Robert Shropshire wanted to comment on items not on the agenda and had signed the signup sheet.

Mr. Shropshire said last spring he brought up having WIFI in the hangar area because he believes it would be a good safety addition for local pilots and those who use the pilot shelter. They could get an update, file a flight plan or check on the weather.

Mr. Shropshire also said it would be nice to have a dumpster in the general aviation (GA) area. Mr. Kelleher asked if Mr. Shropshire had a recommendation for a location and if he had talked to administration about it. Mr. Shropshire said he didn't have a location but it would be nice if it were accessible for the dump truck. He does see some problems with it if it is uncontrolled. He has not talked to administration.

Brian Sprenger said staff has done some research on the WIFI. There is some capability but they haven't opened it up yet because there have been some challenges due to the metal buildings, the number of WIFI connection spots that would be required and line of site issues. Mr. Sprenger said staff can look into it further if the board wants him to. It would be very expensive to make WIFI available for all the hangars but it might be reasonable to have it at a few locations.

Mr. Mathis said at one time the Gallatin Airport Authority had a dumpster at the shop that the GA community could use but people brought things from home, cleaned out their hangars and even used it to dispose of hazardous waste. He said the only way it would work is if someone had control of it and locked it. He suggested a few pilots could get together to discuss it. They would need to pay for it and have it outside the fence somewhere.

Mr. Switzer thanked Mr. Shropshire for his suggestions and said the leases have language that the hangar owners are responsible for disposing of trash. He asked if the pilots could get together and come up with a suggestion to present to the board. Mr. Kelleher said there is a Montana Antique Airplane Association dinner at Arlin's Aircraft Service Saturday night and the pilots could discuss it then.

The board thanked Mr. Shropshire for his participation.

3. Consider acquisition of Parcel 56 on the Airport Layout Plan

Mr. Sprenger said this is one of two parcels on the Airport Layout Plan (ALP) that we have expressed interest in acquiring sometime in the future. This particular parcel is about 180 acres. We did have an appraisal on it back in April 2011. That appraisal came in at \$2,150,000. As the board knows, this is the parcel east of the Airport, the Carol Gerovac land. We have budgeted money in this year's budget for land acquisition and we can if it is relatively close to that appraised value. We have the dollars in there to do that. The question

for the board is if this indeed is a piece of property that the Airport Authority desires and wants to purchase.

Mr. Mathis said the property does show up on the ALP and the Master Plan (MP) as property that would be desirable to purchase. His understanding is that negotiations are going on with the current land owner who is somewhat willing to sell the land. He believes we should move forward with negotiations and try to purchase it.

MOTION: Mr. Mathis moved to move forward with negotiations for the purchase of that property. Ms. Stelmak seconded the motion. All board members voted aye and we will move forward with negotiations.

4. Consider the Settlement Memorandum for the intent of acquiring Parcel 56 on the Airport Layout Plan

Trent Gardner, on behalf of the Gallatin Airport Authority, said Ms. Gerovac filed litigation with relation to this parcel of property claiming inverse condemnation and various other claims related to the over flights of aircraft claiming it constituted a taking of her property. We defended that litigation. We believed it had no merit. We were successful in getting the entire complaint dismissed on a Motion to Dismiss in front of the local State District Judge here. They appealed that decision to the Montana Supreme Court. As part of the appeal process, the Airport was required to participate in a mandatory mediation. During that mediation process Mr. Sprenger attended with him, Ms. Gerovac expressed interest in settling the litigation and putting that behind us pursuant to an agreement where the Airport would purchase the property for fair market value.

Mr. Gardner said the board members have a Settlement Memorandum in front of them that was entered into at the mediation and the substance of the Settlement Memorandum is essentially an agreement that Mr. Sprenger would present to the Airport

Board the proposal and an outline for a process of the airport buying the property for fair market value.

He said, as the board could see from the agreement that was reached, there was zero value placed on the litigation and the reason that Mr. Sprenger was willing to bring it to the board and that Mr. Gardner was willing to recommend doing so, was it was simply a property that was on the Airport's Master Plan that they had expressed interest in acquiring and that it was the opportunity to purchase it at fair market value. Mr. Gardner placed no value on the litigation.

Mr. Sprenger said the board had the opportunity to review the Settlement Memorandum and asked if they needed any further clarification. The board members didn't have any questions. Mr. Sprenger said from the fair market value standpoint, we want to make sure that the value is accurate in depiction of the property, including surface rights, mineral rights, water rights as well as the value of the land. That would be one condition that we would recommend that the appraisal process would detail that and the appraisers would be aware of the exact piece of property that would be valued included mineral rights, surface rights, water rights as well as the land itself.

MOTION: Ms. Stelmak moved to approve the Settlement Memorandum for the intent of acquiring Parcel 56 on the Airport Layout Plan with the stipulation that the appraisers have included and confer all rights associated with the property including all mineral rights and all other associated rights. Carl Lehrkind seconded the motion. All board members voted aye and the motion passed unopposed.

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

Mr. Humphrey reported that September tower operations were down 12.6%, mainly due to local general aviation (GA). Rolling twelve-month aircraft operations were 75,113.

Corporate landings were 211, the same as last September. Revenue enplaned passengers of 39,326 were up 1.3% on 3% fewer seats in the market for September. Rolling twelve-month enplanements were 440,550. Deplanements were up 4.2% to 36,595. Airline landings were down 2.4% from 541 in September 2012 to 528 in September 2013 due to Allegiant Air not starting the Phoenix/Mesa service until mid-September this year. The overall load factor for September was 93.5%, which is the second highest Mr. Humphrey saw when he checked load factors for the last twelve years. September 2009 was higher at 93.7%. Gallons dispensed were down 9.3% for August, but we are about even for the year.

Mr. Humphrey believes October enplanements will be down due to fewer seats in the market than last October, and the overall load factor will be about 94%. He said November will be down also due to less available seats. Staff expects the December holidays to be as busy as or busier than the summertime was.

Mr. Humphrey reported on the Routes Conference that he attended in Las Vegas. He met with representatives from Southwest Airlines, WestJet, and US Airways. We are just keeping the lines of communication open with Southwest. Mr. Humphrey said he had an interesting conversation with WestJet. They keep their Q400s busy in the summertime but not as much in the wintertime. The discussion with US Airways went well but the lawsuit against their merger with American Airlines is still not resolved.

Mr. Kelleher asked how Customs would work for WestJet flights from Canada and Mr. Humphrey said they would have preclearance there but we might have some ability to clear here.

The board and Mr. Sprenger discussed the impact of the Butte (BTM) airport participating in the Essential Air Service Program and SkyWest was the carrier that was granted the contract. They don't have the same restrictions providing service from BTM as

Delta does so they can offer lower fares. As taxpayers, we subsidize some of the Butte fares. Mr. Sprenger said it is a delicate situation and we are watching it.

Mr. Sprenger said we expect November to be down a little but we are seeing a strong Christmas through New Year's Day holiday period. Last year we had 25,000 seats in the market for about three weeks and Billings had 23,000. This year Bozeman (BZN) has 31,000 seats and Billings has been allocated 21,000. Mr. Sprenger also said this is the first time the summer flight schedule for this coming summer has been loaded this early. Delta and United are selling tickets for the summer now. July may have 6% more seats in the market than we had last July, which was a peak month. We are seeing some positives there. The shoulder season of April and May looks about flat with maybe a little bump in May. The ski season looks pretty good from the holiday season until March, where there may be some incremental growth. Mr. Sprenger said Easter is usually a good but the week prior to that is usually not strong. People are generally not thinking about spring skiing vacations. Big Sky is open for skiing until the 28th of April.

The board thanked Mr. Humphrey for his report.

6. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that Mr. Humphrey and he attended the Economic Summit in Butte and it was humbling to hear Bozeman talked about so much by Delta Air Lines. He said Missoula has told him that it increases their chances of getting service if Bozeman gets it. He said Atlanta service started in BZN and now Kalispell and Missoula have Atlanta service. Delta may provide service from BZN to John F. Kennedy International Airport (JFK) in New York. Mr. Sprenger said they may be considering it because United did well with their summer service from BZN to Newark/New York (EWR). They will continue the summer Saturday / Sunday service without a guarantee and have loaded the summer

schedule. We are negotiating for potentially another day of the week. Last summer United made money on the EWR service and there were no guarantees required. Mr. Sprenger said we will see how the winter service goes. He doesn't know if Delta will actually come into the New York market.

Mr. Sprenger said the Canadian Ambassador to the United States, who is from the Manitoba area, skis at Big Sky every year. He usually drives rather than flies here.

Mr. Sprenger said there were other things talked about at the Economic Summit but the Delta discussions piqued a lot of interest.

Mr. Sprenger said our approach control is on hold until the government reopens. The FAA was concerned if they cut over and there were problems, there wouldn't be any support from Washington DC. Gordon Stewart was apologetic and said they will get it up and running as soon as possible.

Mr. Sprenger reported that it looks like we will have a clean audit again this year.

Mr. Sprenger reported that he will meet with American Medical Response tomorrow regarding having an ambulance here.

The display from the Museum of the Rockies is now at the airport.

Mr. Sprenger told the board members that we will be losing a number of trees along the entrance to the airport due to the new I-90 Interchange as the trees are too large to move. He showed how the entrance would change and asked if the board wants trees planted along the new route. The board would like to see what staff proposes with new trees.

Mr. Sprenger showed an area on the Airport Layout Plan (ALP) that he wanted the board to consider as a parking area for trailers that are necessary on the airport. Mr. Mathis said we need to crack down on the number of trailers and other equipment that is stored on

the airport and make sure they are strictly airport related. He suggested charging rent so there wouldn't be any freeloaders. We could use some millings to pave the area.

Mr. Sprenger reported that pre-check is being phased in at the airport.

Consider bills and approve for payment

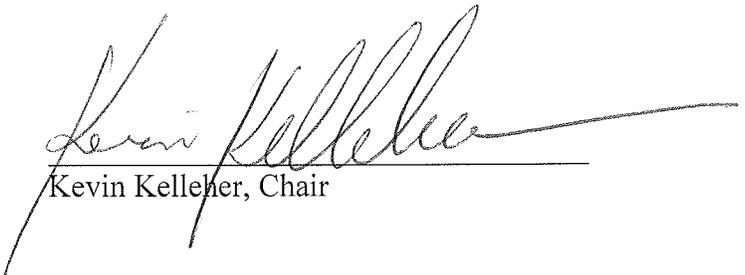
The seventh agenda item was to consider the bills and approve for payment. Mr. Sprenger briefly described some of the larger charges as he and the board members reviewed and discussed the bills.

MOTION: Mr. Lehrkind moved to pay the bills and Mr. Mathis seconded the motion. It was a unanimous decision to pay the bills.

7. Adjourn

The meeting was adjourned at 3:06 p.m.

Following the regular meeting, a closed meeting was held for the purpose of discussing pending litigation.



Kevin Kelleher, Chair