

The regular monthly meeting of the Gallatin Airport Authority was held May 8, 2014 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Kevin Kelleher, Ted Mathis and Karen Stelmak. Kendall Switzer was unable to attend. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director of Operations, and Cherie Ferguson, Office Manager.

Kevin Kelleher, Board Chair, welcomed everyone to the regular Gallatin Airport Authority meeting and said anyone wishing to make public comments during the course of the meeting could do so by raising their hand, being recognized, going to the podium and introducing themselves.

1. Review and approve minutes of regular meeting held April 10, 2014

Mr. Kelleher ascertained that everyone received their copy of the minutes and didn't have any corrections.

MOTION: Carl Lehrkind moved to approve the minutes of the meeting held April 10, 2014. Ted Mathis seconded the motion and all board members voted aye.

2. Public comment period

Mr. Kelleher said anyone was welcome to comment during a particular agenda item. There were no public comments at this time.

3. Consider request by the Belgrade Chamber of Commerce to partner on landscaping along the relocated Gallatin Field Road

Brian Sprenger, Airport Director, said Debbie Youngberg was at the meeting. The Belgrade Chamber of Commerce has the opportunity to use a \$10,000 grant from PPL Montana for landscaping. They need matching funds to receive the grant and have asked us to partner with them.

Mr. Sprenger pointed out on a map the area near the trailer court along Frontage Road that they are considering landscaping. The grant money must be used for landscaping and can't be used for fencing. Staff recommendation is to use \$5,000 for the landscaping match and use \$5,000 for fencing. He also pointed out a location on the edge of Belgrade where they are requesting a welcome to Belgrade sign.

Ms. Youngberg said that she met with Scott Bell yesterday. In addition to the request Mr. Sprenger talked about, there would be two sides over the railroad trestle where they could have decorative signs. On one side, they could say welcome to Belgrade and the other side welcome to Bozeman Yellowstone International Airport. She wanted to approach the board before they got too far into landscaping for the airport to consider these items and do preparation planning for water. She said Ted Barkley, Belgrade City Manager, said it would not be a problem.

Mr. Lehrkind asked if we have put together a landscaping plan and Mr. Sprenger said not yet because we are still waiting for the roads to be done. He said the main point of this request is to develop some funding mechanisms rather than the approval of a plan. Mr. Lehrkind asked if the money would be going away if we don't approve something or if it would be better to wait. He said he doesn't have a feel for the priority of this project.

Ms. Stelmak said we should probably do the project sooner because as we are going to the detour, people would be driving by and it would provide an opportunity for improvement and shielding and blocking. She thinks it should be done as soon as practical. Ms. Youngberg said the grant has to be in by the end of July. After the grant process, they will know if they will receive the money. They don't have to spend the money within a certain timeframe. Mr. Mathis asked if we could work on the project earlier than July and asked when the roads would be open. Scott Bell, airport engineer, said the roads would be

open toward the end of July. Mr. Mathis said he would like to see the trailer court screened as soon as possible with a tall fence and then be softened with some shrubs and trees. Mr. Sprenger said we could do the fencing at any time, with the board's direction, because that isn't eligible for the grant. The fencing would be a big portion of the screening and we could come back later with the landscaping.

Mr. Kelleher asked how the funds for fencing worked with the grant and Mr. Sprenger said we can't use grant or match money, but we can use our own funds for fencing and it wouldn't affect the landscaping grant. Mr. Kelleher also asked if we could use excess materials to put in a berm along that area and Mr. Bell said there is no excess because the materials they are excavating are going on the shoulders. He said the area on the west side of the road is not wide enough to accommodate a berm and future development.

Ms. Stelmak said with all of the confusion, congestion, and potential negative impact that there could be with the construction going on, hiding the rather unsightly area soon would be beneficial and could be accomplished economically and quickly by fencing. Mr. Mathis asked Ms. Youngberg if she had talked to the owner of the mobile home park to see if they would be interested in helping out. She has not because they hadn't planned on being so close to the trailer park. Mr. Sprenger said that the trailer park is up for sale, and we have not talked to them either. Mr. Kelleher asked Mr. Sprenger if the fence would be close to the trailer park and Mr. Sprenger said it would be on airport property along our property line.

Ms. Stelmak asked if the board would have input on the landscaping if they agreed to matching the funds and Mr. Sprenger said the portion paid for by the airport would have to be approved by the board.

MOTION: Mr. Mathis moved to approve request by the Belgrade Chamber of Commerce to partner on landscaping along the relocated Gallatin Field Road and consider at

a future date a welcome to Belgrade sign. Ms. Stelmak seconded the motion. It was a unanimous decision to approve the request. Ms. Youngberg thanked the board and the board thanked her.

4. Consider request by Mr. Doug Chapman to transfer his non-commercial hangar lease for hangar 94 to Palmer Empire, LLC

Mr. Sprenger said hangar 94 is on taxiway M. It is in good shape and the rent is current. Stan Palmer was in attendance. He owns a Cessna 180, a glider and a custom aircraft. Mr. Sprenger and staff recommended approval of this request.

MOTION: Mr. Mathis moved to approve the request by Mr. Doug Chapman to transfer his non-commercial hangar lease for hangar 94 to Palmer Empire, LLC. Mr. Lehrkind seconded the motion and all board members voted aye. The request was approved.

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

Mr. Humphrey reported that tower operations were up 26.6% from last April. We had fairly decent weather, and have seen a lot of local flying, especially of the flight schools. Rolling twelve-month aircraft operations were 76,522. Corporate landings were 144 versus 132 from April 2013, which was up 9.1%. Total revenue enplanements were up 4.7%, at 26,909, and year-to-date enplanements were up 6.7%. Rolling twelve-month enplanements were 451,350. Revenue deplanements of 25,335 were up 6.7% from 23,751 from the previous April. Airline landings were down 12.9%, partially due to Frontier, and partially due to increased aircraft gauge. Our overall load factor for the month was 88.3% versus 76.8% for April 2013. There were 736,934 gallons of fuel dispensed during March, which was up slightly from the prior March. Mr. Humphrey believes May enplanements will be about 7½% to 8% better than last May with 8.7% more seats in the market. We are starting to gear toward summer.

Mr. Humphrey reported that we are still in communication with American Airlines but our offer and their expectations are vastly different at this time.

There weren't any charters in May this year versus one charter last May. Skiing was extended for a week and our ski conditions were better than those in Colorado or Utah. Mr. Humphrey believed it made a difference in our revenue enplanements and corporate landings.

6. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that seats in the market for September and October are up about 25%. Alaska Airlines has extended their third Seattle flight from the end of August through the end of October and plan to reinstate it in early March rather than early June. The indication is that they want to have more seats in the market.

Mr. Sprenger reported that the TSA fourth lane has been approved and now the challenge will be to get it ready for the busy timeframe.

Mr. Sprenger showed the board a draft sign that he and Mr. Humphrey thought might be set up in the baggage claim area when it is busy. There are monitors in that area but passengers may or may not see the messages on them and signs may be more appropriate. The signs would be framed with oak to look more attractive. He said it may be our best opportunity to get the message about arriving two hours before departure time to the deplaning passengers. We could also ask the airlines to make announcements. Mr. Sprenger said he has heard similar messages by the airlines at other airports.

Mr. Mathis said it makes sense to alert the passengers and asked if we can use the fancy monitors on top instead of the signs. Mr. Sprenger said we plan to use those but said it might be easy to miss the messages on the monitors, even though they might show six to ten times while passengers are waiting. He said we are working with Montana PBS to have the

same message on the monitors. He said he wanted to allow the board to consider the possibility of using signs as an option if the messages on the monitors are not sufficient.

Ms. Stelmak asked if the airlines and TSA would be ready if we ask passengers to come early and Mr. Sprenger said the TSA said they absolutely would if the airlines would. The airlines said they would but they might back off if people don't arrive early.

Travelers need to come early due to extremely high passenger volume, especially before 8 a.m. Mr. Sprenger said we don't want to discourage people from coming early at any time of day and the risk is higher if we don't ask them to come early. During the noon to 2:30 p.m. timeframe, there will still be a lot of outgoing passengers. It won't be as big a concern as it won't be as compact due to more time between departing flights than before 8 a.m.

Mr. Kelleher said he thinks it's a great idea. Even though people are standing around, they might miss seeing the monitors. They should see the signs. Even though some passengers might not be departing during peak times, construction will be under way and they still need to give themselves enough time to arrive and get through security on time.

Mr. Lehrkind also thinks it's a great idea. Even if 20% of people showed up early, it would alleviate a lot of the problems. He asked if the signs could be placed in different locations, like where people are boarding or deplaning. Mr. Sprenger said we could place signs there but people don't linger in those areas. There is enough space on each side of carousel two that it wouldn't interfere with travelers retrieving their baggage. He doesn't like additional signage but he has concerns that people will miss seeing the monitors. The signs can be moved quickly and easily.

Mr. Kelleher asked if the rental cars and Karst Stage could also post small signs and Mr. Sprenger said he believes it would be more effective if they told their customers

personally. It gives people the opportunity to say “really?” and they can say “yes”. Ms. Stelmak said she wholeheartedly agrees and asked if we should put signs at every exit. Mr. Sprenger said he believes it would be better to just limit it to the rental car areas because the local people are probably just flying once. He still believes it would be best for the rental car companies to communicate with their customers personally.

Mr. Sprenger reported that because we will have an increase of 50,000 passengers this year, which translates to about \$500,000 additional revenue, we have hired two groundskeepers this summer. They will work 80 hours and of that, 28 hours will be allocated to helping the custodians and helping to alleviate custodial stress.

Mr. Sprenger said we were approached for internships by a couple of people who are studying for their Masters in Administration at Montana State University. One of them, Joanna Whittle, will be working for us as an intern. She and Meggie Moeller, our new Office Assistant, had been working for the TSA and will be invaluable in helping with the screening process if that goes private. They would both have the ability to work in the office or help with the process at the checkpoint. The transition, if approved, would probably take place within 90 days.

Mr. Sprenger also reported that he and staff had prepared the Customs report that Mr. Mathis asked for at the last meeting. It compared how many aircraft went through Customs at Montana airports and who paid for the service.

Mr. Sprenger reported that the Gerovac land closed. He thanked Mr. Kelleher and Mr. Mathis for their signatures and Mr. Humphrey for coordinating everything.

Mr. Sprenger reported that the ground water heat exchange project would be completed by the end of the month and there would be some bills to pay at the next meeting.

Mr. Sprenger reminded the board members that there would be a pilot meeting next Thursday at 7:00 p.m. at the airport fire station. Airport Authority staff, Mitch Robison from the tower, Joe Barber from Customs and a representative from Morrison Maierle would be there to update the pilots on the Interchange and the Environmental Assessment for the parallel runway.

Mr. Sprenger reported that he went to the Allegiant Air conference last month. Interestingly, while we were having a record year, Allegiant said that our market was underperforming for both Las Vegas and Phoenix last year. They also said that the trend had changed. He reminded the board that last year he expressed some concerns about the weakness in our market. Allegiant said they didn't know why so they and Mr. Sprenger tried to brainstorm a few ideas.

Some of the airlines may have matched the fares better or lowered their fares to cover the Allegiant Air market. That might have pulled some passengers from Allegiant. They gave us a heat map by zip code that showed the location of people who purchased flights to Las Vegas and Phoenix. The heat map is usually very dark green from Bozeman to Phoenix and Belgrade to Las Vegas. The darker the green, the more passengers. The darker greens were from Livingston, Ennis and Helena. All of a sudden it just changed in the Bozeman area so it was quite strange. Allegiant is not sure why. Another interesting part was there were two areas in Canada that had significant purchases for the Phoenix flight. We often see zip codes throughout Montana. A lot of our students' home addresses are from other parts of the state. The results for last year were significantly different. We've never seen these results on our maps before. Mr. Sprenger said it was just interesting more than anything else.

Mr. Sprenger apologized about the next item because he had not had time to communicate anything to the board before the meeting. It is something he just found out about and it is something the board would want to think about.

He said our airport improvement projects (AIP) this year came in under budget. We received \$250,000 for AIP and normally we would transfer the balance to the next year, but next year we are planning on using our entitlement and discretionary money for the parallel runway. If we transferred the overage to next year, it would reduce our discretionary funds by the same amount next year. If we don't spend the money this year, it will reduce discretionary dollars for next year. However, we don't want to just use the money if we don't have the need.

Mr. Sprenger said if the board approves, we would use the money to plan for a new deicing facility, which is one of the projects we had planned on doing at a later date. Because it was busy at times this winter, two or three planes were waiting for gates while other aircraft were being deiced. One of the concepts we are looking at is creating a deicing pad, possibly west of the terminal. This would allow us also to contain the deicing fluid and that would be good since the EPA is starting to come down on airports more and more. It also allows us to move the deicing storage facility and maybe even the fuel farm so that we would have on one side the public access for the equipment to drop off and the other side the deicing truck we have now.

He said there may be some benefit to doing preliminary planning and engineering to see whether this is the right thing to do and how we would set up to do that. Mr. Sprenger showed a conceptual plan on a drawing. He said this is more conceptual right now and is not saying this is the right way to do it. The preliminary planning and engineering probably

wouldn't cost all of the \$250,000, but if we got into it a little bit further, we would have the ability to go on to where we felt more comfortable.

Mr. Sprenger said because of the conundrum about the \$250,000, we were trying to figure out where to use it. We could easily save it until next year and use it on the runway project but it could reduce discretionary funding.

Mr. Sprenger said there's a lot of information to consider and we are a little behind the eight ball on this part of the planning because we didn't think we would be in this position. Mr. Lehrkind asked if Mr. Sprenger had any preliminary numbers and Mr. Sprenger said it would fall into the \$3-\$4 million range. The cost somewhat depends on whether they put it more in concrete or more in asphalt. Mr. Mathis said he thinks it's great that we do some preliminary planning for something like this. He would just caution that we've always reserved everything to the west for future terminal development. He said four more gates is really ambitious and you may very well be right. 30 years ago we never dreamed that we would need what we have today, so he has concerns about something permanent there because that's the way the terminal would have to be expanded in the future. He is not so concerned about building a ramp there that could be used for future terminal or overnight parking or whatever, but he is really concerned about the possibility of a tank farm or another facility which might have to come out if we need more parking or something in the future.

Ms. Stelmak asked when the board needed to make a decision and Mr. Sprenger said ideally, because we are getting into the late part of the grant year, the FAA is trying to determine whether we need to carry over money. He said we could probably wait another month, but if there is a feeling that this is where we should go, it is better that we do it this month. Mr. Kelleher said he shares Mr. Mathis' concerns. We don't know where are going

with this. Seeing the numbers he saw today, he believes it indicates that we keep our magic number of 5%. If all of a sudden it becomes 6.7% growth or 7% or 8% with the end of the terminal limited, he thinks it would be a mistake. He asked if there is any place beyond where the last aircraft is parked so we could design where everything is on the other side of that. Mr. Sprenger said the expectation would be the concourse would go to the west. The deicing facility and fuel farm might be better further south.

Mr. Mathis said, thinking out loud, another big concern that he has in the proposal is that the fuel trucks and the deicer supply trucks are going to have to come to the roundabouts and that you are mixing all these big tanker trucks with the terminal traffic. Seeing the number of jet fuel trucks that come in every day is a big concern for him. Mr. Sprenger said these are parts we can explore as well. This is a long-term discussion. He thinks a big part of this is more of a master planning discussion. We need internally for the board and staff to figure out where the best place to go is, but we want to open it up and give you context because that's obviously the best time to do that. We believe spending the money here on planning is our best option. However, we have two other things that we could do. We could take the chance that the we don't need the discretionary money next year and then transfer the money till next year or we could look at snow removal equipment but it's going to be a little bit of a rush to try and get the specs done in time to get the bid out in time so that's another issue there but its not something we have to do.

Mr. Mathis said he thinks is a good idea to move forward with the planning on it. He is a little concerned that it looks like the plan is basically done already and the site has been chosen and we know what's going to go where and now we're just working on the mechanics of it and that really concerns him because he really has some heartburn about those locations as he mentioned for those particular items. He would also like to look at some deicing on the

ends of the deicing pads and the logic there. He would just like to open it up just a little bit more instead of saying here is \$250,000 Morrison Maierle. He said maybe that is the best place but he would like the board to have more input.

Mr. Sprenger said it is very appropriate to consider what the best plan is. He didn't want to come before the board without any kind of an idea. He said the draft was extremely recent and not something Mr. Bell and he had spent a lot of time on and it wasn't in stone that is the best way to do it. They were just trying to get something conceptually out there for the board to discuss. He said part of the plan was from the Master Plan so they tried to maintain what was already planned. Two locations would be more costly than one location but it doesn't mean that is not the best idea.

Mr. Kelleher said he thinks it is the wrong location and isn't the best use of that area with the westward growth. If we are that close to the end of the runway, we have to anticipate further growth. Four gates may cover us the next twenty years but he doesn't know. We might be talking in five years about adding four more gates.

Mr. Sprenger said he thinks Mr. Kelleher is right on target. The question that you end up having is, as you move things further away, is the dilemma, are you building for forty or fifty years out or are you building to be efficient twenty years out or are you building it to be efficient today. If it is for today, you would build it close because that is very efficient for the proximity. This might be twenty years, this might be forty years. Another question is how much of this is reusable. There is a cost, but the ramp is still there. We haven't made many mistakes, but there have been times when the decision has been made because the alternate decision was a whole lot more expensive if you put it too far out. So that is the dilemma. We have seen airports where they developed way out and then growth stopped and then one part is way over here and one part is way over there. It's a fun problem to have and

it is fun to go through the discussion, but ultimately it is a swag of where we think we are going to be.

Mr. Mathis said another observation he had was this winter, and every night he listened to the radio, he has seen more airliners using RNP30 (required navigation performance) approach and he thinks as those aircraft and airlines become more accustomed to that RNP30 approach, we are going to see a lot more instrument procedures into runway 30, which is great because when we have diversions, it is because we have too much tailwind on runway 12 so anytime we can plan for that, he thinks it is wonderful and he thinks we will see a lot more of that. He thinks when the wind is really crappy when they are deicing, that is when we really need that 30 end. The other night, Frontier got in and the only reason they did is because they slipped in on 30 and got there on time. Mr. Mathis said he thinks we are going to see more of that and he thinks the deicing needs to be planned for that as well.

Mr. Sprenger asked if the board was comfortable with them proceeding with the planning for deicing and Mr. Kelleher said we have to. Mr. Mathis was in agreement. Mr. Sprenger said this was not going to be an overnight process. He said before we go too far in one direction, we will come back with alternatives. Ms. Stelmak said she would be comfortable with saying yes to proceed but would very much want to be involved in the decision.

Mr. Sprenger reported that the budget will be coming out in the next few weeks for the board's review. They have already seen the capital project side. He also reminded the board that his review will be held after the June 12th meeting in executive session and that public comments are welcome in advance. The board thanked Mr. Sprenger for his report.

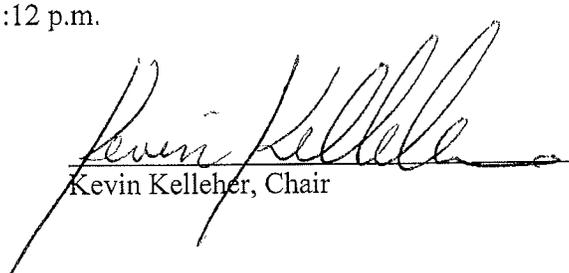
7. Consider bills and approve for payment

The seventh agenda item was to consider the bills and approve for payment. The board members and Mr. Sprenger reviewed and discussed the bills. The bond interest and principal payment was on the list, as well as payments to Egbert Electric & Plumbing and MDM Supply for the groundwater heat exchange. There was also a payment to TMI Storage Systems Corporation for the gate counters for gates two and three. Ms. Stelmak said she was pleased to see the land purchase completed.

MOTION: Ms. Stelmak moved to pay the bills and Mr. Lehrkind seconded the motion. All board members voted aye and the motion carried unopposed.

8. Adjourn

The meeting was adjourned at 3:12 p.m.



Kevin Kelleher, Chair