

The regular monthly meeting of the Gallatin Airport Authority was held May 13, 2010 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Steve Williamson, Greg Metzger and Kevin Kelleher. John McKenna was unable to attend. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director and Cherie Ferguson, Office Manager.

The first agenda item was to open bids for Pavement Fog Sealing. Mark Maierle from Morrison Maierle, Inc. opened the bids. There were three bids: one from Hardrives Construction, Inc., one from Big Sky Asphalt and one from Knife River-Belgrade. They all appeared to be filled out properly, included their Montana Contractor Number and had the bid bonds attached. The bid from Knife River was signed by Dave Schmidt, Vice President; James Bailey, President, signed the bid from Hardrive Construction, and Dan Sebena, President, signed the bid from Big Sky Asphalt.

Hardrive Construction's bid for Schedule I was \$148,774.27, Additive Alternate No. 1 was \$56,793.35 for a total of \$205,567.62. Big Sky Asphalt bid \$177,608.22 for Schedule I, \$73,078.26 for Additive Alternate No. 1, for a total of \$250,686.48 and Knife River's bid for Schedule I was \$188,239.00, Additive Alternate No. 1 was \$86,065.15 for a total of \$274,304.15. Richard Roehm moved to take the bids under advisement and award the bid to the lowest responsive bidder. Kevin Kelleher seconded the motion and it carried with all Board members voting aye.

The second agenda item was to review and approve the minutes of the regular meeting held April 8, 2010. Kevin Kelleher moved to accept the minutes of the April 8, 2010 meeting; Greg Metzger seconded the motion and it was a unanimous decision to approve the minutes.

The third agenda item was the public comment period. Steve Williamson, Board Chair, said any persons wanting to make a comment could do so now or wait until the item of interest was brought up. There were no public comments at this time.

The fourth agenda item was meet the staff. Brian Sprenger said that this month's featured staff member is Kerry Bickle. Office Bickle is the first public safety officer we hired.

Officer Bickle thanked the Board for taking the time to listen to his story. He said in 1919 his father, his father's brother and mother boarded a boat from England and traveled to America, arriving in Ellis Island. His grandfather had died two years earlier. About ten years ago his family told him the whole story about his Grandma coming to America as a mail order bride and traveling to Broadus, Montana. He said he didn't know how they did that back then; today it would be easy with the Internet. They left a 9-year old sister in England to care for a blind aunt and she remained there. Officer Bickle's father only saw his sister Molly once in 45 years. She came to American once, went back to England and he never saw her again.

Officer Bickle's father was in farming in his younger years. He married Officer Bickle's mother, who was a farm person in Broadus, and they had three children. His brother, the oldest of the three, was twenty years older than he. He is now deceased due to complications from Parkinson's and died in 2008. His sister is still alive and is ten years older.

In the mid fifties, his parents decided that farming was a pretty tough road so they sold three sections of land in Roundup in the Bull Mountains for \$11,000. Office Bickle would sure love to turn back the time on that. Mr. Roehm asked if there is some mining of

ore there and Officer Bickle said he has heard there is some good mining and a huge elk herd that runs on the Bull Mountains. He said he would love to turn back time.

After that his parents bought a motel in Gardiner, Montana and he grew up there and went to grade school. In his freshman year, they moved to Belgrade and bought a trailer court and he went to high school in Belgrade. After graduation, he went four years at MSU and majored in criminal justice. He married his high school sweetheart, Wilbur Spring's daughter, who is a third generation Gallatin County person. They have two children. Their son is 28 and their daughter is 26 and they both live in the valley. They are both working and paying their own way. His wife has taught school for 31 years and is a third grade teacher at Hawthorne school. She plans to retire this year. He said he will have a full-time wife after all these years.

Office Bickle hired on at the Bozeman Police Department in 1977 and worked 23 years for them. He retired from the Bozeman Police Department as a Patrol Captain. After that he hired on with the Sheriff's Office and worked there seven years. He said that is how he got introduced to the airport because he was working the airport detail for the Gallatin County Sheriff's Office and saw what a special place this is to work. He said he jumped at the opportunity when we formed the police department at the airport. He quit the Sheriff and went on with the police department out here. He said he is really happy to be here.

Some of his fondest memories here and what he enjoys the most is watching grandparents meet their grandkids right out here. He said that is a really rewarding experience. One of the hardest things he has witnessed is some folks coming home from the military and meeting their sons or daughters for the first time. He said he doesn't know if it is a good thing to watch a grown policeman cry but it is the most touching thing he can see out here is to see a soldier who has given it all and comes home and meets his daughter or his

son for the first time after six months. He thanked the Board members and all the Board members thanked him and said they were glad to have him on board.

The fifth agenda item was to consider the request by Yellowstone Jetcenter for a new 10-year Commercial Ground Lease Agreement for their Fuel Storage Facility. Mr. Sprenger said their twenty-year lease has expired and they will need a new lease to continue operating the storage facility. He said we did an inspection of the facility and Yellowstone Jetcenter (YJ) has a few things that need to be corrected; refurbishment of the fence around the facility and residing the Jet A pump house. He said he has talked to Kent Foster, General Manager of YJ, and he has agreed to correct both items. In fact, they have started work on that already. Mr. Sprenger said he would recommend approval of the agenda item with the stipulation that they complete the fence around the fuel facility as requested and the Jet A pump house is resided within 60 days.

Mr. Williamson asked if it is customarily a ten-year lease and Mr. Sprenger said the policy after the first ten years and ten-year option has been to grant a ten-year lease so they can review the facility every ten years. The fuel storage facility land is being charged at 10¢ per sq. ft. per year, which is the commercial rate. A fuel storage facility has to meet EPA, FAA, the airlines and our standards. Mr. Roehm asked who would have to pay the fine if they were not in compliance and Mr. Sprenger said Yellowstone Jetcenter would have to. He said there are a lot of checks and balances. The Board members, Mr. Sprenger and Arron Wass, from Arlin's Aircraft Service, discussed a few more items regarding fuel storage facilities. Then Mr. Roehm moved approval of the request by Yellowstone Jetcenter for a new 10-year Commercial Ground Lease Agreement for their Fuel Storage Facility with the stipulations as noted. Mr. Metzger seconded the motion and it carried with all Board members voting aye.

The sixth agenda item was to consider the request by Three Forks Airport for donation of Gallatin Airport Authority owned 1987 snow removal truck and broom. Mr. Sprenger said we replaced the truck and broom with a new truck and broom two years ago. The Three Forks Airport has a need for such a truck and we haven't used it to any extent for the last two years. They have asked us to donate it to them. In the past we donated a plow to the Three Forks Airport and a plow to Gallatin County. We can donate items to public agencies when they become surplus. This truck has limited life depending upon the use. The use at the Three Forks Airport would be appropriate for that limited life. They have a facility to house it.

David Boyd, the Three Forks Pogreba Field Airport Manager, said they could use the sweeper at the airport. He said it would be a great asset for them and they have a brand new shop and a great spot for it. He said they would love to have it.

The Board members, Mr. Sprenger and Paul Schneider, Assistant Airport Director, discussed how much the truck is worth and if we could sell it, and our past relationship with the Three Forks Airport. Mr. Kelleher moved to approve the request to donate the sweeper truck to the Three Forks Airport. Mr. Roehm seconded the motion and said this is not the first time and we have tried our best, when we can afford it and something like this comes up, to help out the Three Forks Airport. He said this is not breaking new ground and he is fully supportive of donating the equipment to the Three Forks Airport. All Board members voted aye and the motion carried. Mr. Boyd thanked the Board.

The seventh agenda item was to consider Parking Lot Rates effective July 1, 2010. Mr. Sprenger said following last month's meeting, they have revised the rates to \$7.00 for the maximum daily rate and \$42.00 for the maximum weekly rate. He said they believe this is a good compromise between generating revenue and keeping the prices reasonable for local

passengers. If approved, the rates would take effect July 1st, the beginning of our next fiscal year. Mr. Metzger said that every year since he has been here, we have improved the parking lot in some way and that it's not inappropriate and he believes it is still a terrific value. Mr. Kelleher moved to approve the proposed rate hikes to \$7.00 for the maximum daily rate and \$42.00 for the maximum weekly rate. Mr. Roehm seconded the motion and it carried with all Board members voting aye. The new rates will go into effect on July 1.

The eighth agenda item was to consider parking lot management and automation options. Mr. Sprenger said there are two decisions they are looking for: whether or not they should automate further the parking lot by automating the second lane out of three and maintain one lane that would be manned. The second decision is whether to in-source the parking lot management or issue a Request for Proposals (RFP).

He said they estimate the increase in income over a period of time would be about a \$100,000 per year if it is automated. The estimated capital cost would be \$62,400 but we would reduce the overall costs for the foreseeable future.

He invited Clint Joy from Standard Parking, the current parking lot management company, to present their thoughts and recommendations. Mr. Joy thanked the Board for the opportunity to speak and said Standard Parking has been a partner with Gallatin Airport Authority for thirty-three years. He said they provide the revenue control audit and operational and back office support to protect what is now nearly \$1.5 million in annual parking revenue. They believe moving towards a more automated parking system is the correct approach but experience has taught him that the transition to an automated system can be strenuous for the traveling public and the operator and that a phased timeline must be implemented to insure its success. He said during the transition is a good time to rely on a seasoned, professional operator. He said it may seem easy to take over because we have had

a professional operator that has insulated us and the public from the issues and risks of running the operation. He said if the Gallatin Airport Authority is serious about moving toward a more automated solution, he believes we should use the parking operator to provide the expertise to get us there. He believes that the airport should rely on the team of parking experts to seamlessly transition to a more automated solution over a period of time. That could be done by modifying the RFP from the past by a shorter term and more reimbursable type contract. This would allow the airport greater control and help them better understand the operations. Mr. Joy said he has offered his services to Mr. Sprenger to create the RFP. If the Airport Authority is unhappy with the RFP, they can reject it.

The Board members and Mr. Joy discussed the benefits of having a professional parking operator manage the parking lot, the pros and cons of going to a fully automated system, what Standard Parking would provide if we chose them as the managers and went fully automated, and what the Airport Authority would need to do if we took over management. The Board members thanked Mr. Joy.

Mr. Sprenger said one of the things we don't have in our comparisons is what an actual RFP would bring in for a proposal so there is some merit to taking Mr. Joy's advice and refining the RFP to the defined levels and putting it out for proposals so we can give an apples to apples comparison. We could ask for an RFP and could reject any proposals. Mr. Roehm said he would endorse that approach and moved to adopt the Automation Capital Expenditure of \$62,400. Mr. Kelleher seconded the motion. Mr. Sprenger said the second lane would be automated and the entrance gates would be changed to a credit card in, credit card out situation and eliminate the need for a ticket for those transactions. It will fit into our budget for next month. The projected \$366,599 increase in revenue over five years is calculated by investing in the increased automation and reducing manning the booths from

27 hours a day to 19.5 hours per day at Standard Parking's current personnel costs. All the Board member voted aye.

They then discussed whether or not to move forward with an RFP for the parking lot management or in-source it. Mr. Roehm said he would endorse the RFP because he would like to hear from the vendors. He said they may surprise us with what they can do and it may save us money. We may also decide we can do it cheaper and better ourselves, including having the risks and problems. It gives us more data. The Board members discussed having staff and capability to handle the job, the timeline, creating limits for the cash transactions and training. Mr. Sprenger said we budgeted in training and could even request that in our RFP.

Mr. Roehm moved approval to proceeding with an RFP with the addition of automation for the parking lot. Mr. Metzger seconded the motion and all Board members voted aye. The current contract with Standard Parking ends on August 31, 2010 but the rates increase on July 1, 2010.

The ninth agenda item was the report on passenger boardings and flight operations – Scott Humphrey. Mr. Humphrey reported that we had a record breaking April with 1.6% enplanements above April 2009. There was a 10.8% reduction in seats. The load factors for the airlines are up again 78.1% this last month versus 69.3% for April 2009. United Airlines is picking up where Delta left off in terms of passengers, up 44.7% on 27% increase in available seats. Delta enplanements were down 11.7% on 11% reduction in capacity. Frontier has been static in terms of seat availability with 8.6% reduction in passengers and 33% reduction in available seats and has gone from three flights a day to two. Horizon was up 4.3% with no change in available seats and Allegiant was down 6.4% with no change in available seats. Traffic is up and United is the main beneficiary.

Mr. Humphrey said tower operations were up 5.2%. Airlines were down slightly with capacity reductions of 16.7%. Itinerant general aviation (GA) was up 5.1% and local GA was up 3.9% over April 2009.

We will have a GA appreciation day on June 26th at the pilot shelter from 10:00 am to 2:00 pm.

Mr. Humphrey said they have a meeting with American Airlines on Tuesday. The Monday night prior they will meet with Southwest Airlines to start initial discussions. Wednesday they will talk to Continental, along with the people from the Yellowstone Club. Later this month they will schedule a meeting with JetBlue. Mr. Humphrey said he sees an upside if Continental and United merge. It would give us a hub in Houston that may be an option if American doesn't come to Bozeman. DFW is our number nine O&D market. Inflow out of Houston would probably accommodate up to 60% of connecting traffic that we have now. New York would be a number three or four in a destination from Bozeman. Continental opens up Newark so he sees it as an upside for us with United being so aggressive here. He thinks it may open up another avenue for another destination for us.

The tenth agenda item was the Director's Report – Brian Sprenger. Mr. Sprenger reported that Daryl Schleim from the Bozeman Area Chamber of Commerce, Meg O'Leary of Big Sky, the Chief Financial Officer of Korman Market Group, Mr. Humphrey, Mr. Sprenger and possibly a representative from the Yellowstone Club will be at the meeting with American Airlines. He said the Bozeman and Big Sky communities have stepped up to provide an incentive program so he thinks we have a fair chance of American coming here.

He said Mr. Roehm, Mr. Humphrey and he will be at the AAAE Conference next week. They have scheduled Mr. Roehm to meet with Administrator Babbitt with the FAA to

represent us on approach control as Mr. Humphrey and he will be meeting with American Airlines at that time. Mr. Roehm has been gracious enough to attend that meeting.

Mr. Sprenger also reported that there is an electronic sheet with the bills to make our first bond payment of just under \$400,000. We will handle it like a check and approve it like a check but it will authorize an electronic transfer as they don't process it with checks anymore.

He said there will be an event at Summit Aviation on Saturday. It is the International Learn to Fly day. They will be giving free flights to children between the ages of eight and sixteen and we hope it will be very successful and generate some future pilots in the area.

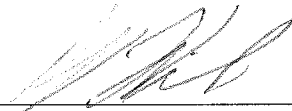
Mr. Roehm said the Three Forks Airport is going through quite a bit of discussion with the people who live right around the airport as to land use, airspace restrictions, noise, and etc. He said he visited with Mayor Townsend and in trying to help the Airport, the Mayor asked Mr. Sprenger to comment on some factual assertions that were being made. Mr. Sprenger responded to that by letter, primarily on air cargo, and on other things too. The Mayor is very grateful and it added to the factual discussions rather than assertions that certain things might happen. Mr. Roehm said Mr. Sprenger should be commended for going at it very factually and he thanked Mr. Sprenger. Mr. Williamson said we are in the same county and he is all for supporting the Three Forks Airport and giving them advice when we can.

Mr. Sprenger said he and Mr. Boyd are developing a great relationship and we are here to help the Three Forks Airport when we can. It is difficult for them because they don't have a full time staff and are trying to run a small airport. He said we are here to help them when we can.

Mr. Metzger said he wanted to offer a note for the general public. He said our budgeting process has always been effective while he has been here and this year has been particularly worrisome as we move into our expansion. He said it is amazing how well our team has done at managing our cash flow, our revenues, our expenses and we've had a very good year and they have done an excellent job. We are up 16% on cash flow and that is huge in this environment. He wanted to tell the staff he is proud to take credit for it only because he is on the Board but he thanked them and said he recognizes it is their work. He said well done and please keep it up.

The eleventh agenda item was to consider the bills and approve for payment. After reviewing and discussing the bills, Mr. Roehm moved to pay the bills and Mr. Metzger seconded the motion. The motion carried unopposed.

The meeting was adjourned at 4:01 p.m.



Steven H. Williamson, Chair