

The regular monthly meeting of the Gallatin Airport Authority was held September 9, 2010 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Steve Williamson, John McKenna, Ted Mathis and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director of Operations and Cherie Ferguson, Office Manager.

The first agenda item was to review and approve the minutes of the August 12, 2010 meeting. John McKenna moved to accept the minutes as mailed; Richard Roehm seconded the motion and it was a unanimous decision to approve the minutes.

The second agenda item was the public comment period. There were no public comments. Board Chair, Steve Williamson, said anyone wishing to make comments could do so when that agenda item is being addressed.

The third agenda item was to meet the staff. Brian Sprenger said the featured employee this month is Mike Aranda, our new public safety officer. Officer Aranda said he was an officer at Valdosta, Georgia. He said he graduated from the university at Valdosta and spent eight years as a patrol officer there. He met a girl from Montana over the Internet, came up and married her. He is 32 years old and has two children of his own. She has five children.

He is part Hispanic and can speak and write two languages, which was beneficial in Georgia as there was a large Hispanic population. Mr. McKenna asked him what he does in his spare time and Officer Aranda said he finds it interesting to go out in the snow. Mr. Williamson asked how far it is from Bemiss, GA and Officer Aranda said about 40 minutes.

Mr. Roehm asked him what kind of gang activity is there and Officer Aranda said there were three different gangs as there is a lot of traffic from Florida and there are a lot of drug related crimes. He said there are seven or eight murders a year and he likes it here

because it is more peaceful than there. Mr. Roehm asked him how many people ride together in a patrol car. Officer Aranda said the Power Squad has two per patrol car because they go into the high crime areas. For general patrol there is one officer per car unless they need backup. They had about 120 patrol officers. Mr. Williamson asked him how big Valdosta is and he said about 120,000 residents.

Officer Aranda said the most challenging thing here so far has been the badge process. He has had to learn two systems and enter everything in both systems so we will be up and ready to switch to the new system. The Board welcomed Officer Aranda and thanked him.

The fourth agenda item was to consider Bids for Passenger Boarding Bridges. Mr. Williamson asked if two were optional and Mr. Sprenger said yes. He said we bid every possible option; there are four positions available and we have a demonstrated need for two. Frontier Airlines and Allegiant Air can share a boarding bridge and Horizon Air can share one. He said eventually we want to have other bridges. We are willing to look at new or refurbished bridges.

The capacity for the two we need took us out of the market for refurbished bridges. The bids we received for two new bridges came in substantially below our budget of \$1 million. The price of approximately \$380,000 for each of two bridges is better than we expected. He recommended purchasing these bridges. After we have these bridges in use, Gate 1 will be for Allegiant and Frontier, which are handled by WorldWide. Gate 2 will be for United, Gates 3, 4 and 5 will be for Delta with bridges on 3 and 5. Delta has three aircraft overnight. United will also use Gates 7 and 7 with 6 using a bridge. United also has three planes overnight.

The total bid for the two bridges is \$743,357 for two gates that will serve all jet aircraft between the Canadair Regional Jet and the Boeing 757. The bid for relocation and new tunnel extension for the existing Dew Boarding Bridge came in more expensive than what it will cost to have Martel relocate the existing bridge and tunnel. They have already relocated this bridge once so we feel very comfortable with Martel doing the work. That bridge will be relocated to Gate 8 for Horizon Air.

Mr. Sprenger said that a conveyor for smaller aircraft is more the function of the airlines. Horizon and Frontier each purchased one. A conveyer costs \$20,000. His recommendation is to acquire two bridges for \$743,357 and not purchase a conveyor.

Mr. Roehm said since airlines are charging for bags, everybody is bringing a steamer trunk for their carryon luggage and this has increased the use of gate checked baggage. He said conveyers are used a lot compared to six months ago and asked if the airlines will purchase conveyors and how they will get the luggage on the plane if there is no conveyer. Mr. Sprenger said they would carry baggage up the stairs. SkyWest paid to add a conveyor belt to their bridge and he thinks the other airlines would consider it. He said airlines would like the airports to provide everything. Conveyors could go from \$40,000 to \$80,000 and right now \$40,000 is a lot to spend. Mr. McKenna asked if we are solving the airlines' problems and said this may be an opportunity for us to say the airport would allocate \$40,000 for retrofitting all bridges and then the airlines could throw in some money to get conveyors for all the bridges. He asked if we could throw \$50,000 in the pot. Mr. Sprenger said we might be able to get money from the airlines through rates and charges. He thinks it is an airline issue and a Workmen's Compensation issue. If we raise the rate over time they might go along with it. Mr. McKenna said he would rather allocate a pot of money and then come back later if necessary. Mr. Williamson asked what we would do if one airline wanted to

participate but another one didn't. He said he thinks we should explore other options for the benefit of the flying public.

The Board and Mr. Sprenger discussed the capabilities of bridges, the possibility of finding refurbished bridges, why the bid prices for the bridges varied so much, purchasing old bridges at a low cost and refurbishing them ourselves as we did with a prior bridge, and three -tunnel and two-tunnel bridges.

Ted Mathis moved we purchase two new bridges as outlined by staff. Mr. Roehm seconded the motion and all Board members voted aye. The motion carried unopposed. Mr. Williamson said we should pursue the belt system and turn over all stones. Mr. Sprenger said we will.

The fifth agenda item was to consider the request to extend the Ground Lease Agreement for Gallatin Field Car Keep Condominium Association Phase I and Phase V until September 30, 2011. Mr. Sprenger said that three months ago in the June Board Meeting, the Board set a deadline for all car condominium buildings to be relocated by the end of September next year, and that the condo associations need to let us know by the end of the month if they will relocate. These are the first existing buildings and these extensions will set the standard for the future. Mr. McKenna asked how we are doing with the others and Mr. Sprenger said about half are interested in moving and about half are ready to let go. Mr. Williamson asked if those who are ready to let go want to build new and Mr. Sprenger said the builders told him there isn't much interest to build new with the ten-year limitation. Mr. McKenna asked what the responsibilities of the car condominiums are and Mr. Sprenger said they need to move and restore the land to the previous condition. Some could stay until they timeout on their leases. Mr. Sprenger said eight of the fifteen units will end during 2011 and the others will end year by year. People in the first eight units have the most incentive to

move. One unit has seven years left. Mr. McKenna moved to extend the Ground Lease Agreements for Gallatin Field Car Keep Condominium Association Phase I and Phase V until September 30, 2011. Kevin Kelleher seconded the motion. All Board members voted aye. The leases will be extended.

The sixth agenda item was the report on passenger boardings and flight operations – Scott Humphrey. Mr. Humphrey reported that we have very good news for August with 7,668 tower operations and that's 21% better than 2009. Air carriers are starting to come back with 783 operations versus 767 for last year. Enplanements are up 5.1% to 44,821 for August 2010. 19,492 are coming from Delta, 15,488 from United, 4,670 from Horizon, 4,022 from Frontier and 1,149 from Allegiant Air. There were 41,214 passengers deplaned. Rolling 12 month enplanements are 346,710. United is up 22%. They had 255 landings versus 146 for August of 2009. Load factors in August 2009 are 87.2% and August 2010 are 79.7%. On the general aviation (GA) side, AvGas is up 24.6%. Jet A for the airlines is up as well. Mr. Humphrey said this has been a very respectable August and September is looking to be 5% to 10% better than September 2009. He said we should come close to enplaning 351,000 passengers during 2010. Mr. Humphrey reported that Alaska Airlines is taking over the Horizon scheduling.

Mr. Humphrey reported that on August 13 he went to White Plains for a JetBlue meeting. Scott Lawrence is an ex-United person and is keenly aware of what United is doing out of Bozeman and understands the Bozeman market. JetBlue is not interested in flying out of White Plains. They are considering a red eye flight with a 10:00 p.m. arrival into Bozeman. Mr. Humphrey said it was good to be there and let them know what's going on here with the terminal construction. They are pleased we are keeping our airline rates and fees as low as possible. If they fly out of Bozeman, it won't be until next summer.

Mr. Humphrey said he and Mr. Kelleher held a meeting at Big Sky, and the biggest concerns are airfares out of Bozeman and why Southwest Airlines doesn't serve Bozeman. Mr. McKenna said they are a community we serve and he would like to see us have additional meetings at other locations including Montana State University, Ennis, Livingston and Bozeman. Mr. Williamson said the service we have here is phenomenal.

Mr. Kelleher said they were in front of people for three hours and it would be educational for any community so the people could understand our airline situation better. He thinks we are being proactive in Bozeman. A Delta pilot said he didn't think we needed the expansion and Mr. Humphrey responded to that. Mr. Kelleher said that was a very valuable education for him and that we are ambassadors for this airport. Mr. Sprenger said he and Mr. Humphrey make about three presentations every other month.

Mr. Kelleher would like to have name tags or badges made prior to a meeting.

Mr. Mathis said on the general aviation side Ben Walton hired more instructors and is up to twelve. Summit Aviation is now part of Montana State University in Bozeman. Some of the new hires are people returning from Iraq. Mr. Roehm asked how many flight schools there are at Gallatin Field and Mr. Mathis said four: Summit Aviation, Aero Flight School, Paragon Air Adventures, and Apex Helicopters.

The seventh agenda item was the Director's Report – Brian Sprenger. Mr. Sprenger reported that we have been working with customs to determine the feasibility of having a user-fee customs facility at Gallatin Field. In the process, we have learned that Customs is willing to provide a five-day a week, eight-hour a day facility. They are looking for a five-year commitment. We have done a survey of aircraft owners using Gallatin Field who would be interested in Customs and as of right now we have approximately 100-125 landings per year that would be willing to pay up to \$1,176 in user fees to have Customs. Assuming this

is correct and we capture a majority of these international arrivals, this would nearly pay for the annual expenditure of approximately \$160,000 to cover the cost of customs agents and IT functions. Mr. Sprenger said we are working with the Yellowstone Club to potentially fund any shortfall that may occur. In about one year the TSA will move into the terminal and we could use the old terminal building for Customs. Customs is okay with this but we would have to do some remodeling to accommodate their needs. We are also working with the Yellowstone Club to cover this cost. This is a lot to accomplish and is still in the Yellowstone Club's court unless others step up. It could be about \$250,000 to upgrade facilities to their standards. Mr. Sprenger said we were surprised at the number of international arrivals. In order to arrive at the fee per landing, we took an estimated cost and divided it by the number of international flights.

Mr. Sprenger reported that for many years we tried to find a way to have volunteer staff at our information counter and we recently partnered with Experience Works which uses public agencies like Gallatin Field to help train low income seniors for new careers. Experience Works is responsible for the payroll and workers compensation for the employee and we will provide the environment and training for the person to enhance the customer service at Gallatin Field. We are hopeful to have this in place within the month and have someone here between 10 a.m. and 3 p.m. seven days a week.

Mr. Sprenger also reported that tomorrow at 11 a.m. the ASIA-Pacific Economic Cooperation Host Committee will make an announcement in the lounge. Senator Baucus and five ambassadors from the committee will be here for the announcement.

Mr. Sprenger reported that on September 22nd there will be a new service announcement.

Mr. Sprenger also wanted to give a special thanks to Scott Bell for his efforts for the fog sealing. He said Mr. Bell put in many hours and was here on Thursday morning, out in the afternoon and then worked Friday night. He was working with a novice striping crew. Mr. Sprenger thanked Mr. Bell again.

Mr. Sprenger reported that we are moving forward in the design of the East Belgrade interchange. We recently learned that the MDOT will take on the responsibility of the railroad crossing, which means it will not be part of the local share. In addition, this will allow for the potential coordination of moving the existing siding to a location west of Belgrade, which will lower the overall cost of the project by reducing the number of tracks going over the access road to the Interstate. We understand the cost estimates now are a few million dollars below earlier estimates, which means that we are not as far off on funding as we originally expected. Right now, if all goes well and funding is available, we could see the start of the project in 2013.

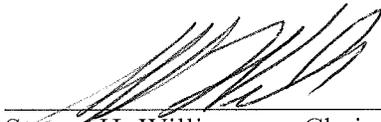
Mr. Sprenger said he and Mr. Roehm went to the AAAE meeting in Anchorage, Alaska. The sessions were good. Our ticket counter design for the new terminal is being proposed at other airports. Mr. Roehm said when he goes somewhere, he realizes how proud he is of our airport. Other airports are being hit by the recession and having problems with funding. He said we are really in good shape. The AIP program is now in its 15th continuing resolution in Congress and one Senator is holding up the AIP funding so he can get from his home to Reagan International instead of Dulles International.

He said the FAA wants to set up a new safety inspection and get workers to squeal on their workmates rather than going to the person. They would go to the airport director who would write up the person and fill out forms. The FAA already has five or six inspections and sooner or later this would cause problems. He said it was a very interesting conference.

There was a lot about Alaska. Mr. Sprenger said is the first conference in the ten years he has attended where there wasn't a TSA agenda item.

The eighth agenda item was to consider the bills and approve for payment. After reviewing and discussing the bills, Mr. McKenna made a motion that we pay the bills and Mr. Kelleher seconded the motion. The motion carried unopposed.

The meeting was adjourned at 4:35 p.m.



Steven H. Williamson, Chair