

The regular monthly meeting of the Gallatin Airport Authority was held April 9, 2020 at 2:00 p.m. via video conference. Board members connected were Kendall Switzer, Carl Lehrkind, Karen Stelmak, Ted Mathis and Kevin Kelleher. Also connected were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Kendall Switzer, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

Mr. Mathis said we lost a former board member, Jim Taylor, on April 5th. Mr. Taylor served on the board from 1975 to 1993. He was one of the board members responsible for the construction of the new terminal and many general aviation improvements. He was a fine person and we will miss him.

Mr. Switzer recommended that motion responses be indicated by either a thumbs up or thumbs down since only one person can speak at a time. That was agreed to.

1. Review and approve minutes of regular meeting held March 12, 2020

Mr. Switzer asked if everyone had received their copy of the minutes and if they had any corrections or additions.

Mr. Sprenger provided a few edits:

On page #3 at the top of the second paragraph the record says Mr. Sheehy, we would like to clarify it was Tim Sheehy for the first comment. On page #8 mid-way down on the left side, the record says, "Watling agreed and said we this will be closely monitored," strike the word "we". Two lines down from that, "We will be looking" needs the word "at" added.

MOTION: Mr. Kelleher moved approval of the minutes of the meeting held March 12, 2020 as amended. Mr. Lehrkind seconded the motion and all board members voted aye.

The motion carried.

2. Public Comment Period

All participants were unmuted. There were no public comments.

3. Consider request by Pacific Commerce to transfer the non-commercial land lease on hangar EV12 to B2 Equity Holdings, Inc.

Mr. Sprenger said Mr. Gary Roberts has built a couple hangars here at the airport. Mr. Roberts is currently building EV13 and it is just about complete. Mr. Roberts is now selling EV12 to B2 Equity Holdings which owns a Lear 60. The hangar is generally in good shape. Paint is needed on one of the struts on the hangar door and they need to complete the landscaping around the hangar. Those will be required to be completed before the transfer. Staff recommends approval of the request.

Mr. Mathis asked if B2 Equity Holdings plans to base the Learjet here or in Florida. Mr. Sprenger said it appears they plan to base it here. We will add it to the list of our based aircraft. It will probably have a dual location for the moment.

MOTION: Mr. Lehrkind moved to approve the request by Pacific Commerce to transfer the non-commercial land lease on hangar EV12 to B2 Equity Holdings, Inc. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

4. Consider request by Arlin's Aircraft Service, Inc. to transfer the commercial land lease on hangar ER3 to ACW, LLC.

Mr. Sprenger said ACW stands for Arlin C Wass, so this is a transfer within Arlin's holdings. The hangar is in good shape. Everything is current. Staff recommends approval of the request.

MOTION: Mr. Mathis moved to approve the request by Arlin's Aircraft Service, Inc. to transfer the commercial land lease on hangar ER3 to ACW, LLC. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

5. Consider request by Arlin's Aircraft Service, Inc. to enter into a non-commercial land lease on taxi-lane "T" for the purpose of relocating hangar #4

Mr. Sprenger said we hope to see a redevelopment of the front line. This is one of the hangars that will need to be removed from the front line. The requested re-location is on the south side of the airport. Staff thinks this is the only location where that would work. We are asking that Arlin's re-side the hangar to match the others in that area. We are also asking that a soil sample be taken from the area the hangar is being removed from and if there is any mitigation needed, that they take care of that as well. This is the first phase of the two buildings that need to be removed. The other is the FBO building to the west where Summit Aviation is located. Overall staff thinks this is a good request. It was clarified that this is an option to reserve that location so they can prepare over the next year. Then this will be brought back to the board for final approval.

Mr. Switzer asked if there was an option fee. Mr. Sprenger said Arlin's will pay the standard lease fee during the option. Ms. Stelmak asked about the length. Mr. Sprenger said the option is good for one year. Mr. Kelleher asked when they will start moving the hangar. Mr. Sprenger said they have indicated if things go well it would be sometime next year.

MOTION: Ms. Stelmak moved to approve the one-year option by Arlin's Aircraft Service, Inc. to enter into a non-commercial land lease on taxi-lane "T" for the purpose of relocating hangar #4. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

6. Master Plan Update – Scott Bell

Mr. Bell said he has a copy of Facility Requirements, Chapter 3, available. This chapter takes the forecasted usage and compares that to the inventory we have and projects what we will need. This portion documents how much we need for facility requirements over the next 20-year period. The next chapter is in the review process. That chapter takes the requirements and goes through all the alternatives. Mr. Bell expects that chapter to be out sometime between now and the next meeting. Mr. Bell said he would like to get Chapter 5 done at the same time. Chapter 5 takes the alternatives and gives development recommendations.

Mr. Bell said an electronic copy would be emailed out to all board members for review. All asked for a paper copy also except Mr. Lehrkind. Mr. Switzer asked about the effect of the pandemic on the next 20-year plan. Mr. Bell said they haven't made any changes based on the current situation at this point in the planning process. They will re-do the forecasting if needed. He sees the biggest impact on the financial planning and timing of the phases.

Mr. Bell said when we are comfortable with the preferred alternatives in chapter 5, that is when the Master Plan should go out to pilots' meetings or public meetings. Hopefully

by June we will be able to do that. If not, we will have to delay it or do it virtually. Mr. Switzer said an in-person meeting would be preferred if possible.

Mr. Switzer said we are learning a lot of lessons about handling the pandemic and those should be incorporated into our next steps. This will happen again so if there is anything we can do to increase our reaction time and agility we should do that.

Mr. Sprenger said we are constantly looking at this and making adjustments.

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

Mr. Humphrey started by saying the effect of the pandemic came later into March so the effect on the numbers will be greater in April and onward. Total operations for March were down 7.5%. Rolling 12-month operations were 99,831. Corporate landings were down 38.6% at 510 versus 831. Enplaned passengers were down 38.6%. For 12 months we are at 777,289 total enplanements. Total deplanements were down 41% at 42,086 versus 71,379. Airline landings were down 2.6% at 757 versus 777. Airline load factor was 58.4%. February fuel dispensed was up 31.3%.

We are currently boarding 75 to 130 passengers per day. We are hoping this is the worst and we will see improvement. We projected \$1.97 million in revenue from airlines for this fiscal year. As of March, we have collected 80% of that. We have a fairly stable schedule for April, May and June. We plan to end up with 88% of the projected airline revenue. That would be a deficit of \$288,000. Concession revenue, such as rental cars and food and beverage, will be the biggest hit.

Ms. Stelmak said the amount of parked rental cars and lack of aircraft is staggering.

Mr. Humphrey said we should see the impact on travel through May. He thinks it will be a 15-20% load factor in April. Airlines are blocking the middle seat out. Just window or aisle seats are available. They are trying to create a comfort level for travelers. Hopefully by June we will start to see this rebound slowly month by month.

Mr. Lehrkind asked about going into June. Mr. Humphrey said we have a static schedule into June. Some airlines are canceling week by week. Some airlines are applying for the CARES act funding which would require them to have some flights operating to be eligible.

Mr. Mathis said as these grants are received, airlines should continue to pay the airports to keep them whole as well. Mr. Switzer asked how the concessionaires are doing. Mr. Humphrey said they are not doing well. They have laid off most of their staff. Rental cars are parked. Concessions in the terminal are shut down. The rental car companies have minimal staff.

8. Airport Director's Report – Brian Sprenger

Mr. Sprenger said the fiscal year revenue projections have always been conservative. We will be down \$621,000 in operating income for the forecast. That helps us get through the fiscal year. There were some additional discretionary grants which helped. We will start the budgeting process soon for the next fiscal year. We will particularly focus on the first 6 months although we will provide a full year budget. Our budget is based on passengers. Everything else falls apart if we don't have passengers. We must be careful not to raise rates to the point we discourage travel. We are big recipients of the CARES act. It may be up to \$10 million. 90% of our budget is tied to passengers. If we don't have them, we will go through money quickly.

There is also a significant financial impact of this pandemic on our community. We estimate based on just the March numbers, the negative economic impact is approaching \$25 million by not having air service. That can be matched in April and May. June is suspect. By the end of this fiscal year, we are looking at a \$100 million impact to the surrounding community.

We are going to collect \$2.4 million from AIP grants in the next week. That will help over the next couple months. These were expected grants.

At the May board meeting we will discuss tower hours and particularly our contribution. At the June board meeting we will be looking at budget constraints. The biggest potential adjustment would be the 3 additional boarding bridges planned for November and next May. We will have to determine whether to continue with the order or defer or cancel it. That is about \$2 million in cash flow. That is something to consider. We will review all parts of the budget and where we can adjust.

We are also currently making adjustments. We are bringing the mowing in-house this season. We are working on the parking lot while it is mostly empty. We will be able to restripe the entire parking lot at one time. We would like to use a very small portion of our funding for the heavy use carpet areas. Mr. Sprenger said this would not use more dollars from the budget, it would just reallocate funds. Ms. Stelmak said anything we can get done now is a good thing. Mr. Mathis is concerned how things will look next month and asked if we can decide later regarding the carpet purchase. Mr. Sprenger said we probably will have close to a month of delay time. But if they start running, we have an opportunity to increase that run. We don't know when the plant will open. Mr. Mathis asked if we can save by installing the

carpet ourselves. Mr. Sprenger said it is best to purchase the carpet under the Martell contract. As for installation, we could save \$25-\$30,000 to install in-house. We could also buy the carpet and install it later.

Mr. Lehrkind said he is in favor of keeping people busy. But to be conservative, he thinks we should be very careful with spending. We may need every penny. Mr. Sprenger said in our revenue projection from last month, 10-11% are fixed revenues such as land lease rents. The required flights from the CARES act will provide the other 9%. We are still tracking at an 80% reduction in revenue. That is not worse than projected.

Mr. Lehrkind said he would like to see an increase before we spend more. Mr. Mathis said we should save every nickel we can until this straightens out.

Mr. Kelleher said there are concerns regarding the decrease in Asiatic travel and the impacts on the Big Sky and West Yellowstone area. Mr. Sprenger said international travel will be severely impacted. That will affect the West Yellowstone area and Yellowstone National Park. Our international traffic is minimal in the summer, usually 10% or less is international. From an airport standpoint, that traffic wouldn't come here anyway. Many came on buses to West Yellowstone from Salt Lake City and Los Angeles. If domestic travel rebounds, that could make up for the international travel decrease. Most will probably travel domestically.

Mr. Humphrey said we will not see any international travel for some time. After 9/11, many did their traveling in the states. Mr. Kelleher asked about what happened with the Salt Lake City Airport construction. Many international travelers fly into Salt Lake and then bus to West Yellowstone. Mr. Sprenger said the Salt Lake Airport can accommodate all their traffic despite construction. They are anticipating being done this fall. Like us, they are trying to

make decisions on construction projects moving forward. Mr. Kelleher said penny pinching would be the thing to do right now. Ms. Stelmak said her comment earlier was referring to in-house maintenance projects but not high cost capital projects.

Mr. Sprenger said we are working with the City of Belgrade on sewer easements over airport land.

We will be sending out plans for The Yellowstone Club's hangar #5 that was approved earlier. They are requesting updates to the building. The primary purpose of the hangar will be for an individual owner with a lot of aircraft. He doesn't have a need for the vehicle storage shed and would like to create office space, a pilot area and an outdoor terrace. We would like comments and feedback. We have emphasized there can be no overnight accommodation and that will be in writing. There will be a full review next month. They are in the design process and would like a feel from the board. Primarily the terrace area will change some of the structure. It will be an agenda item next month.

Mr. Mathis asked about Bridger Aerospace's planned delivery of the CL 415. Mr. Sprenger said he doesn't know if that happened or not.

Ms. Stelmak said she recognizes that the constant changes and uncertainty produce a huge amount of pressure. She appreciates Mr. Sprenger's strength and leadership.

Mr. Kelleher said we can be proud of our staff across the board. There are many variables surrounding this pandemic that could make it linger into months or even years. He asked that staff be careful and research things that could arise and affect the airport. The goal for everyone is to keep it up and running.

Mr. Lehrkind reiterated that the safety of the staff is a priority. If there is anything that he and his contacts can do to help, please let him know. He knows we will weather this storm. He is not an advocate of laying people off. We need to keep everyone we can. Some may appreciate a short week and keeping benefits.

Mr. Lehrkind asked what staff is hearing from the airlines and TSA at the airport. Mr. Sprenger said the TSA screened less people on a national basis yesterday than we boarded in July of last year. The response from airlines is varied. Frontier has made large reductions and plans to bounce back strongly at the end of June. United has been aggressively pulling flights. Delta has maintained more than we expected in our market and other parts of the country. That continues into May. They are anticipating that we will rebound differently here than other parts of the country. Since they don't know when that will be, they are maintaining a stronger presence here than they need to. Alaska is similar. We have seen a significant decrease from Alaska, but they are continuing twice daily service to Seattle. We see JetBlue reinstating Long Beach service in December. Traditionally it was twice a week and they published it as daily. For the most part, our current schedules for June are intact and July is showing as many seats as the past few months. It seems they don't want to give up yet. They also are cancelling in closer time frames to not overwhelm their booking systems. If by chance it opens and returns quickly, we could see record numbers based on the current seats in August but that is not probable. The negatives are clear in April & May and are lingering into June, but they don't seem to be giving up on the plan for summer yet.

A conservative approach to spending was agreed on. Mr. Switzer commended Mr. Sprenger and the team on their decisive agility. Decisions had to be made quickly. If there is a project that doesn't get done, he's ok with that.

9. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Mr. Lehrkind moved to pay the bills and Mr. Kelleher seconded the motion.

All board members voted aye and the motion carried unopposed.

10. Adjourn

The meeting was adjourned at 3:19 p.m.



Kendall Switzer, Chairman