The regular monthly meeting of the Gallatin Airport Authority was held June 11, 2020 at 2:00 p.m. in the Airport Conference Room. Board members present were Karen Stelmak, Ted Mathis, Kevin Kelleher, and Carl Lehrkind. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Karen Stelmak, acting Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

1. **Review and approve minutes of regular meeting held May 14, 2020**

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

There were two corrections. On page 11, item 15, the first line after 15-20 percent should read “of” and not “or”.

On page 15, the second line from the bottom should read wheel barrow not wheel barrel.

**MOTION:** Mr. Mathis moved approval of the minutes of the meeting held May 14, 2020 as amended. Mr. Kelleher seconded the motion and all board members voted aye.

The motion carried.

2. **Public Comment Period**

There were no public comments.

3. **Consider request by PCI Montana TF, LLC to transfer their non-commercial land lease on hangar EV-13 to T Triple R, Inc.**

Mr. Sprenger said Mr. Roberts has built a couple of hangars here. Mr. Roberts is selling this hangar to Mr. Ronald Wallace of T Triple R Inc. who has a TBM 700. The hangar is in good
condition and the rent is current but the reclamation of the site needs to be completed. Staff recommends that reclamation be completed before transfer.

**MOTION:** Mr. Mathis moved to approve the request by PCI Montana TF, LLC to transfer their non-commercial land lease on hangar EV-13 to T Triple R, Inc. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

4. **Consider request by Pine Butte, LLC to transfer and convert to commercial their land lease on hangar 95 to Hangar West, LLC**

Mr. Sprenger said Ben Walton is managing this transaction. It is a convert to commercial with a through the fence location. The exterior truss needs painted, the ramp needs to be crack sealed and there are some landscape issues that need to be addressed. Staff recommends approval of the request once those items are completed.

Mr. Mathis asked if Hangar West LLC is a valid corporation. Mr. Sprenger said they are in the process.

**MOTION:** Mr. Lehrkind moved to approve the request by Pine Butte, LLC to transfer and convert to commercial their land lease on hangar 95 to Hangar West, LLC. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

5. **Consider request by SK Real Estate Holdings to enter into a commercial land lease on Hangar 6 with a 24-month exception for paving the ramp**

Mr. Sprenger said Shawn Kelly purchased this hangar from Roger Stradley. There were several updates to be completed as conditions of entering into a new lease. He is well along with those updates and has sent pictures of the progress. The hangar is not recognizable. They are working toward completion. Mr. Kelley is requesting an extension for paving the ramp because he plans to come back with a request to expand the hangar, which will cover a
portion of that ramp. Staff feels comfortable with the extension. Mr. Kelly has also agreed to
do some crack sealing.

Mr. Mathis asked where they will dump the hangar after the expansion. Mr. Sprenger
said they are working on it. There is space there for the ramp to be expanded. There are more
details to be ironed out. Mr. Mathis said his concern would be spilling out onto Taxiway H.
Mr. Sprenger agreed and said we would want to avoid that.

Mr. Lehrkind asked if Mr. Kelly can get this done sooner. Mr. Sprenger said yes, when
he comes back with the expansion request we would stipulate that he completes the paving
at the same time.

Ms. Stelmak commented that the improvements have been remarkable.

**MOTION:** Mr. Lehrkind moved to approve the request by SK Real Estate Holdings to
enter into a commercial land lease on Hangar 6 with a 24-month exception for paving the
ramp. Mr. Kelleher seconded the motion. The motion was amended by Mr. Lehrkind to
include the crack sealing and ramp improvement. All board members voted aye. The motion
carried.

6. Consider preliminary budget for fiscal year 2021

Mr. Sprenger said this was a difficult budget. They used a number of factors for
projections. For the calendar year 2020 numbers, enplanements are projected at 423,000
which is 54% of normal. Going into fiscal year 2021 we will see some recovery. We hope that
by the spring of 2021 it will be very much recovered. By the end of the fiscal year we expect
to regain 120,000 passengers to a total of 542,000 which is still only 69% of our 2019
passengers. Recovery is not guaranteed in any way. There are a number of contingencies within the budget to account for increases and decreases.

Based on the projected enplanements of 542,000, we expect operating revenue to be down 38% to $8.2 million. Operating expenses have been lowered by 3% to $6.69 million. There is a contingency of an additional $246,000 in expenses if we achieve 75% of normal enplanements. That would result in a $1.27 million net operating income which would be down 80%. That requires a significant lowering of the capital plan. On the operating income, this includes $7.3 million of CARES Act funding.

There is $10.4 million in expenses on the capital side for projects that are in progress and important to complete. There is also $4 million in optional capital projects if things improve. Staff recommends each of those as a line item to be approved by the board on a case by case basis. Overall we have $14 million in projects but only $10 million are projects in progress.

If all goes according to budget and we reach the projected passenger levels, we could have a contribution to the capital improvement fund of $1.8 million at the end of the fiscal year. If we had not received the CARES Act funding, and we did not go after optional capital projects, we would have been at a loss of $1.5 million from the capital improvement fund. It is important to note that we have been able to withstand this downturn better than many other airports. If this lasts longer, that could change.

Ms. Stelmak said budgets are always tough especially with so much uncertainty. She complimented Mr. Sprenger. She appreciates the flexibility and the considerations for the safety of staff and the public.
Mr. Lehrkind extended commendation to the past boards’ display of fiscal responsibility and expressed thanks for the CARES Act. Mr. Lehrkind said he spoke with an owner of one of the rental car companies to compare numbers. The rental car company’s numbers are along the same lines as ours. The owner was very complimentary of the airport’s response in cleaning and striping. He compared our efforts to another airport that was not responsive at all. The owner was appreciative that airport staff quickly acquired and installed Plexiglas guards and they look good.

Mr. Mathis said a lot of work has gone into this budget. He is not as optimistic as staff. From what he has heard regarding the airlines, for those that survive it could be 2 to 3 years until we see the new normal. If those dire circumstances evolve, staff needs to consider our response. Under the CARES Act, we can decrease staff by 10% this year and any restrictions are lifted at the end of the year. He urged staff to put that contingency plan in place. He suggested limiting non-essential capital expenditures that are not AIP or CARES Act funded. Hopefully the budget numbers are the worst case scenario.

Mr. Sprenger said the International Air Transport Association released a projection for calendar year 2020 and it showed us at 53% of normal. Everyone is guessing. There is no predictability. There are concerns about a resurgence of the virus. We have evaluated various contingencies and will adjust the budget as changes occur.

Ms. Stelmak said she appreciates the use of our staff for projects we would have previously hired out to other companies.

Mr. Kelleher agreed. His main concern is keeping our staff working and he thinks that has been done well. We have to be real cautious on how the virus passes. It could come back
hard on us. Hopefully we are prepared for it and walking through the terminal it appears that we are. He said to keep up the good work.

**MOTION:** Mr. Mathis moved to approve the fiscal year 2021 Gallatin Airport Authority Budget as proposed by staff. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

7. **Master Plan Update – Scott Bell**

Mr. Bell passed out Chapter 6 which is the Land Use Compatibility chapter. It is similar to the chapter in the last master plan; it is not always in master plans. But considering our close proximity to the City of Belgrade, he thinks it is an important chapter. Previous boards and engineers have done such a good job that it is important to continue to include it.

There are two meetings scheduled next week. They are Tuesday and Wednesday next week. Then on Thursday 6/25 from 5pm to 7pm is the meeting with pilots and the public. It will start with an open house for people to arrive. Then there will be a presentation at 5:30. There will be the option to attend via zoom and see the presentation. The main presentation will be in the old restaurant area and there will be a TV in the bar area for overflow seating.

They have been working with the FAA. The FAA has not been particularly responsive but we know they are busy.

Mr. Lehrkind asked if the City of Belgrade has given any input. Mr. Bell said they have previously met with them. All the alternatives have been presented and so far no one has raised any issues.

Mr. Mathis said he spent a lot of time reading Chapters 4 and 5 and he thinks they were really well done.
Mr. Sprenger said 13 months ago we had our first meeting for the Master Plan. We are one month past where we hoped to be but a lot of things have happened. After talking to other airports whose master plans take 2 to 3 years, we are still significantly less than that. We looked at the 1972 plan. There was a lot of foresight in that plan. We haven’t strayed too far from what was done 50 years ago. He is proud of the Morrison Maierle group in getting us so far.

Mr. Bell has spoken with an FAA planner on how to step back and do some modifications on the plan based on the virus impact. That will be part of it before the plan is finalized.

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

Mr. Humphrey said tower operations for May were down 4.4% at 7,693 versus 8,051. Rolling 12-month operations were 95,964. Corporate landings were down 45.7% at 188 versus 346. Total revenue enplanements were down 89.2% at 5,753 versus 53,460. For 12 months we are at 684,885 total enplanements versus our record of 804,000. Total deplanements were down 88.7% at 6,509 versus 57,811. Airline landings were down 69.8% at 192 versus 635. Airline load factor was down 47.2% at 30.6% versus 77.8%. April fuel numbers are not available yet.

In June we have passed the threshold. We have had a few 500 enplanement days and 700 enplanement days. We should end June at 20% of last year. American’s flight to Dallas is booked at 85% through June and July. 85% is the capped amount of passengers. Sun Country to Minneapolis started June 3 and they are in the mid 30%. Nashville started May 21. Allegiant to Vegas came back a few weeks ago. TSA announced they processed over 1 million
passengers over the 3 day weekend. An article came out that said between American and Delta, 300 aircraft are coming out of storage.

Ms. Stelmak asked about Customs. Mr. Humphrey said he didn’t have the numbers.

Mainline for Delta returns next month to Minneapolis and Salt Lake City. United will bring mainline back into Denver, and service will return for Los Angeles, Chicago and San Francisco next month. We will probably see a third frequency to Seattle on Alaska later this month. Alaska is adjusting their schedules only 10 days out while the rest are 30 days out.

9. Airport Director’s Report – Brian Sprenger

Mr. Sprenger reported May rental car concessions were 15% of normal. The parking lot concessions increased to 10% of normal. We have seen some 200 vehicle nights. Frontier and Allegiant flights generate local traffic which helps parking.

The Copper Horse is still planning to open June 18 for the restaurant upstairs and the bistro in early July.

There will be a lot of money going out and coming in. We have $1.9 million in AIP draws and $1.5 from CARES Act for Feb-May expenses.

One of the CARES Act changes is that entitlements for grants have been adjusted from 90% to 100% federal participation which increases our entitlement by about $370,000.

We have an additional Yellowstone Club hangar coming in on the south side. Once the Master Plan is complete they would like to build a third one.

We held off on an alternate for the water and sewer system last fall. It was the final loop on the south side of the taxiway. The cost for the alternate was $218,000. We are getting interest for hangars in that area. We have over $50,000 in impact fees that we have collected
in that area. We can continue to hold off or we can spend the $218,000 and finish it. Dunneman Construction has said they will still honor that amount.

Ms. Stelmak asked about the economy to scale. Mr. Sprenger said the economies have already been included in the bid.

Mr. Mathis asked for a recommendation. Mr. Sprenger said staff’s recommendation is to complete it. One of the stabilizing factors of our budget is the land rent. If this is completed, we would increase our land rent. Our land rent increases July 1. We will be coming back with an increase in 3 years. We had put that off because of the current situation. But we are seeing significant demand from general aviation on the east side, so it makes sense to increase land rent.

Mr. Bell agrees with staff. The demand is surprising. It opens a large area for more of the larger hangars, which there is a demand for.

Mr. Lehrkind asked when it would happen. Mr. Sprenger said it would be a continuation of the project they are just finishing. We have to decide now or re-bid it in the future. Mr. Lehrkind asked if we could get some time. Mr. Sprenger said he didn’t think so and there would be a re-mobilization which would probably increase the cost. It would make more sense to look at a future project and include it then. If it was any other time, we probably would have jumped at this. Six months ago we didn’t award this because we didn’t see the demand. There is interest for about 3 hangars in the 30-40,000 square foot range. We expect a request on the next month from a group that seems to be well funded. Increasing fees is possible. Mr. Lehrkind said his recommendation is to go ahead but ask them to participate more.
Mr. Sprenger said we can make that part of the approval process. It would be something in conjunction with their proposal and an established fee schedule. Based on the suggestions it could be incorporated. Ms. Stelmak agreed. Mr. Kelleher and Mr. Mathis agreed. All suggested we move forward. We have the advantage of having actual cost. Then we can include that in the future fee schedule.

10. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Signage has been added to the parking lot.

Mr. Mathis said he noticed a new electric gate on the east side and asked if that was AIP funded. Mr. Sprenger confirmed it is.

Mr. Mathis said whoever drives the paint striper has done an outstanding job. Mr. Sprenger said it is Ted Gates.

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

11. Adjourn

The meeting was adjourned at 2:53 p.m.

Kendall Switzer, Chairman