

The regular monthly meeting of the Gallatin Airport Authority was held June 13, 2024, at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Karen Stelmak, Kendall Switzer, Carl Lehrkind, and Kevin Kelleher. Also present were Brian Sprenger, CEO, Scott Humphrey, COO, and Troy Watling, CFO.

Mr. Mathis, Board Chairman, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board and called the meeting to order.

Congratulations to Brian Sprenger were offered for becoming a grandfather.

1. Honor Kevin Kelleher for 17-years of service to the Gallatin Airport Authority Board

Mr. Mathis said we are glad to honor Kevin Kelleher for 17 years of service to the board and community.

Ms. Stelmak thanked Mr. Kelleher for his work over the years adding that his input has been as wonderful as his sense of humor. Ms. Stelmak wished Mr. Kelleher the best.

Mr. Lehrkind said Mr. Kelleher has been a staple in the Bozeman and Big Sky community for many years. Mr. Lehrkind expressed his appreciation for the great relationships Mr. Kelleher has with his parents. It has been a treat to sit with him on the board and get to know him as a person. Mr. Keller will truly be missed.

Mr. Switzer said this is bittersweet and we will miss Mr. Kelleher. Mr. Kelleher brought expertise, humor, stability, and the ability to think about big issues clearly and determine a resolution. Mr. Kelleher provided insight no one else could. Thank you Mr. Kelleher and we are with you on the next journey.

Mr. Mathis said Kevin was appointed to the Gallatin Airport Authority Board in 2007. The first meeting he attended as a board member was on August 9th of that year. He was late for the meeting. He said he had to wait for a train.

Kevin was and still is a realtor. It was interesting that much of that first meeting and several meetings to follow had to do with the proposed development of some new subdivisions near the airport, so Kevin immediately became a valuable resource and counselor. The fact that he was a pilot, aircraft and hangar owner was also very helpful. At the end of Kevin's first year on the board, Bozeman was ranked 141st busiest airport in the nation.

During Kevin's second year on the board, he and the other board members were faced with one of the most difficult tasks that a board ever has to face; that of having to hire a new airport director as the old guy was retiring. The fact that the person they chose has been doing an exceptional job for the past fifteen years is a pretty good indication that they got it right.

As the years rolled by, our airport continued its monumental growth, and Kevin continued to provide valuable guidance. By 2011, we had expanded the terminal, parking lot and general aviation facilities again and by 2013, we were the busiest airport in the state. In 2015, we opened the new 1-90 East Belgrade Interchange and Kevin never had to wait for a train again. In 2017, we opened the first new runway in Montana in over thirty years. Bridger Aerospace and The Yellowstone Club were among the dozens of companies that completed new hangars that year. In 2019, construction began on a new multi-use parking garage and Southwest arrived as our ninth airline, just in time to occupy gates in our new B concourse.

In 2021, we built our new north ramp and our flight schools started construction on their new facilities in that area. We completed our new in-line baggage screening system in 2023 and airline passenger enplanements surpassed 1,200,000 for the first time.

Mr. Mathis remembers when Kevin was appointed to the board, we were ranked 141st in the nation. We are now ranked 92nd with no sign of slowing down. Over 40% of the airline passengers in Montana fly in and out of Bozeman and this year our rental car tenants will have over 7,000 vehicles available.

Kevin, you played a large role not only in the systematic growth of our airport but also in its financial viability and customer convenience.

Mr. Mathis presented Mr. Kelleher with a plaque in appreciation for his many years of hard work and dedication to the flying public and our community.

Mr. Kelleher said all members of the board and staff are excellent as well as the Gallatin County commissioners. Mr. Kelleher thanked the board for their service and the opportunity to serve. Mr. Kelleher said it has been a privilege and joy to serve with some of the best pilots and be a part of the GA community. It has been a thrill to be a part of the growth of this beautiful airport and thinks we have made a beautiful set up.

2. Review and approve minutes of regular meeting held May 9, 2024

Mr. Mathis asked if everyone had received their copy of the minutes and if they had any corrections or additions. There were none.

MOTION: Mr. Switzer moved approval of the minutes of the regular meeting held May 9, 2024. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

3. Public Comment Period

There were no public comments.

4. Report on Audit Review Process – Matt Cope

Mr. Cope, audit partner with Holmes & Turner, said they are looking forward to our 3-year contract. Mr. Cope said their staff enjoy working on this engagement. Mr. Cope reviewed the objectives of the audit and the 5 reports included in the Annual Comprehensive Financial Report. The timeline will be a little different this year. The plan is to do more throughout the summer starting in July, mostly internal at the firm. Procedures will be in August when revenue and expenses are captured. Inquiries will be in September as normal. A draft report will be presented in October and a final report in November. There are no significant changes to the financial reporting this year.

Ms. Stelmak said she appreciates them starting early and not rushing at the end. Mr. Cope said the staff here have been organized and on time. Much of the work is electronic and can be accomplished remotely.

5. Consider request by JWG IV, LLC to transfer the non-commercial land lease on hangar 50-52 to Flying Foxxx MT, LLC/Helena D'Angelo and enter into a new 20-year land lease with a 10-year option for a 1031 Exchange

Mr. Sprenger said the hangar is in good condition and the rent is current. With the transfer of sale, they are eligible for a new lease, and they are asking for that primarily for the 1031 Exchange. Staff recommends approval of the request.

MOTION: Mr. Lehrkind moved to approve the request by JWG IV, LLC to transfer the non-commercial land lease on hangar 50-52 to Flying Foxxx MT, LLC/Helena D'Angelo and

enter into a new 20-year land lease with a 10-year option for a 1031 Exchange. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

6. Consider request by M & A Alaska LLC with concurrence of land lessee Aero Squadron Condos to sell non-commercial hangar 168-A to JWG, IV, LLC and enter into a new 20-year land lease with a 10-year option for financing purposes

Mr. Sprenger said the previous hangar is being sold and they are investing in this one. The hangar is in good condition, the rent is current, and staff recommends approval of the request.

MOTION: Ms. Stelmak moved to approve the request by M & A Alaska LLC with concurrence of land lessee Aero Squadron Condos to sell non-commercial hangar 168-A to JWG, IV, LLC and enter into a new 20-year land lease with a 10-year option for financing purposes. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

7. Consider request by ACW, LLC to enter into a new 10-year commercial land lease on hangar 7

Mr. Sprenger said the commercial rate is .18/sf for a total of \$2,808 annually. This is a commercial hangar subleased to Jet Aviation by ACW, LLC. The hangar is in good condition and the rent is current. Staff recommends approval of the request.

MOTION: Mr. Kelleher moved to approve the request by ACW, LLC to enter into a new 10-year commercial land lease on hangar 7. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

8. East Terminal Project Update

Mr. Sprenger began the presentation with some financials. We are at 75% construction documents. There are 1,350 plan documents indicating the level of detail.

Phase I and II have an estimated cost of \$128.9 million plus a large contingency. Phase III is an alternate. Overall, the construction estimate is \$170 million. Contingencies total about \$19 million. Those totals include completing each aspect of the project including customs and civil work. Pricing has been stable except for conveyances such as the boarding bridges and baggage system. The good news is that most supplies such as steel and lumber are stable. We will watch that and may want to bid quickly if we see some excessive inflationary impact.

In August, we will receive the Guaranteed Maximum Price (GMP) from Martel for Phases I and II demo and structure. The added alternative is Phase III. We expect the GMP to be about a \$37 million decision. We could remove \$7 million by removing the alternative. We will have more information as we get to August. Mr. Sprenger pointed out the phasing on the map. There are some economies to scale and reasons to get things done. We will see what will happen with traffic and the economy. If we do this, we would do it in a way that would follow construction of Phase I and II. There are plans to reduce the impact on cash flow and accomplish the project without borrowing. We will have a more thorough spreadsheet when we determine if we include the alternate.

Key milestone dates were reviewed including bid timing. Mr. Sprenger also reviewed various locations of baggage claim and rental counters throughout the project. There is an option to save \$3.5 million with baggage claim.

Gates were next reviewed. There will be some constraints until early 2027. There will be some temporary gates and flexibility based on passenger traffic. There is an option to only build out the structure and the shell of the alternate and save about \$25 million.

Airport offices will be completed mid to late 2027. Until then staff will be spread throughout the terminal building. Concessions will be tied to gate completion.

Overall, we expect an early 2028 completion and if we continue, mid-2030. We are coalescing into a schedule we feel more comfortable with. The budget is now much more detailed.

Michael Spitzer, Frank Gratton and staff with RS&H next presented updated renderings and designs. Mr. Spitzer said he started with us 17 years ago with the first project.

Mr. Spitzer pointed out some colored areas that represent just under 250,000 square feet of which 60,000 square feet are being renovated. The overall cost is \$760 per square foot. Mr. Spitzer said that is a relatively good price in the industry. Airports have larger components that raise the price compared to residential.

Mr. Spitzer reviewed the various floors of the project from the basement at the bottom to the third level mezzanine.

Mr. Gratton presented an updated slide with a view of the third-floor mezzanine. The baggage level floor plan has some minor changes. Between 2 bag carousels we are retaining a fireplace. Views of the concourse level were presented. Another view from the middle baggage claim carousel was presented. There are features that visually connect the 3 levels.

A baggage drop area will be new and will lead to the entrance of the new security checkpoint. A view from the screening checkpoint was presented. Traffic will flow through the checkpoint and into the great hall. There will be a coffee concession front and center

followed by a restaurant and bar. Above that area is the mezzanine lobby off the boardroom. The feature will be the oval bar that features the airstream canopy. This area is all about the views. There is nothing obscuring above the bar height. There are 2 flanking fireplaces with seating arrangements.

Mr. Gratton referred to a kit of parts that includes the design elements and bones of the project. The building is being stepped out and designers wanted to get views down the valley. Stone is still being used but in a slightly different way. The ceiling height is 16 ft. which is the same. The corner of the new section has a tall space and a video of that was presented. An elevator that takes you to the second floor is designed with stone and surrounded by a stairway.

Mr. Switzer asked about the glass in front of the fireplace and was assured that safety is taken into account in the design. It has a large hearth and glazing. There is a shut off button close by that staff will know how to use. Mr. Switzer asked about sun exposure and Mr. Gratton said we don't have that problem too much since it faces the north.

Various east hall fireplace seating designs were presented for review. Mr. Switzer thought that the triangle creates a larger seating area. Mr. Sprenger said we could also make a square like we have at Ross Peak and angle it to be triangular. A wall fireplace is not possible here. A round version was considered at some point and can be brought back. More options for the fireplace seating will be presented for consideration in the future.

Images of the mezzanine level were presented along with locations of the various rooms and sections there. A view of the entrance to the Bridger Room was given. Mr. Switzer said there is beauty to being around a table compared to being in a line like the

commission. Mr. Switzer would like a table to meet around. Ms. Stelmak agreed. A side wall for pin up space was included in the design. The other wall will be a window into the great hall. There is an option to build in a track system with a screen that could go down. Wiring some of the walls for possible electronic displays was discussed.

Views of the reception area were presented. Mr. Mathis commented on the large amount of stonework. Mr. Graton said they are trying to repurpose the stone and use reclaimed wood. Some can be a historical element. Some may be planed down and reworked. The stone is being evaluated. We cannot get the exact same stone as before, so the idea is to mix the old with the new.

Ms. Stelmak said she appreciates that the current atmosphere will continue. Appreciation to the team working on this was shared.

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

Mr. Humphrey said there were 8,815 total tower operations which is 13.6% below last May but we had 15 days with light rain or snow along with one heavy snowstorm. General Aviation was down 32.8%. Rolling 12-month operations were 125,412. Corporate landings were up 6.8% with 425 landings over 12,500 lbs. Corporate landings over 9,000 lbs. were up 17% with 531 landings. There were 12 custom clearances this May versus 19 last May. Total revenue enplanements were up 8.9% with 90,588 passengers versus 83,166. That brings the total past 12-month enplanements to 1,250,928.

As a side note, Mr. Humphrey said 1,250,000 enplanements is a TSA threshold. There are four categories of commercial service airports. Category III is under 250,000 enplanements. Category II is above 250,000, which is where we are now. Category I is 1.25

million enplanements. Category X is 5 million enplanements. Crossing the 1.25 million threshold starts the clock for 3 years. So, we should be Category I when opening the new terminal. That will require more staff and more oversight for our airport.

Total airline landings were up 19.5% with 797 versus 667 landings. May's load factor was 81.6% versus 83.8%. We had 11,688 more seats and filled 63.5% of those additional seats. Fuel dispensed in April was up 6.3%.

We are estimating to be 10% to 11% up for June. It will be another record month. The rest of the summer is looking strong.

10. Airport Director's Report – Brian Sprenger

Mr. Sprenger said overnight cars were 102% of last May and 103% month to date for June. Concession revenue for May was 115% of last May and 115% month to date for June.

Our enabling project is moving forward with the removal of the ramp between gates A2 and A3. Stair 2 by baggage claim 3 is completed. The carpet will be completed and then the enclosure will be moved back to create more room. We have removed the oldest boarding bridge and are down to 11 gates currently.

We are finishing up the south portion of Taxiway Foxtrot and the service road relocation with paving beginning tomorrow. The 2024 project of Taxiway Bravo is underway. Excavation on the eastside of C1 for the widening has begun. The east side gravel pit that we own is being leveled for the future very high frequency omni-directional range (VOR).

Mr. Sprenger wasn't planning to attend the contract tower workshop but with many changes and a new manager, he will attend. We are still waiting for the 7th controller. Mr.

Sprenger spoke to the regional manager from Seattle yesterday. We are trying to go through each angle with the FAA. The conference is June 27 & 28.

11. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Mr. Kelleher moved to approve the bills for payment. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

12. Adjourn

The meeting was adjourned at 3:46 p.m.



Ted Mathis, Board Chairman