

The regular monthly meeting of the Gallatin Airport Authority was held May 14, 2020 at 2:00 p.m. in the Airport Conference Room. Board members present were Kendall Switzer, Carl Lehrkind, Karen Stelmak, and Ted Mathis. Kevin Kelleher connected virtually. Also present 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.

1. Review and approve minutes of regular meeting held April 9, 2020

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

MOTION: Mr. Lehrkind moved approval of the minutes of the meeting held April 9, 2020. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider Proposals for Insurance Brokerage Services

Mr. Sprenger said we received three proposals: Payne West, US Insurance Services, and Alliance Insurance Services. Staff reviewed all three proposals and agreed all three entities are capable. Payne West is our current insurance broker and has done a good job. Based on a review of the proposals, staff's recommendation is to retain Payne West as our Insurance Broker.

Ms. Stelmak said her review agrees with staff's recommendation. We have a proven positive history with them, they are cost effective, they work with other airports in the area, and they have offered to meet with us twice per year.

Mr. Lehrkind agreed and said he sees no reason to go anywhere else.

MOTION: Mr. Mathis moved to approve selection of Payne West to provide insurance brokerage services for Property, Aviation Liability, Directors/Officers, Law Enforcement, Commercial Crime, and Auto/Commercial Vehicle insurance coverage. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

4. Consider continuation of the Gallatin Airport Authority funding one full-time tower controller

Mr. Sprenger said with the substantial decrease in operations, including early and late flights into the next year, we don't see the need to continue funding the full-time tower controller.

Les Andrew, the new tower manager, was hired from within so that allows a smooth transition without laying off staff from the tower.

Mr. Andrew came to the podium. He said it is hard to justify the other controller considering the decrease in traffic and nothing during those 2-hour windows. His projections show that general aviation traffic will return to pre-pandemic levels, but anything could happen. Corporate and commercial traffic has bottomed out. He would like another controller, but he has nothing to justify it with.

Ms. Stelmak said she understands. Her concern is the commercial traffic. If we go back to having a scheduled flight during those windows, she thinks we should staff the tower.

Mr. Sprenger said we would have notice if that happened. Serco has worked with us before. It could be accomplished with overtime as it has in the past.

Ms. Stelmak said she is not saying it has to be an airport funded position, but someone should be staffed in that event.

MOTION: Ms. Stelmak moved to end funding of one additional full-time tower controller by the Gallatin Airport Authority effective July 1, 2020 with the notation that we watch commercial traffic outside of those hours and respond accordingly. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

Mr. Mathis said he'd like to watch Customs as well. Mr. Sprenger said we will discuss that in the director's report.

5. Consider real estate transfer agreement and subsequent short term lease agreement with Mr. Lou J. Moro, Jr. and Deborah C. Moro for the purchase of property located at 1461 Tubb Road, Belgrade, MT

Mr. Sprenger said we started this process late last year. The property location was shown on the map along with other acquired properties. The properties are parallel to Taxiway "T" in the area we would prefer to own. Staff's recommendation is to continue with the process and purchase this property despite the current situation since it was started last year. A cash flow analysis was sent out. The first way we can save money is by not taking the two boarding bridges that were ordered. We have put a stop order on those two bridges as well as the bridge ordered for next spring. The postponement of the two bridges amounts to a \$2 million savings. We are confident we will not need them by next fall. The bridge company will guarantee the prices through August of next year. We can make the decision in 6 months for the third bridge. Cancelling all three bridges amounts to a \$2.6 million savings.

The property acquisition is an opportunity that we were presented and we committed to the appraisal. Staff recommends acquiring the property.

Mr. Kelleher asked what the property appraised for. Mr. Sprenger said it appraised at \$580,000 plus a 1.8% administrative settlement above that.

Mr. Sprenger confirmed for Ms. Stelmak that our liability is limited and the property cannot be subleased.

MOTION: Mr. Kelleher moved to approve the real estate transfer agreement and subsequent short term lease agreement with Mr. Lou J. Moro, Jr. and Deborah C. Moro for the purchase of property located at 1461 Tubb Road, Belgrade, MT for the appraised price plus the 1.8% administrative settlement. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

6. Consider request by Hicks Engineering on behalf of Cross Harbor Capital to add an upper level to the lean-to portion of hangar EY3

Mr. Sprenger said renderings were provided in advance and were also displayed on screen. Staff recommends approval of the request.

MOTION: Ms. Stelmak moved to approve the request by Hicks Engineering on behalf of Cross Harbor Capital to add an upper level to the lean-to portion of hangar EY3. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

7. Consider request by Meridian M500 Management, LLC to enter into a new 10-year non-commercial land lease on hangar #93

Mr. Sprenger said we received a letter from the owner. The hangar is in good condition and rent is current. Staff recommends approval of the request.

MOTION: Mr. Lehrkind moved to approve the request by Meridian M500 Management, LLC to enter into a new 10-year non-commercial land lease on hangar #93. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

8. Consider request by Mr. Joseph F. Kall to enter into a new 10-year non-commercial land lease on hangar #94

Mr. Sprenger said this hangar is next door to number 93. The hangar is in good condition and rent is current. Staff recommends approval of the request.

MOTION: Mr. Mathis moved to approve the request by Mr. Joseph F. Kall to enter into a new 10-year non-commercial land lease on hangar #94. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

9. Consider request by Brandon Wilson and Jon Ayres to construct three 45' x 45' non-commercial hangars on taxi lane "I"

Mr. Sprenger said this particular location has been problematic over the years. The taxi lane was built a long time ago in anticipation of having hangars there. Sewer and water are problematic at this location. Both Mr. Brandon Wilson and Mr. Jon Ayres were present to answer questions. Some line of sight issues were worked out. Staff recommends approval of the request.

Mr. Lehrkind asked about the difficulty with sewer and water. Mr. Sprenger said it is cost prohibitive for the Airport Authority to provide sewer and water to this location. This area was built before sewer and water was provided to the other hangars.

Mr. Switzer asked if they will ever have those services in that location. Mr. Sprenger said due to line of site, we will never have hangars north of this so it would not be cost effective to provide sewer and water to that area.

Mr. Mathis pointed out the hangars without sewer and water on the map.

Mr. Kelleher asked about room for snow storage.

Mr. Bell said snow removal on the north side will go to the east. Mr. Kelleher said it appears there is a 20 foot depth between the buildings. Mr. Bell said he thinks there is plenty of room for snow removal and storage.

MOTION: Mr. Kelleher moved to approve the request by Brandon Wilson and Jon Ayres to construct three 45' x 45' non-commercial hangars on taxilane "I". Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

10. Consider request by Mr. Mark Kossler to construct an 8' x 42' addition to hangar #49

Mr. Sprenger said this was an application a couple years ago that was approved. It is a full height addition. They want to put in a restroom. They will have to pay for the connection and connection fees. They will have to insulate the sewer line. Staff recommends approval of the request.

MOTION: Ms. Stelmak moved to approve the request by Mr. Mark Kossler to construct an 8' x 42' addition to hangar #49. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

11. Consider request by Bridger Aerospace to extend options on hangar locations SE3, SE4, and SE5

Mr. Sprenger said these options were approved one year ago. We limit the options to one year so if things change we aren't committed. They have requested a two year extension. Staff recommends a one-year extension. One change is to SE5 in the middle. They would like to consider that as ramp area instead of hangar area to accommodate movement of aircraft off the taxiway. They are a large operator so that need is understandable. Staff's biggest

concern is ensuring that they don't perform maintenance in that area, or use it for storage. They are agreeable to that.

Ms. Stelmak said she was concerned about losing the potential hangar location. But if they impede traffic without it, this makes sense. Mr. Mathis said he agrees. He sees they are overcrowded. He added that the area should not be used until it is paved. Mr. Sprenger agreed.

Mr. Lehrkind asked if we have the ability to use that as hangar space in the future. Mr. Sprenger said none of our current leases allow just a parcel without a hangar. So this could be a 10-year lease. There is merit to considering that. Business models change. This would be a potential hangar location. We could look into language that ties to their continued existence as a consideration. We don't have to make that decision today, but we will when we enter into a lease.

Mr. Switzer said because of the scale of their operations, they need it. We want to make sure that if their business model changes and that space isn't needed, that we have the option to do something else with that land.

MOTION: Mr. Lehrkind moved to approve the request by Bridger Aerospace to extend options on hangar locations SE3, SE4, and SE5 for a period of one-year. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

12. Consider request by Summit Aviation to extend the option for a commercial hangar in the location of the former Airport House

Mr. Sprenger said there is slight adjustment. The lease was signed on the parcel. It has been a year since that. Staff's recommendation is to consider this as an option to adapt to the current environment. The biggest concern is that it is an eyesore with some safety

hazards. Staff thinks it is appropriate to ask that the area be cleaned up and made safe as part of the approval process.

Ben Walton came to the podium. He said they will clean up the space. They will build if possible but would like the option to extend. Mr. Mathis asked for a timeframe on cleaning the site up. Mr. Walton said in the next few months.

Ms. Stelmak said she drove by the site and thinks it is a life safety hazard. There is an open and exposed basement/crawlspace area, large metal pieces, and poles attached to concrete bases. She thinks this should move up to a quicker timeframe. Ms. Stelmak recommended that 45 days should be enough time.

MOTION: Ms. Stelmak moved to approve the request by Summit Aviation to extend the option for a commercial hangar in the location of the former Airport House with the understanding that they clean up the site and address safety issues within 45 days. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

13. Master Plan Update – Scott Bell

Mr. Bell passed out chapters four and five. Chapter four includes alternatives and five contains recommended improvements for each of those alternatives. Mr. Bell said many of these things have been reviewed at past board meetings. This is the text to follow that up.

Mr. Bell would like to submit chapters 3, 4, and 5 for review. He would also like to post them on the website for the public to view. Then schedule a public meeting as soon as COVID-19 phasing allows it.

Ms. Stelmak said an incredible amount of work has gone into this. She thanked all involved. Mr. Bell said it is a unique picture and he is confident we will come out of this.

Mr. Switzer said this not only gives us a plan, but the data to adjust the plans as needed. Mr. Bell said the next chapter is land use planning. It will be a lot of updating now that we have a second runway. That step is important for city planning. It includes what we are trying to do regarding land protection. Then we will work on the financial plan. That will be a best guess with the understanding that timing can be moved up or moved later according to circumstances.

Mr. Kelleher said it looks like a lot of work has gone into it.

Mr. Jason Hicks with Hicks Engineering came to the podium. He asked for a status update on FAA approval for hangar EY1. They have proceeded with construction documents and are awaiting FAA approval. He would like to know if they should proceed submitting for a permit.

Mr. Sprenger explained we are ahead of the game with the FAA but behind with the Master Plan. The FAA approves projects like this based on current information. We are just about at the point we can get the FAA to evaluate that and approve it before we have the master plan completely finished. There are some unknowns. There needs to be an element of public comment whenever major changes are made to the Master Plan. For the FAA to allow that change, they want to make sure the public also agrees. We are trying to move quickly into the public comment period. We don't expect any comments. But, to make that change and have the air space approved by the FAA, we are advancing quicker than the FAA normally would. Because we are far enough along we have a better chance. Mr. Bell said the public meeting has to happen. One question is when can we have a meeting with 50 plus people. There is a good chance we could schedule a public meeting in June. We can evaluate

if there are ways to accomplish that with a bigger space. Most master plans take 18-24 months and we are pushing for 14 months in the midst of a pandemic. There is a process we have gone through to adjust for that purpose.

Mr. Switzer said there must be a creative way to have a virtual meeting to accomplish this. Ms. Stelmak suggested a larger meeting area with spaced seating. Mr. Sprenger said we have two more chapters for review next month before we plan that.

Mr. Hicks thanked staff.

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

Mr. Humphrey said total operations for COVID-19 impacted April were down 48.3%. Rolling 12-month operations were 96,322. Corporate landings were down 72.5% at 101 versus 367. Total revenue enplanements were down 96.9% at 1,417 versus 46,000. For 12 months we are at 732,529 total enplanements, which is about a 70,000 drop in enplanements. Total deplanements were down 96.5% at 1,515 versus 43,878. Airline landings were down 71.1% at 174 versus 603. Airline load factor was down 71.4% at 7.2% versus 76.8%. March fuel dispensed was down 64.8%.

The good news is that we have hit bottom and are working ourselves out of it. Last month we saw 60 to 70 enplanements a day and we are starting to see over 200 passengers a day.

Allegiant is still planning on Nashville service starting May 21. Sun Country is still planning twice weekly to Minneapolis starting June 3. Jetblue wants to initiate summer service for Boston. They are going to do it at risk at this point because they are seeing demand for the flight but this isn't confirmed yet. American is still running daily to Dallas. Alaska is

doing two frequencies to Seattle. United has two frequencies to Denver. Delta has two frequencies to Salt Lake.

It looks like we will be in the 8 to 10 percent of normal this May compared to last. We have had a number of conference calls. We may be out of the mandatory travel quarantine by the end of the month. That should help restore passengers.

Mr. Sprenger said we don't have figures on Customs but there are not very many.

Mr. Kelleher asked about the Jetblue aircraft out of Boston. Mr. Humphrey said it will be an A320.

There were 100 cars in the parking lot overnight.

15. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that while we are looking at 15-20% of normal range for June, there is room for improvement. We will probably see 30% of the normal seats we would see in June. In June Delta will be 15% of normal. In July, Delta is currently at 20% of normal, American goes from 30% of normal to 50%, and Frontier is at 75% of normal. United seems to be similarly conservative to Delta. We are seeing a gradual and reasonable uptick. He doesn't think the airlines will be able to quickly add seats if things become more positive or the 14-day quarantine period is lifted for non-business passengers.

Despite 3.1% of revenue passengers last month, rental car concessions were 15% of normal and parking was 7% and now 10% of normal. Very slowly the numbers are coming up.

Airports across the country are trying to exemplify the good news. We are trying to be as accurate and transparent to the public that this is a difficult time and we should not expect to turn back on suddenly.

We received \$15.6 million from the CARES Act. That should help. If times get better, we can re-allocate funds.

We are catching up on deferred maintenance. New countertops have been installed at the bistro area. That was planned before the crisis and will get done now.

We have a dilemma with Customs. Customs said they would suspend services willingly July 1st through September 30th. We discussed with our partners. Yellowstone Jet Center (YJC) said that would be a good idea. The Yellowstone Club (YC) said they would like to continue to operate Customs. Consequently, Customs needs a decision today. The risk is that over that time frame, if we have no Customs arrivals to offset the expenses, it is a \$35,000 expense between all three entities. One doesn't want to participate and one does. The entity that wants to participate is open to discussions on picking up the shortfall of the entity not wanting to participate. We had two Customs arrivals in April. Normally we would see 6 to 8 in April. We do expect to see business jet traffic increase once the 14-day travel quarantine has been rescinded. We don't have a good prediction for the traffic. Summer is when we typically break even on Customs. We do think there will be arrivals if it is available.

Mr. Sprenger said \$35,000 is the potential cost with no arrivals. The user fees offset that. We anticipate making up some. On a good year, we cover \$7-\$10,000 of the deficit over a year. Mr. Switzer asked if part of the reason for the CARES Act funding is to offset this type of expense. Mr. Sprenger said the merit to the funding is to maintain as close to a normal operation as possible, so you can make that case.

Mr. Mathis asked Mr. Sprenger's recommendation. Mr. Sprenger suggests participation if YC is willing to cover YJC's portion. YC helps out on the air service, has

participated in the construction of the facility, and has a lot of facilities here. At the same time we should watch and see what happens and be transparent that if the traffic doesn't continue, we will have to revisit this tough decision.

Ms. Stelmak said she feels strongly that they should keep Customs. Mr. Lehrkind said he agreed. Mr. Kelleher also agreed. For the contributions made by the partners, the amount is small. We will probably have a stronger future down the road. Mr. Mathis thinks that if YC is willing to pick up YJC's portion, he is agreeable, but otherwise he is not and it should be reviewed monthly at least for the next 6 months.

Mr. Sprenger said we are continuing to see interest in hangars. Enough interest that we could invest in more infrastructure this year. We should continue to plan for and budget for next year, but not rush into adding hangar space or taxiways now. We probably have six interested parties in the 70' x 70' to 100' x 100' range. A few are speculative and a few need hangars for their aircraft. He doesn't think they can't find hangar space for their aircraft, they just can't find one to own. Everyone agreed with Mr. Sprenger's recommendation.

16. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Mr. Sprenger detailed the challenges we have had with obtaining an Aircraft Rescue and Firefighting (ARFF) truck. Our ARFF truck broke down with a cracked head. We planned to replace with the Butte ARFF truck. On the way here, they had a cracked head on the truck. Helena loaned us an ARFF truck that they needed back May 1st. In the meantime we worked with the FAA to change our index due to changes in aircraft. They granted us a partial waiver, with the exception that when we have Index C aircraft, we have to have Index C capability.

We tried to continue discussions but a response took two weeks. We had to lease a truck. The other truck will be repaired within this week or next. That will cost about \$29,000. It is a 1991 truck. There is always a risk. The oil analysis came out fine. We took the risk that an older truck will get us through. A new truck is approximately \$750,000. We might look at a used truck and have three used trucks. Depending on what happens in the next couple months, we may be able to apply for Index B permanently. Mr. Mathis asked if we have something in writing regarding this decision. Mr. Sprenger said yes. The FAA gave us an exception that they offer to seasonal airports. So right now we are Index B except for when American Airlines comes in because they have a 737-800. Mr. Mathis asked if we have an option to buy the leased truck. Mr. Sprenger said we do have the option and the price is \$200,000. Staff doesn't recommend buying the leased truck. Maybe we could repair Butte's truck. These circumstances open us up to looking at other opportunities.

The concourse expansion is completely enclosed. We would like to do a tour next month. The gap section between Gate 7 and 8 is excavated. That will be tied-in with the original section. That will push completion to mid-August. The project is on budget. Some parts will be done earlier and some will be delayed. We don't anticipate opening until at least the winter. This provides an opportunity for a nice ribbon cutting with the whole section closed off.

We are looking at social distancing guidelines for the existing restaurant and new restaurant. Nothing will happen until at least winter. We will continue to evaluate that. Ms. Stelmak asked about plexiglass. Mr. Sprenger said some of what we are doing is visual to provide safety where we can. We have not made the move to require people to wear masks.

All of the airlines have pretty much gone to that. Right now social distancing is possible. The airlines are asking for stickers on the carpet. We have put up signs. We would ask that they pay for the stickers. Sneeze guards were something we built and installed. We have spent a few thousand dollars on measures while other airports are spending over \$50,000.

Ms. Stelmak asked about the National Guard. Mr. Sprenger said the National Guard is still here and there is a good chance they will be going away by the end of the month. The governor is holding off on making a decision until he has more info. There have not been any new cases, but many are driving in and not quarantining.

Mr. Mathis asked about parts for the Tenant sweeper. Mr. Sprenger said we have seen impacts on the supply chain especially Tenant. We contracted with Belgrade to bring their sweeper in. Tenant keeps pushing out their delivery. Belgrade helped us after their truck broke down and they waited a week for a part.

Mr. Mathis said he is disappointed that there are parts of this facility that haven't seen the sweeper in months. The curbs and gutters look poor. Mr. Sprenger said we had Belgrade sweeping in the parking lot primarily. We hand swept and used the blowers. The parking lot is a significantly large area. Mr. Sprenger said Scott and himself were out there hand shoveling sand. The sweeper would not have gotten those spots. They focused on the parking lot. It is very difficult when the parking lot is full to get those areas. That was probably 2 years worth of sand.

Mr. Mathis asked if the roundabout is our responsibility. Mr. Sprenger said it is. Mr. Mathis said it is a hazard for motorcycles and even if it takes shovels and wheelbarrow that area needs attention. Mr. Sprenger said there are many projects going on but he is not trying

to make excuses. Like the sand, if anyone sees something, let us know and we will make sure we get to it. We can change priorities. It is a different level of focus than normal. A snow removal contract will include an element of sand removal going forward. It was previously done by parking lot companies. They could never complete the sand removal so we cancelled. Then we took on striping. One part they maintained was snow removal. They had a few slips and falls so they added more sand. They will focus on the roundabout.

Ms. Stelmak said she has seen construction trucks tip a little so that may be constant.

Mr. Lehrkind said he would like to know next month how the concessions are doing.

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

Mr. Kelleher said he was amazed to see the amount of residential construction to the north of the airport and asked about noise complaints. Mr. Sprenger said not from that area. There were some complaints past Nelson and towards Springhill. Some were due to the flight school flying over the same areas repeatedly. The bulk of the noise complaints are from the Wiley Creek and Mountain View subdivisions but even those are only a handful per year.

All board members voted aye and the motion carried unopposed.

Mr. Mathis mentioned that all the new residential homes in the area have easements that allow us to fly over, make noise and smoke. They are aware of that and it is on their titles.

Ms. Stelmak thanked staff.

Mr. Steve White, former Gallatin County Commissioner, said those numbers are staggering. He appreciates the work by staff and contractors.

Mr. Switzer said the team has flexed well and we should stay positive.

17. Adjourn

The meeting was adjourned at 3:44 p.m.



Karen Stelmak, Vice-Chairman