

The regular monthly meeting of the Gallatin Airport Authority was held November 9, 2023, at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Karen Stelmak, Carl Lehrkind, Kendall Switzer and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, and Troy Watling, Assistant Director - Finance.

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

1. Review and approve minutes of regular meeting held October 12, 2023

Mr. Mathis asked if everyone had received their copy of the minutes and if they had any corrections or additions. There was one correction to page 3. "There were 18 custom clearances in September 2023 versus 11 in August 2022 which is a 63.6% increase" should be changed to "There were 18 custom clearances in September 2023 versus 11 in September 2022 which is a 63.6% increase."

MOTION: Mr. Lehrkind moved approval of the minutes of the regular meeting held October 12, 2023, as amended. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider Audit Report

Mr. Cope, Audit Shareholder with Holmes and Turner, presented an overview of the results of the audit. Mr. Cope thanked Mr. Watling and staff for the organized, accurate and complete record keeping. The annual financial report contains 4 reports. An unmodified

opinion, or clean opinion, was issued on the basic financial statement. The other 3 reports are related to governmental auditing standards. There were no instances of non-compliance or internal control deficiencies. It was overall a clean and successful audit. There were no disagreements with management. Everything was on schedule and there were no delays.

Ms. Stelmak said she studied the report. Ms. Stelmak highlighted page 83, which indicates there were no deficiencies or material weaknesses. Ms. Stelmak commended all involved in the financial accuracy at the airport. The numbers indicating the activity at the airport are seen and to maintain the accuracy, at that level, is a job well done. Other board members echoed Ms. Stelmak's comments. Mr. Switzer added that this helps us serve the public better. The baggage system was a unique project. It stands out as a program the rest of the nation could look at.

MOTION: Ms. Stelmak moved to approve the FY 2023 audit report. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

Mr. Mathis said he went to each airline counter staff. They are all very pleased with the new baggage system. They haven't handled any skis yet, but they are confident it will work well.

4. Consider 15-month extension of the Retail/Food & Beverage agreements with Sharbert Enterprises, Inc.

Mr. Sprenger said a Request for Proposals (RFP) was planned but during the process it became apparent that we have a lot of ambiguity right now. We received a report from Doug that says the first 8 days of November have seen a shift in dynamics within concessions. The dynamics are very important to the RFP to provide accurate information for potential concessionaires. The information is important in determining staffing levels. We are in the

early stages of the terminal expansion project. Placement of airlines can change the profitability of concessions. If we delay this RFP, we will have more information. A 15-month extension is the time period Sharbert is comfortable with under the current rates.

The original contract began in 2015 and was for 5 years with an option for 2 additional years. COVID added more ambiguity, so we extended it one year. We are still working off the 2015 percentages.

Ms. Stelmak said during this time of change and uncertainty she is more comfortable with a business here who has the experience compared to a new business.

Mr. Switzer said he agrees and creating uncertainty during a staffing shortage and supply change shortage doesn't make sense. We will have a better idea towards the end of next summer.

Mr. Kelleher said the new BZN Market facility is impressive.

Mr. Sprenger added that there was a significant up-front cost for the market by Sharbert. Without the extension, they would only have about 6 months to recover the cost of that. It was originally planned to be open before the summer season.

MOTION: Mr. Switzer moved to approve a 15-month extension of the Retail/Food & Beverage agreements with Sharbert Enterprises, Inc. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

Doug Stock said the BZN Market is doing well. The more information they have the better. The past 8 days have seen sales shift between locations. The BZN Market has remained strong in its sales. It is still a little early to tell. October food and beverage was 13% up, and retail was 22% up. The market numbers are included in retail. November to date,

food and beverage has been flat whereas retail is 43% up. They have received amazing customer feedback on BZN Market.

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

Mr. Humphrey said there were 10,748 total tower operations for October, which is down 2.2%. Rolling 12-month operations were 125,149 operations. Corporate landings over 9,000 lbs. were 623 and 589 operations were above 12,500 lbs. which is 46.9% up. There were 15 custom clearances in October 2023. Total revenue enplanements were up 10.7% at 96,812 passengers versus 87,449. That brings the total past 12-month enplanements to 1,223,089 which is another record. Deplaned passengers were up 10.4% at 88,793 versus 80,402 passengers. Airline landings were 737 versus 687 so up 7.7%. The overall load factor for October was down slightly at 88.5% versus 89.3%. We don't have Million Air's numbers yet on fuel, but fuel dispensed for September was up 33.5% not including Million Air.

We have the first 12 days of numbers for November and we are a little flat. We have 7,000 more seats in the market for November. We estimate to end up 6.5% better than November 2022. We don't expect a huge Thanksgiving bump in numbers.

Mr. Mathis related a quick story – One year, BZN changed restaurant vendors right at Thanksgiving and a huge snowstorm hit. Flights were delayed. By the end of the day the restaurant had taken 2 trips to the grocery store and was only serving cold sandwiches and coffee, but they made it.

6. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that American Airlines significantly reduced Austin service and eliminated 25 non-stop routes from Austin starting early January 2024. We are one of the

Austin routes they will not continue. There was a lot of growth at the Austin airport. Many airlines had service there. Our growth has stabilized more but it is something to keep in mind.

For December 15th to the end of March, our available seats are up 5.9%. We also have potential for growth in load factors. The growth could be higher than the 5.9%. Winter is difficult to predict. Snow could make a difference. For the summer schedule, Allegiant is keeping their service the same, including Austin. Sun Country will be operating 4 times weekly, the same as last summer. Sun Country will not be returning to Jackson this summer due to aircraft.

Overnight cars in October were 96% of last year. Food and Beverage was 113% of last year. Retail was 122% of last year.

Morrison-Maierle and the Gallatin Airport Authority were awarded by the American Council of Engineering Companies (ACEC) for the in-line baggage system. In the past, we have won awards from the ACEC for the interchange and parking garage. The in-line baggage system was awarded in the building systems category.

Final testing should be complete on the baggage system this month. We are finishing striping on the tie down ramp and then it will be complete. Taxiway G is receiving topsoil and seeding. We expected the opening of Taxiway G on November 30th. We will be putting out an email to General Aviation about Taxiway G in the next week. This will be the first taxiway serving Runway 3/21 that will require ground control. Fuel Farm Loop work continues. The paving of Fuel Farm Loop will not be done this season. The fuel tanks will most likely come first but not used until the building is set up. The tanks will be built on site and will be 3 100,000-gallon tanks. The exit lane will be completed tomorrow and then the queuing area

expansion will be next. Tower HVAC work starts next Monday and will use the same contractors we used on the baggage system.

Renderings of the Summit and Ridgeline projects were reviewed. The left hangar for Summit is under construction and will be followed by the classroom building to the west. Then there will be a phased approach to the office area and other hangar. Mr. Mathis asked if the color scheme had changed from what was approved and Mr. Sprenger said there was not.

We will be setting up a timeframe to work with the committee on the north side development. We are thinking of early December around the 6th. One of our biggest challenges, besides how to develop the north side, is making sure hangars on the south side are being used for aircraft. Letters are to be sent out to hangar owners for whom we don't have a record of aircraft. There are about 5% we don't have information on, and we suspect may not have an aircraft., but we will give them the opportunity to provide aircraft information. If they can't provide their aircraft information, we have to take a more heavy-handed approach. We are combining the FAA policy with our lease agreements. The FAA's stance is: If a hangar is serving its primary purpose, the storage of an aircraft, then incidental storage of non-aeronautical items that do not interfere with the primary aeronautical purpose of the hangar does not violate the airport sponsor's federal obligations or the terms of our non-commercial ground lease. This is essentially how we have been operating for several years. We are offering good lease rates based upon the fact that they are for aviation use. If the hangar is empty, that is one thing. Non-aviation uses will be a violation and we may have to terminate leases. If we are developing land on the north side, we cannot have hangars

on the south side not being used for their primary purpose which is to house aircraft. There will be some who don't understand. The letter can be reviewed and edited before it is sent out.

Mr. Switzer confirmed that this isn't a change but an enforcement of established terms. Mr. Sprenger agreed and added that we want those who aren't using the hangar now to consider selling it. Before we start leasing land on the north side, we would like to know where we are at. Ms. Stelmak requested an updated waiting list for hangars.

7. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

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

8. Adjourn

The meeting was adjourned at 2:49 p.m.


Ted Mathis, Board Chairman