

The regular monthly meeting of the Gallatin Airport Authority was held September 8, 2022, at 2:00 p.m. in the Airport Conference Room. Board members present were Karen Stelmak, Ted Mathis, Kevin Kelleher, Carl Lehrkind, and Kendall Switzer. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, and Troy Watling, Assistant Director - Finance.

Ms. Stelmak, Board Chair, 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 August 11, 2022

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

MOTION: Mr. Mathis moved approval of the minutes of the meeting held August 11, 2022. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Gallatin College Update

Ryan Haskins, Aviation Director for Gallatin College MSU, provided some history and an update on the college. Mr. Haskins moved here in 2003 to become a flight instructor and two years later was offered the program director position. The program started with 13 students. Their total enrollment this year is 106 students. The program has a partnership with Summit Aviation. They employ 17 full-time flight instructors and have about the same number of aircraft. Their graduates are employed in all areas of aviation. The program offers

a 2-year Associate of Science degree. They also offer a business degree for a Bachelors. Mr. Haskins reviewed some of the 22 programs offered by Gallatin College. The aviation program is the college's largest.

Mr. Switzer thanked Mr. Haskins and asked if there is anything the airport can do to help support the airport. Mr. Haskins said that we are fortunate to have the aviation community that we do. They would welcome any assistance and suggestions from the airport in working with the tower to continue to build a good working relationship.

4. Consider land acquisition priorities

Mr. Sprenger said we have a request for consideration from the owners of 1400 Timothy Lane. The property is one of the many Timothy Lane properties we are considering, but is not a high priority. Sometime in the future our goal is to own as much of Timothy Lane as possible. This would be a voluntary transaction. We are asking to get an appraisal and then have discussions with the owners and bring it back to the board for consideration.

MOTION: Mr. Lehrkind moved to approve the Airport Director negotiating a buy-sell on the Wayne D. and Kristine L. Glass property and to bring to the Board for consideration, understanding the Board may or may not approve the negotiated buy-sell agreement. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

5. Consider B Concourse Marketplace design

Mr. Sprenger said we have the Comma Q team here for a quick presentation. Elizabeth Growney presented a walkthrough of the floor plan layout and renderings. This area is the shell space in the B concourse between hold rooms B2 and B3. It is planned to be divided into 2 main sections. There will be a concourse concession area and a seating area. There will be

some grab and go offerings, some display and 4 points of sale. There will be a couple counter tops along the concourse. Some areas can be closed off in the evenings. The design continues the use of natural materials including wood, some areas have slated partitions to provide visibility. Some areas are for mechanical and storage. It is an overall area of 4,000 square feet.

MOTION: Mr. Kelleher moved to approve B Concourse Marketplace design and request a Guaranteed Maximum Price from Martel Construction. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

6. Consider request by Bridger Aerospace to construct a 4,375 square foot addition to hangar SE2

John Saunders, CFO of Element Terminal Holdings, who also works part time for Bridger Aerospace, was present to answer questions and provide some background. The driving factor for this addition is growth of personnel. This would include office spaces, a cafeteria, and a gym.

Mr. Sprenger said our engineers have reviewed this and have provided some minor recommendations.

Mr. Saunders confirmed the design will match the current buildings. They are using the same engineering and architecture firms.

Mr. Lehrkind asked about parking. Mr. Saunders said one challenge is the seasonality. They plan to eventually add more parking space. This addition isn't related to hiring more people necessarily but providing more space for existing employees. Over time they may require another facility or a second location to grow into.

Mr. Mathis asked how many parking spaces they will lose with the addition. They will lose 2 parking spaces.

MOTION: Mr. Switzer moved approval of the request by Bridger Aerospace to construct a 4,375 square foot addition to hangar SE2 subject to engineering review. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

7. Consider request by Element Terminal (West) to move forward on the west fuel farm

Mr. Sprenger said this fuel farm was approved last year. It was expected to be a joint venture between Element and Signature. They were not able to come to an agreement. They have been simultaneously developing 2 different fuel farms. We do believe anyone operating the west farm should be experienced and equipped to provide airline fueling. We have the next agenda item regarding Bozeman Aviation Partners which is the local operator for Million Air. They have gained a controlling interest in Element's east and west fuel farms. Million Air has contracts elsewhere in the country. In a perfect world, we would have just one fuel farm development on the west side but having two creates competition. Staff feels comfortable allowing them to move forward on a design. Since there is a new partner, we would ask them to reconsider an agreement. Multiple representatives were present for the discussion.

Mr. Mathis suggested considering agenda item 8 first. Mr. Sprenger said we can. Ms. Stelmak initiated consideration of agenda item 8.

8. Consider request by SK Real Estate Holdings and 406 Aviation, LLC to transfer Operating and Commercial Land Lease Agreement on Hangar 6 to Bozeman Aviation Partners, LLC

Mr. Sprenger said Hangar 6 is the hangar to the east of the Signature Fixed Base Operator (FBO) building. Shawn Kelley was in the process of developing that and had met the minimum standards for an FBO. He has completed selling the building to Bozeman Aviation Partners and part of this request is transfer of the lease on the hangar and the operating

agreement. Mr. Sprenger directed attention to the screen which has the locations under consideration.

Mr. Switzer asked for clarification. Mr. Sprenger provided additional background on how these events developed. Mr. Sprenger said it is staff's recommendation to approve any operator that meets the minimum standards. Bozeman Aviation Partners / Million Air meets those standards.

Mr. Mathis again pointed out the lack of ramp space by these FBO's. He doesn't have a solution other than that they work together.

Gary Buchanan with Million Air and Bozeman Aviation Partners presented some information regarding Million Air and their various locations both domestic and international.

Ms. Stelmak said she has worked with Million Air in the past and their personnel have always been great.

Mr. Buchanan confirmed they plan to offer Avgas as well.

Mr. Lehrkind asked if they plan an expansion. Mr. Buchanan said they would consider a future expansion if there were an opportunity. They will work with the airport. They will keep an eye on growth and how they can fit into the master plan. They may need extended ramps or more facilities. Mr. Lehrkind said we would ask them to work with the other operators and safety is important.

Jim Hopkins, Senior Vice President of Airport Relations for Signature, asked that the Board take 30 days to reconsider this and its affects. He cited concerns about congestion with Million Air operating at the airport.

Eric Hietala, Senior Vice President of Airport Property Development for Signature, provided an update and some context on the fuel farm. They are working with airport staff on the siting of the location. Mr. Hietala said that area of the airport will be very congested. They are finalizing their design of the farm. They planned to collaborate with Element but never received any communication from them in relation to the farm. They had to move forward on their own. He was just recently informed of all these changes.

Mr. Sprenger said we would like to have the luxury to plan what competitors will want. It is always in motion. It is not unexpected to have companies try to partner and it not work out. We look at all possibilities. We have to be fair and equitable. When there are situations like this where a space becomes available, the free market applies. They meet the minimum standards, so we recommend approval.

Mr. Lehrkind asked about safety issues. Mr. Sprenger explained how some of the congestion is in the process of being improved in some ways. The market share goes back and forth. We don't know who will be more successful.

Mr. Sprenger confirmed for Mr. Mathis that there is no benefit to delaying this decision for 30 days.

MOTION: Mr. Lehrkind moved approval of the request by SK Real Estate Holdings and 406 Aviation, LLC to transfer Operating and Commercial Land Lease Agreement on Hangar 6 to Bozeman Aviation Partners, LLC. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

Ms. Stelmak directed consideration back to Item 7.

MOTION: Mr. Mathis moved approval of the request by Element Terminal (West) to move forward on final design of the west fuel farm but approval to begin construction be contingent upon contracts with commercial airlines serving BZN. Mr. Kelleher seconded the motion. Mr. Switzer asked about the negotiation and Mr. Saunders provided some information on the failure to reach an agreement.

All board members voted aye. The motion carried.

9. Consider FY 2023 Airport Capital Improvement Plan (AIP)

Mr. Sprenger said this is done once a year prior to bringing to the FAA. Most of this is what you saw last year. Mr. Sprenger reviewed a few changes. Fiscal year (FY) 2022 and 2023 will focus on rehabilitation of the General Aviation (GA) and east ramp and also expanding the ramp and tie down area. Various taxiways will also be relocated to improve the flow of traffic including taxiway B

FY 2024 projects were reviewed including an expansion of the Aircraft Rescue and Firefighting (ARFF) building to add a 3rd fire truck bay. There will also be administration and training space added. A quick response area for snow removal equipment is planned. We don't anticipate pursuing multi-purpose snow removal equipment, but we don't want to forego the ability to consider it in the future. Also included are relocation of taxiway F, addition of taxiway G and taxiway B from taxiway C3 – C1. Finally, some additional fiber optics are also planned.

In FY 2025, we hope to have our environmental analysis done on the north side. The relocation of Airport Road to Jetway Drive is also planned. Mr. Sprenger reviewed some plans for the north side.

FY 2026 is the time planned to take Taxiway Bravo from taxiway C3 to taxiway A5. Once we relocate Taxiway C, and the extending and widening of 11/29, we will need access to get aircraft on or off the runway. This provides more options during construction.

FY 2027 includes the relocation of Taxiway C.

FY 2028 & 2029 we are looking at 2 years of funding for the widening and rehabilitation of 11/29.

Ms. Stelmak said she appreciates the proactive approach but if we can move forward on 11/29 earlier and faster, she would like that. Mr. Sprenger said accelerating that is difficult because of all the projects that must happen prior. The environmental analysis takes 2 years.

Additional parking and the relocation of Airport Road were discussed further.

MOTION: Mr. Switzer moved approval of the FY 2023 Airport Capital Improvement Plan (AIP). Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

10. Air Traffic Control Update

Les Andrew said staffing is up to 100%. 2 controllers are still in training. One should be fully certified in the next 2 weeks and then the second in 2 months. They are still optimistic that the FAA will look at numbers and staffing and give us another controller.

11. Report on passenger boardings and flight operations – Jake Simpson

Mr. Simpson reported 10,497 total tower operations for August which was down 5.7%. Rolling 12-month operations were 111,512 operations. Revenue enplanements were down 1.7% at 129,915 passengers. Rolling 12 month enplanements were 1,111,549. Deplaned passengers were up 1.2% at 124,377. Airline landings were down 28.4% at 1,071.

The system load factor was at 87.6% which is up 30.2%. Total gallons dispensed for July were up 4.2%.

Mr. Humphrey said he was at the 4th annual airline rendezvous in Helena. All carriers were present except Jet Blue and American. Alaska is bringing Portland back in May of 2023. San Diego will be their focus city. Delta is dominant in Los Angeles. United is seeing a ding with Denver traffic due to Southwest. Houston and Newark are doing spectacular. No change for United. Allegiant's Las Vegas is soft because of Southwest. They are not concerned. Nashville is out of the park. They didn't have the numbers for Austin. They are fully staffed for pilots but are short on mechanics. The Delta Atlanta midnight flights are here to stay for peak seasons. We will see Detroit back on the schedule for the holidays. Delta is fully staffed. We shouldn't expect any new service but incremental increases. Overall, everyone is happy with the performance here.

11. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that paid parking revenue was up 29% last month. Overnight cars were up 24%. Food and beverage was 113% of last year. Retail was 106% of last year. The first 7 days of September food and beverage is 109% of last year and gift is 108%.

SpaceX Training will be starting this week. They will not be doing a show on Sunday.

Mr. Hopeman with Sharbert Enterprises said Doug will be buying into the business. They have met with a lawyer and are drafting up the papers. They have a plan. Mr. Hopeman will be done in 2 years or so. The board welcomed Doug to his new role. Mr. Sprenger said it has been a pleasure working with Doug.

Mr. Sprenger will be attending the Northwest AAAE Conference September 27-30 in Jackson.

There is a new staff directory in the board packet.

Rachel Peavyhouse, Senior Director of Human Resource, was introduced as part of the new senior leadership team.

12. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Bluebeam software was reviewed and discussed.

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

All board members voted aye. The motion carried.

13. Adjourn

The meeting was adjourned at 3:43 p.m.



Karen Stelmak, Board Chair