

The regular monthly meeting of the Gallatin Airport Authority was held March 14, 2019 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Kendall Switzer, Ted Mathis, Karen Stelmak and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Carl Lehrkind, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

1. Review and approve minutes of regular meeting held February 21, 2019

Mr. Lehrkind asked if everyone had received their copy of the minutes and if they had any corrections or additions. Mr. Sprenger reported one change on page 6. Under the motion, the end date should read 6/30/2020.

MOTION: Mr. Switzer moved approval of the minutes of the meeting held February 21, 2019 as amended. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

Mr. Robert Shropshire came to the podium and said he wrote a letter to Mr. Sprenger and read the letter: Dear Brian Sprenger, helicopter operations have damaged my hangar. The downwash from Reach Air Ambulance has caused an awning on my hangar to almost fall down. Two out of six lag bolts were completely out and a third was almost out. I was very lucky to find someone to fix it the day I found the problem, March 12, 2019 before it fell down completely. It cost me \$208.20 to fix it. I expect the Airport Authority to fully reimburse me.

Helicopter downdrafts damaged my awning since they are landing, taking off, and even hovering within 75 feet of my hangar. And since the Gallatin Airport Authority has authorized helicopter operations in this densely populated hangar area that I have repeatedly complained about for years, I expect to be reimbursed.

Since damage has occurred to my hangar I request that all take offs and landings be discontinued immediately. Reach can taxi to/from the runway so as not to cause damage or put people and other aircraft in danger.

Ms. Stelmak asked Mr. Shropshire how he knows that it was Reach. Could it have been snow load? Mr. Shropshire said he had no snow on the west side of his hangar and he has been keeping the awnings clear of snow. He has a broom to take down the snow. He feels like he has been diligent. Mr. Shropshire said when Reach is landing and taking off the air flow is really bad.

Mr. Lehrkind asked what time Mr. Shropshire was there on the 11th. Mr. Shropshire said he was there about noon and left about 2:30. He arrived on the 12th about 12-12:30.

Mr. Mathis asked if Mr. Shropshire's awning was engineered with the building or was it an add-on. Mr. Shropshire said it was added later but that he didn't add it.

Mr. Lehrkind asked Mr. Sprenger to look at flight times during the time periods Mr. Shropshire mentioned. Mr. Sprenger said yes and asked Mr. Shropshire what side awning this happened on. Mr. Shropshire said it was on the west side and he included pictures with his letter. Mr. Sprenger confirmed with Mr. Shropshire there was no snow on the roof of the building on the west side. Mr. Shropshire said that was correct.

Mr. Sprenger said they have been looking at hangars throughout the airport. Yellowstone Jet Center had some concerns after the MSU roof collapse. We asked Morrison Maierle to look at the engineering on the building. At the same time the airport staff looked at several hangars throughout the area. There is a lot of snow. Mr. Sprenger said they have some pictures of awnings where the snow fell off the roof onto the awning. It has been a difficult winter all around.

Mr. Shropshire said one of the photos he provided shows down the side of the hangar and there is no mound of snow like one would expect if there had been snow on the roof or awning.

3. Consider request by ACW, LLC to enter into a new 10-year non-commercial land lease on hangar #11

Mr. Sprenger said this hangar is owned by ACW, LLC which stands for Arlin C Wass. The hangar is in good condition, the rent is current and staff recommends approval of the new lease.

Mr. Mathis asked if there is an aircraft in the hangar. Mr. Sprenger said yes, one of their many aircraft they house.

MOTION: Ms. Stelmak moved to approve the request by ACW, LLC to enter into a new 10-year non-commercial land lease on hangar #11. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

4. Consider request by Anson Enterprises, LLC to transfer the non-commercial land lease on hangars 118-127 to RB Enterprises, LLC

Mr. Sprenger said this is a set of T hangars. The current owner is seeking to transfer the ownership to RB Enterprises to tie into a condominium association to sell off the individual hangars rather than lease them individually.

Mr. Sprenger confirmed they are in good shape and there are no problems.

Mr. Mathis asked if we know there are aircraft in all of those hangars. Mr. Sprenger said we know there are aircraft in all but two hangars. Staff is working on their based aircraft list. Mr. Sprenger confirmed for Mr. Mathis there may be aircraft in those other two hangars.

MOTION: Mr. Switzer moved to approve the request by Anson Enterprises, LLC to transfer the non-commercial land lease on hangars 118-127 to RB Enterprises, LLC. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

5. Consider request by Rocky Mountain Rotors to transfer the commercial land lease on hangar ER7 to RMR Hangar 1, LLC

Mr. Sprenger said this is Rocky Mountain Rotors' newest hangar. It is located on the East Ramp by the FedEx facility. This is a paperwork issue to have the lease under an LLC separate from their operation. Mr. Mathis asked of that becomes a commercial hangar. Mr. Sprenger said it is a commercial hangar and lease. The agenda that was sent out wrote it was a non-commercial lease in error.

MOTION: Mr. Mathis moved to approve the request by Rocky Mountain Rotors to transfer the commercial land lease on hangar ER7 to RMR Hangar 1, LLC. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

6. Presentation of CY 2019 Airport Traffic Forecast

Mr. Sprenger said in March they try to give their best guess for airport traffic for the calendar year. They use that forecast for budgeting purposes and also to see where they are headed.

Through December they have low, medium and high projections. They are projecting 744,441 passengers which is 11% over last year's number. They are typically conservative on their estimates. Since this was done the airlines have added an additional 10,000 seats. They know there will be adjustments throughout the year. Staff is confident in the 744,000 passenger projection but feel it will more than likely be 750,000. That would exceed the growth for last year which set the record.

Ms. Stelmak said 2018 was up 11% and now the projection is another 11% so two record years consecutively. Ms. Stelmak asked if we are prepared operationally for this growth. Mr. Sprenger said we are but with challenges. We are much like a lot of other airports but he thinks we are ahead of the curve a little. We are at least in construction to try to accommodate that growth.

Mr. Sprenger said the growth is different for each airline. United is moderating their growth. Delta had been flat for a couple years and is now accelerating their growth. American depends on the season. There are additions some months and reductions in others. Now we are looking at January, February, and March and they have loaded seats 120% over what they did this year. That is not as big of an impact since they are a smaller carrier in our market.

Mr. Kelleher asked about the impact of grounding the 737 max 8 and 9. He understands American does not fly these into Bozeman but asked what is their status with

back up equipment. Mr. Sprenger said those aircraft comprise only 1% of the U.S. fleet. American United, and Southwest have some impact. But with the size of the fleets they have the ability to substitute aircraft is much easier. They are more than likely able to handle this until it is resolved. The bigger concern is making sure that it is resolved. Several of these airlines have large orders for this particular aircraft. Growth is dependent upon these aircraft coming into their fleet. So the initial impact will be minimal to none. The longer this drags out the more impact it could have. Some of this is new growth and not just replacement.

Ms. Stelmak asked about labor and if vendors and airport office staff are able to meet the needs of this growth. Mr. Sprenger said it continues to be a challenge. The growth helps American because they have more hours to give people. We will continue to watch that from our stand point. Passenger and baggage screening is hard. Also fuel. It is an ongoing issue.

Mr. Lehrkind asked how much of a swing it is from medium to high on the economics. Mr. Sprenger said from an expense standpoint there is not as much of a swing. There is more swing on the revenue and on the capital side. When you're spending \$30 million at a time, the money goes quickly.

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

Tower operations for February 2019 versus 2018 were up 1.1%. That puts our rolling twelve-month operations at 91,952. Corporate landings were down slightly at 757 versus 759. Revenue enplanements were up 25.3% at 60,466 versus 48,223. For 12 months we are at 693,318 enplanements. Total deplanements were up 20.6% at 59,734 versus 49,517.

Airline landings were up 20% percent at 635 versus 520 and up 18.6% for the year. Airline load factor was down slightly at 86.2% versus 87% from the previous year with 14,867 more seats. The load factor is down 3.6% for the year but up 25% in seats. January fuel gallons pumped were up 24.7%.

For March we have 23% more seats. Our load factor was 85.8% last March. From what we see, we think high teens/low twenties again for growth.

Mr. Lehrkind asked about cancelled flights in February. Mr. Humphrey said he would have to go back and look but they didn't have a lot of cancellations. They had a number of diversions that came back. We probably have more cancelled flights this month with the Denver cancellations.

Mr. Kelleher asked how many incoming flights we have between 10pm and 2am. Mr. Sprenger said probably four. Mr. Kelleher said the traffic coming up the canyon at that time is heavy and attributed it to the incoming late flights.

Mr. Lehrkind asked how many de-icing trucks the airlines have. Mr. Humphrey said United has 3 or 4. American has 2. Alaska has 2. There is probably 12 on the field if they keep them running. They had a lot of problems with mechanics last month. A number of days we had de-ice delays because the equipment was tired.

Ms. Stelmak referred to Frontier and JetBlue's load factor and asked if they are pleased. Mr. Humphrey said they just spoke with JetBlue. They started off slow in December but are pleased with what they're seeing now.

Mr. Kelleher said he had the chair lift report. From what he is hearing in Big Sky is that people are thrilled with our airport. They want more flights, especially from Texas. He

hears a lot about Houston and Chicago. Far and away people are excited. They have said it is hard to find a rental car if they don't have one reserved.

8. Airport Director's Report – Brian Sprenger

Mr. Sprenger said for February over a 2-year period we are 40% up and over 3 years we are 63% up. We enplaned more passengers in February than Billings, Missoula, Butte, Glasgow, Glendive, Havre, Sydney and Wolf Point combined.

We have a lot of snow. Something that does resonate with people when you are talking about de-icing delays is that if storms like the one we had happen in Denver or Minneapolis, they cancel half their flights. We almost never see a canceled a flight because of a storm unless it is visibility coming in. It is frustrating for people who expect everything to go smoothly. The equipment is getting better. A lot of the challenge is having the people to operate the equipment in those extreme circumstances. In our case we generally have the people. We had one day last month when an airline had 2 de-icing trucks on one plane in the middle of the snowstorm. One vehicle broke. It was snowing so hard they were using all their fluid and they could run out before the end of the day. It is a complicated process. There are a lot more checks and balances for safety reasons. The last thing we want is something to happen.

Ms. Stelmak asked if there are any concerns with snow and drainage. Mr. Sprenger said they are watching it closely. Some areas of the roof are being shoveled and re-distributed. Construction on the parking structure was slowed down. The fourth floor is a couple weeks behind. They are looking at a full opening June 17.

Mr. Sprenger reported they had some discussions with JetBlue about east coast service. They are receptive. We will continue to talk with them about potential risk mitigation and revenue guarantees. We will be going to meet with Southwest. It has been two years since their last discussions. Mr. Lehrkind said Southwest would bring a lot more people to the airport so careful what you wish for.

Mr. Sprenger referred back to American and their additional service. We think they are right sizing in the summer. They are continuing their Christmas schedule through the winter. We have heard that United has been aggressively competing with American. We think they have found their equilibrium here.

Mr. Sprenger will be taking annual leave next week.

The concourse expansion ground breaking is scheduled for April 11th at 1pm.

Mr. Mathis asked if anyone looked at the airport hangars. Mr. Sprenger said it was just a cursory look at the T-hangars.

Mr. Mathis said he attended the grand opening of Ridgeline Aviation Flight School and Hangar. It is a beautiful new building. They are doing well. Mr. Kelleher asked which hangar that was. Mr. Mathis said it is off of Aviation Lane. Mr. Mathis said maybe sometime it would be appropriate to get a tour for the board of that hangar and other new businesses.

Mr. Kelleher asked if the situation with Tim Sheehy has affected Bridger Aerospace's plans or construction. Mr. Sprenger said they are moving full speed ahead. Mr. Mathis said he talked to their chief pilot. He and Tim were both down there working getting ready for some aircraft that are coming next January.

Mr. Kelleher also discussed the Ikon Pass and its effect on tourism. It had a huge impact on the numbers at Big Sky and probably also Bridger. Big Sky was up about 60,000 skiers since last year. Mr. Kelleher said you can see it in the lines and with some agitation. It reminds him that they have to build bigger lifts. Mr. Kelleher doesn't know if the pass will continue. It has had an impact on traffic and at restaurants in Big Sky.

9. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger. Many bills were on last month's report since it was a late meeting.

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

All board members voted aye and the motion carried unopposed.

10. Adjourn

The meeting was adjourned at 2:44 p.m.



Carl Lehrkind, Chairman