

The regular monthly meeting of the Gallatin Airport Authority was held April 11, 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 Airport 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 March 14, 2019

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

MOTION: Mr. Kelleher moved approval of the minutes of the meeting held March 14, 2019. 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 request by Mr. Evert Wierda and Mr. Marty Peirce to construct a 51' x 232' non-commercial t-hangar with an option for a second 51' x 232' non-commercial hangar

Mr. Sprenger said both parties were present at the meeting. Mr. Sprenger showed the location on the map on the eastside. The area is designed for t-hangars. They would like the option for one year to construct a second one.

Mr. Switzer asked about utilities in the area. Mr. Sprenger said some utilities are there. In a later agenda item we will discuss infrastructure and taxiway expansions to that

area. There is almost enough taxiway to build the first t-hangar. We will have to construct additional taxiway in that area.

Mr. Kelleher asked about snow storage in that area. Mr. Sprenger said there are areas for snow storage and showed the locations on the map. Scott Bell said the snow can also be blown into the field to the west.

Mr. Lehrkind asked about aircraft in the hangar.

Mr. Wierda said their intent is to sell those as condos. There will be about 4 owners for their hangar and they will have their own aircraft.

Ms. Stelmak confirmed with Mr. Sprenger that there is a fee for the option. Mr. Sprenger said they have to pay the standard lease rate during that time. Mr. Wierda said they are aware and willing to do that.

Mr. Lehrkind asked about build time. Mr. Wierda said the first 10 will be ordered right away and will take about 12 weeks. They would like to get the other building done this summer but that also depends on what infrastructure is put in. They would like to move as quickly as possible.

MOTION: Ms. Stelmak moved to approve the request by Mr. Evert Wierda and Mr. Marty Peirce to construct a 51' x 232' non-commercial t-hangar with an option for a second 51' x 232' non-commercial hangar. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

4. Consider request by Mr. Evert Wierda to construct a 60' x 90' non-commercial hangar

Combined with item 3.

MOTION: Ms. Stelmak moved to approve the request by Mr. Evert Wierda to construct a 60' x 90' non-commercial hangar. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

5. Consider request by Montana Jet, LLC to construct a 50' by 60' non-commercial hangar

Mr. Sprenger showed the location on the southwest side. We have been waiting for the right size hangars to fill in the last few areas to be developed. Montana Jet has their aircraft already reserved. Staff recommends approval of the request.

MOTION: Mr. Mathis moved to approve the request by Montana Jet, LLC to construct a 50' by 60' non-commercial hangar. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

6. Consider request by Cross Harbor Partners to amend the leased area for hangar BZN #3 to include a one level addition for mechanical and owner vehicle parking

Mr. Sprenger showed the location on the map. They put in a request for 2 locations last month. One is an option. They have some area behind the mechanical area they felt would be a benefit for parking. This is new for us. We have never had hangars of this size in the non-commercial area. This works well for that area. We have asked them to include language to be sure the parking would be vehicles owned by the owners and no boats, RV's, etc. They are amiable to including whatever language we feel necessary.

Mr. Kelleher asked about the snow storage situation. Mr. Sprenger said there is snow storage in both areas.

Ms. Stelmak asked for confirmation that the parking extension would have the same approved exterior finishes as the hangar.

Jason Hicks of Hick's Engineering said he is the Lead Designer on this project. He said in the winter the studded tires on vehicles are tearing up the hangar floor. Their primary parking is in the hangar but in the winter they would like the ability to park up to 8 vehicles elsewhere. Mr. Hick's confirmed the siding will match the original two hangars.

MOTION: Mr. Switzer moved to approve the request by Cross Harbor Partners to amend the leased area for hangar BZN #3 to include a one level addition for mechanical and owner vehicle parking. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

7. Consider request by Bridger Aerospace to amend their lease option for a 12,000 square foot commercial hangar to a 31,200 square foot commercial hangar on Aviation Lane

Mr. Sprenger said Bridger Aerospace has found that it is more efficient to have a wider hangar to assist with continued separation of usage types. By widening the hangar they have the depth they need. It would fill the remaining portion of this area. They have asked for a 2-year option. Staff's recommendation is to maintain the single year and then review at a later date. As we are running out of space we have to make considerations. Obviously if no one is looking in one year we could consider that at that time. This utilizes the space well and fills out the rest of Aviation Lane.

Mr. Mathis said he is still concerned about vehicle parking in that area. Mr. Sprenger said they have expanded the parking in the plan. It is deep enough for 30 parking spaces.

Mr. Kelleher asked about snow storage. Mr. Sprenger showed the locations available for snow storage.

Mr. Lehrkind asked how many employees they will have. Darren Wilkins, Vice President of Bridger Aerospace, said once construction is done they anticipate 140

employees. In the previous plans they were right up against that number for parking space. That is one of the reasons they would like the 2-year option so they could add more parking later.

Mr. Kelleher asked about plowing. Mr. Sprenger said the hangar owners are responsible for their own plowing. We are responsible for the taxiways and we assist when we can. Mr. Wilkins said they have snow removal contracted out.

Mr. Switzer asked Mr. Wilkins if we only approve a 1 year if that would stop their work. Mr. Wilkins said it would not. Ms. Stelmak said she is more comfortable with the 1 year option. Mr. Lehrkind asked the chances of them completing the project in a year. Mr. Wilkins said the chances are slim and they will most likely be coming back for another year.

MOTION: Mr. Kelleher moved to approve the request by Bridger Aerospace to amend their lease option for a 12,000 square foot commercial hangar to a 31,200 square foot commercial hangar on Aviation Lane. Mr. Mathis seconded the motion.

Mr. Switzer said the request doesn't refer to the length of the lease. Mr. Sprenger said this is an amendment to the prior option which was for 1 year.

All board members voted aye. The motion carried.

8. Consider request by People's Sandwich, LLC to operate a trial food truck operation in the employee parking lot

Mr. Sprenger said with our growth people look at potential business opportunities at the airport. We believe there is some merit to this on a trial basis. The proposed location is the far side of the employee parking lot.

There are details to be included such as insurance and that this is a trial only for about 3 months as a proof of concept. It may not work. We may find it only works with a contractor out there building a concourse.

Mr. Hopeman of Sharbert Enterprises had told Mr. Sprenger that some of these operations are more of a cash basis. Maybe we should look at a fixed fee rather than a concession fee. That is something to look at as well. We have several hundred people working here during the day. They take various lunch periods. We don't know what the demand will be. We have people often leaving the field to get lunch. It may be a revenue opportunity.

We also need to make sure they can run off a generator and what kind of noise it will create. There are still details to iron out. Our intent on this agenda item is a trial period for 3 months. At the end of that time frame, if it is successful, we would put out a Request for Proposals (RFP) allowing other operators the opportunity. We could also look at rotating.

Bert Hopeman of Sharbert Enterprises, our current food and beverage concessionaire, said he asked his staff how much food they sell to employees. He doesn't think it could add up to more than \$10,000 per year. He doesn't have a big problem with it on a trial basis. He thinks for it to be successful they should have a set schedule. Workers should be able to expect when it will be available. He said other than that he doesn't know much about food trucks.

Mr. Hopeman introduced his daughter Kate Hopeman and Doug their new CFO.

Mr. Switzer said the trial period is necessary and confirmed with Mr. Sprenger they do need to meet all the county health standards. Mr. Switzer said if they don't have a schedule it is not going to work.

Mr. Kelleher asked about parking and how many spaces will the set-up take. Mr. Sprenger said it would use probably about 3 parking spots. He said for the first time in a long time we will have adequate parking throughout the airport which of course will change over time. We would have recommended against this last year.

Ms. Stelmak thinks it will help with traffic around the terminal if workers don't have to come in and out for lunch. Mr. Sprenger said the contractors are not allowed to come into the terminal to use the facilities.

Mr. Mathis asked if the unit is presentable. Mr. Sprenger said they can get more pictures but it appears to be so. Mr. Mathis asked if it would be accessible to the public. Mr. Sprenger said only if they really wanted to find it. Mr. Mathis said he can anticipate something like this on the eastside with all the construction. Mr. Mathis asked if this is the only one who has approached so far. Mr. Sprenger said yes so far.

Ms. Stelmak said she has seen the food truck in Belgrade and it is presentable but she doesn't know the operators.

Mr. Lehrkind said he was concerned that this may not work after much of the construction is done. He is also concerned about potential accidents as people come and go from the truck. Mr. Sprenger said we have a really good sidewalk along the location. He said one of the key items to track is employee usage versus contractor usage. We would need to know that before issuing an RFP.

Mr. Mathis said if the business advertises the airport location that could be an issue. Mr. Sprenger said that is a good point to be addressed.

MOTION: Ms. Stelmak moved to approve the request by People's Sandwich, LLC to operate a trial food truck operation in the employee parking lot for a 90 day period with the specifics discussed and a 10% concession fee on airport generated sales. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

9. Consider Bond Refinance Proposals

Mr. Sprenger said he is on the US Bank Advisory Board so he was not involved in this evaluation. Troy Watling, Assistant Director – Finance, has been handling this.

Mr. Watling said we requested refinance proposals for our bonds. The general terms were 7 years with the first 2 interest only. We wanted to have an option for pre-payment near the end of the period to reduce our restrictions. We got 4 proposals. All of them meet the requirements. Even the proposal with the least amount of savings saves us over \$1 million over the 7 years. All four banks are well respected. We had proposals from First Interstate Bank, Key Bank, First Security Bank and US Bank. All the banks are experienced in this type of engagement and familiar with the process. All proposals are competitive and attractive. Based on review and scoring of the proposals, staff recommends selection of First Security Bank. Their terms were competitive and their restrictions were low.

Mr. Mathis commended staff for taking this initiative that results in considerable savings.

Ms. Stelmak confirmed with Mr. Watling there is no specification that they have to approve any additional debt.

MOTION: Mr. Kelleher moved to approve the Bond Refinance Proposal submitted by First Security Bank. Mr. Mathis seconded the motion.

Mr. Lehrkind confirmed with Mr. Watling there is no pre-payment option for the first 5 years. Mr. Sprenger said we will be aggressively paying it but it would be very difficult to pay off in 5 years.

All board members voted aye. The motion carried.

10. Consider issuing schedule II bid documents on the terminal concourse expansion project

Mr. Sprenger said this is a quick update. The documents are ready to go out to bid. The review of the financials parts are in line with our previous expectations according to Martel.

Mr. Mathis had previously asked Mr. Sprenger the cost for the structure above the bar and the fireplace. Each of those is around \$45,000 to \$50,000 each. That is a potential \$100,000 savings if removed and not replaced with anything else. Something would probably have to go above the bar for lighting. Removing the fireplace completely is most likely possible. This schedule is \$13.4 million and, including the previous schedule, is \$20 million.

Mr. Sprenger said May 2 is our next bid opening at Martel Construction if anyone from the board was interested in attending, they would be welcome to.

Ms. Stelmak clarified the goal is to keep those design features of the fireplace and overhang at the bar. Mr. Mathis asked if the fireplace would be bid as an alternate. Mr. Sprenger said it is not. Scott Bell said it would be easy to isolate those charges and change it

down the road. It is not an alternate at this point. You still have the ability to put it in and take it out.

Mr. Mathis said we will need something above the bar area for lighting. He still has problems with the fireplace due to the budget. Ms. Stelmak said she hopes it is within the budget and we don't have to worry about it.

Mr. Switzer confirmed with Mr. Bell that the way we are doing this is the most flexible budget-wise. Mr. Switzer commended the team for pushing to get this project done while we can. It is expensive, but it will get done.

MOTION: Mr. Mathis moved to approve issuing schedule II bid documents on the terminal concourse expansion project. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

11. Consider issuing bid documents for Terminal Apron and Southeast Hangar infrastructure project

Mr. Sprenger showed the location on the map. The terminal apron and the southeast area project are being bid together but can be bid separately. The southeast area is about \$1.8 million to finish all the areas and provide the infrastructure needs to the hangars they have requests for now. Additional infrastructure is another \$600,000, so \$2.4 million to do it all.

We are hoping to receive supplemental federal funding. We have submitted multiple projects. We are not sure what project we will get funds for. That will help determine how far we want to go. Some of this can wait if we have to. Without knowing where we are financially, Mr. Sprenger recommends at least getting the paving done at this point.

Congress has appropriated \$1 billion for small hub and below airports. One third was awarded without us. The supplemental funding would open up some of our discretionary funding. We think we will be successful in acquiring some of this funding. We are counting on a little and hoping for a lot.

Ms. Stelmak thinks separating them is a smart way to proceed.

Mr. Mathis said if we were awarded the funding for another fire truck it would be spare. He said he has heard of other states where the entire state has a spare fire truck that they share as the need arises. He thinks that makes a lot of sense. Mr. Sprenger said our oldest truck is quite old. We have delayed acquiring the third truck because we don't want to do it without supplemental or discretionary funding. In the meantime we have an agreement with Butte to use one of theirs if needed. If we acquired the third truck our intention would be to keep the oldest one since we have a bay it will fit in. But it is getting harder and harder to maintain that truck.

Mr. Lehrkind confirmed with Mr. Sprenger the expansion includes room for de-icing. Mr. Lehrkind asked if there would be advantages to get the same company to pave both locations. Mr. Sprenger said there may be, but this project may be too large. We have it bid so either way we get the best deal.

MOTION: Mr. Kelleher moved to approve issuing bid documents for Terminal Apron and Southeast Hangar infrastructure project. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

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

Tower operations for March 2019 versus 2018 were up 11.2%. That puts our rolling twelve-month operations at 92,799. Corporate landings were up 44% at 831 versus 577. Revenue enplanements were up 25.6% at 74,922 versus 56,660. For 12 months we are at 708,508 enplanements. Total deplanements were up 23.3% at 71,379 versus 57,873. Airline landings were up 23.5% percent 777 versus 629 and up 20.4% for the year. Airline load factor was up from 85.8% to 88.2% with 24% more seats. February fuel gallons pumped were up 37.8%.

April is up 27% in seats. Mr. Humphrey predicts high teen growth for next month.

Mr. Lehrkind asked about Customs. Mr. Sprenger said he hasn't seen the March numbers, but generally it has been static.

13. Airport Director's Report – Brian Sprenger

The City of Belgrade has been working on water rights issues. We share water rights for the water tower. Since they are responsible for the water system, they will be doing some modifications to better use the water rights.

Summit Aviation was awarded the flight school for 7 years through Gallatin College's request for proposals.

A tower meeting is coming up in May. Greg is proposing to have the meeting be at 11am. Mr. Sprenger told Greg he would check with the board since it is outside of the normal time. Ms. Stelmak said she thinks that it would not be a good time. She doesn't think pilots could attend during business hours. She feels strongly it should be held after hours.

The contract tower is constantly being evaluated. He had a 2 hour conversation with Serco. There will be a mail out with the numbers. The conversation was frustrating. Mr. Sprenger doesn't disagree with the data but he disagrees with their evaluation and not including the impact of snow removal operations on the tower workload. Their staff here is always saying they are grateful to have the additional staff. Serco has the option to go to the FAA and request staff. We understand they want to justify that, but they will not pursue it. We will have to pursue other avenues.

We became the busiest tower operation airport in the state in the last couple months. That changes some dynamics. In the entire 50 states, if there is an airport that is the busiest in the state for tower operations and passengers, the towers are all federal except for one state, Montana. Mr. Sprenger spoke with Tester and Daines. Tester was impressed with that number and that it is a disservice to Montana. Tester's office is looking into what can be done through the FAA and appropriations. Daines' office is also looking at it and is supportive. If there is ever a time for that support it is now. We will see how that plays out.

Parking Garage – The connector portion is on time but the 4th floor has been delayed due to weather. We are still looking at June 17. Much like the Central Valley fire station, the parking garage is 2-3 weeks behind.

Mr. Sprenger provided testimony at the legislature and thinks the committee is somewhat receptive to what we have to say. There is still a lot of pressure at the legislative level from pilots to increase this tax. When we really look at the numbers \$1 million would fully leverage the federal funding. They have found \$500,000 through increased aircraft

registration fees. They are trying to increase taxes across the board to generate \$1.5 million. Our frustration is that the bulk of that is on the airline passengers. The current bill is a \$0.02 increase for general, business and corporate aviation and ultimately a \$0.035 increase for passengers. It is shifting the burden to the airlines and then passengers and putting a potential impact on air service. We would feel more comfortable if it was a more even distribution and being used differently. We want to see federal funding leveraged for the smaller Montana airports but not at the expense of higher air fares or loss of airline service.

Mr. Mathis said we received a payment from the Trump campaign. Mr. Sprenger said we billed \$17,000 and received \$17,000. Some tenants from the airfield haven't been paid at this point.

14. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Mr. Kelleher said the new system for emptying water bottles is being used and asked if we could implement recycling there. Mr. Sprenger said we can look into that. Mr. Kelleher thinks that would make a good impression.

MOTION: Ms. Stelmak moved to pay the bills and Mr. Switzer seconded the motion. All board members voted aye and the motion carried unopposed.

15. Adjourn

The meeting was adjourned at 3:16 p.m.



Carl Lehrkind, Chairman