

The regular monthly meeting of the Gallatin Airport Authority was held August 10, 2017 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, 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. Mr. Lehrkind thanked Mr. Mathis for his great leadership as board chairman in the past.

1. Open bids for Ground Transportation Concession inside the terminal

- Mr. Sprenger asked for additional bids.

There was one bid.

The bid was from Karst Stage Inc.

MOTION: Ms. Stelmak moved to take the bids under advisement and award a ground transportation concession inside the terminal to the highest minimum annual guarantee qualified concessionaire. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

2. Open bids on 2017 Access Road Improvements

Mark Maierle assisted with the bids. Mr. Sprenger explained this bid is for an access road and utility relocation for the future airport multi-use parking garage. Mr. Sprenger asked for additional bids.

There were five bids:

The first bid was from Duneman Construction, Inc., Montana Contractor Registration #151842. The bid was signed by Keith Duneman, President. The addendums were acknowledged and the bid bond was attached. Duneman Construction, Inc. bid \$797,107.00.

The second bid was from DLM Contracting, Montana Contractor Registration #153181. The bid was signed by Charles Dearhamer, President. The addendums were acknowledged and the bid bond was attached. DLM Contracting bid \$713,226.60.

The third bid was from JR Civil, LLC, Montana Contractor Registration #204468. The bid was signed by Robert Stoltz, Operating Manager. The addendums were acknowledged and the bid bond was attached. JR Civil, LLC bid \$911,890.18.

The fourth bid was from CMG Construction, LLC, Montana Contractor Registration #232280 and was signed by Justin Peterson, General Manager. The addendums were acknowledged and the bid bond was attached. CMG Construction bid \$875,575.00.

The fifth bid was from Knife River Belgrade, Montana Contractor Registration #10089 and was signed by Leo Zwemke, Vice President and General Manager. The addendums were acknowledged and bid bond was attached. Knife River Belgrade bid \$922,962.20.

Mr. Lehrkind thanked everyone for their bids.

MOTION: Mr. Kelleher moved to take the bids under advisement and award a contract to the lowest qualified bidder. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

3. Review and approve minutes of regular meeting held July 13, 2017

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. Mathis moved approval of the minutes of the meeting held July 13, 2017. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

4. Public Comment Period

There were no public comments.

5. Consider request by Guaranty Development Company to transfer their lease on hangar #77 and convert to a new commercial land lease on hangar #77 to Life Flight Network, LLC

Mr. Sprenger reported that agenda items 5 and 6 are related. Agenda item 6 is regarding Life Flight's request to operate an air ambulance service at the airport.

Mr. Sprenger said this hangar was originally constructed in 1997 by Dolittle Enterprises (owned by Paul Iverson, Scott D'Agostino and Mark D'Agostino) as a commercial ground lease. The hangar was for commercial flight operations offering charter flights and flight instruction under the name Montana Flying Machines also owned by Paul Iverson. The hangar was built to meet the minimum standards for commercial operations and continues to meet those standards.

In November 1999, the hangar was purchased by Bruce Erickson under the name Guaranty Development Company and has been under this name ever since. Bruce Erickson regularly operated both fixed wing and helicopter aircraft out of his hangar up until his untimely death in November 2015.

Life Flight has entered into an agreement to purchase this hangar and intends to operate an air ambulance service at this location. It is essentially their only option as there are currently no other locations at the airport that can immediately accommodate this operation. We also want to let you know that we are currently working with three other entities for the remaining three commercial locations on the field.

As this hangar is a commercial hangar, meets the minimum standards, has previously had regular helicopter and fixed wing operations and has 40% more separation distance from non-commercial hangars than the similar operation by Reach, we recommend approval of this request.

Multiple types of operations, whether jet, piston, helicopter, glider, commercial and non-commercials operating within the same vicinity require communication and being good neighbors in order for the entire airport operation to work. Consequently, we have asked Life Flight to not perform practice landings/take-offs at this location, should it be approved. This is the same as we have requested from Reach at their location, and we have asked Life Flight to contact neighboring hangar owners to work out procedures to minimize potential aircraft conflicts and they have agreed to these requests.

Dominic Pomponio, Regional Director for Life Flight, came to the podium. Mr. Pomponio reported that they plan on operating their air ambulance out of hangar number 77 on September 1, 2017 if approved. They will employ 15 individuals including pilots, mechanics, nurses and paramedics. They are a 24 hour on demand operation. As people call they will activate, mobilize and respond to the transfer needs of the patient. They operate 24 bases across this region including Oregon, Washington, Idaho and Montana.

They have a fly friendly policy for their pilots and crew. That includes maintaining proper separations, approach and departure paths, as well as proper altitudes over residential areas. Mr. Pomponio said they are good neighbors at all of their locations and they plan for the same here. They plan to be attentive to comments and suggestions made for their operation.

Ms. Stelmak asked for their estimated number of calls. Mr. Pomponio said they are estimating 200-250 calls per year.

Mr. Mathis asked what aircraft they will be operating. Mr. Pomponio responded they will be operating an Agusta 119. It is a skidded model. It will land on a dolly. Mr. Mathis asked if they plan any fixed wing operations. Mr. Pomponio said they are considering fixed wing operations. If they do it will be a Pilatus PC12.

Mr. Sprenger asked those who wanted to speak to come to podium.

Tim Lynn of Hangar 10 spoke. Mr. Lynn said he was speaking on behalf of himself and the hangar association. Mr. Lynn said they sent out two emails which the Board we should have received and a third we did not.

Mr. Lynn emailed Mr. Sprenger on July 26, 2017. At the July board meeting it was announced that Life Flight was making an offer on Bruce Erickson's hangar. Mr. Lynn said he feels strongly that if an entity is going to purchase a hangar, the airport director and board should have input to evaluate if the operation is compatible with the operations at the General Aviation (GA) hangar area. Mr. Lynn's concern is that hangars 8,9,10 have no tie downs. Mr. Lynn said that if Life Flight's helicopter comes in or out, he doesn't believe chocking the wheels will hold them back from blowing into another aircraft from helicopter

blade downwash. Bruce Erickson was a good neighbor but did not always use his good judgement. When Mr. Erickson was operating his helicopter, Mr. Buckles' aircraft did a 180 degree turn on his ramp as a result of the downwash. Mr. Lynn stood in front observing the whole thing. If the sale to Life Flight is a done deal, Mr. Lynn would propose a meeting with Life Flight and Mr. Sprenger where hangar owners can discuss their concerns. There has already been much discussion and concern with the Reach operations. Bigger and busier isn't always better for all pilots.

Mr. Lynn said item number one was history and concerns. He has been flying out of Gallatin Field for 44 years. He has been a co-owner of Hangar 10 since 1983, which is located just south of Hangar 77.

Mr. Lynn said he has two antique classic aircraft in his hangar. Seven hangars have doors to the north and one to the southeast with multiple aircraft in each of the hangars. Hangars 9 and 10 are wood frame and cannot be closed during a rotor departure or arrival. Mr. Lynn's doors are normally open spring, summer, and fall.

Mr. Lynn said item two was that there are solo pilots from the flight school using that taxiway.

Mr. Lynn said he and other hangar owners feel that helicopter commercial operations and general aviation fixed wing hangar areas have never been compatible and should be separated especially on that taxiway.

Mr. Lynn said he had some questions for Life Flight to answer for the board and concerned owners. The type of rotor craft has been answered. What type of arrival

departure plan? Mr. Lynn said any direction would be negative. Safety is a big concern and Mr. Lynn would like to communicate with Life Flight and Mr. Sprenger.

Mr. Lynn had comments to share from emails.

The first email Mr. Lynn reported was from Rob Buckles. Mr. Buckles emailed several names who, in his opinion, will be most affected by the daily operations of Life Flight. Mr. Buckles feels strongly that the airport and board should seriously evaluate whether the commercial operations are compatible with GA operations in this area before allowing the lease or operating agreement. When Mr. Erickson flew his helicopter, and if Mr. Buckles' door was open, Mr. Buckles claims his aircraft would be bounced around, dirt and dust would come up and pictures would come off the wall. Mr. Buckles questioned if this would affect his hangar's resale value.

Mr. Lynn read an email from Greg Mecklenburg. Mr. Mecklenburg emailed that because he has been rotor blasted at the east ramp and south west ramp area, he believes helicopter operations should be separate from fixed-wing operations.

Mr. Lynn then read an email from Robert Shropshire. Mr. Shropshire emailed to please inform the board that if this is passed, the coming action by the airport authority will continue to harm GA property and possible lives. An air ambulance service does not belong in the GA vicinity.

Mr. Lynn concluded by thanking everyone for their time.

Jerry Gaston, of Hangar 66, came to the podium. Mr. Gaston said his hangar has 40 foot doors. He hangars light aircraft there. Mr. Gaston said he was present to stand in opposition to this incorporation of rotor craft in conflict with GA airplanes. Mr. Gaston

referred to the conflicts with Reach at the south end and said he has concerns about Life Flight's operations. Mr. Gaston recommended the airport take a hard look at protocol. He believes rotor craft needs to stay away from light craft. Mr. Gaston said his other concern is we are setting a precedent that we may not want in the future. Mr. Gaston said we will have a real conflict at the north side with Life Flight. Mr. Gaston thinks there are areas on the other side of 3/21 that could accommodate Life Flight's operations. Mr. Gaston wants to go on record to be able to say 'I told you so' when an aircraft is damaged. He said they can't pull airplanes out to work on. He would like to see the conflict eliminated.

Linda Marshall with Eagle Flight Services came to the podium. Ms. Marshall's biggest concern was that she has low time pilots that need to taxi out and don't understand the concept of aviation because they are learning. Ms. Marshall said she has a hangar near helicopter operations and she cannot do much when the helicopter is out. She can't leave the doors open, let students pre-flight airplanes, or give instruction. Ms. Marshall doesn't want this repeated at the north side. She feels Life Flight's operations will hurt her business and cause her operation to close.

Don Profota of Hangar 60 came to the podium. Mr. Profota is also opposed to a commercial helicopter operation within the GA confines. When Mr. Erickson would come in to land, Mr. Profota couldn't get his hands on his planes and his hangar doors closed fast enough. Debris would be blown into the hangar and the planes. Mr. Profota minimum request is that testing be done and shared. He also requested that procedures be created and approved and be followed by both parties commercial and GA.

Doug Chapman, of Montana Aircraft, Inc. came to the podium. He said he has a fixed wing operation with a hangar on the west side. He previously owned two hangars along the taxiway by what was formerly Summit but now Reach. Mr. Chapman's initial understanding was that they would have a procedure that would honor the owners and operators in the area and yet he did not experience a good situation there. The rotor wash was bad. He always had to be watching to make sure nothing was going to get damaged. Mr. Chapman said he loves helicopters and understands it is important to have emergency services. Mr. Chapman was under the impression that because Summit was only renting, it was a temporary situation and the airport would eventually separate helicopter and fixed wing operations. He is now concerned because this is adding to potential problems. He feels there is too much risk for both helicopter operators and fixed wing operators. Mr. Chapman said it would be appropriate to take a step back and look at the policy. There is a history of concerns that haven't been addressed. Reach still fires up and they are concerned every time. There is a compatibility issue. Mr. Chapman asked that we come up with a plan that doesn't present such a risk.

Dominic Pomponio with Life Flight came back up to the podium. Mr. Pomponio thanked everyone who came up and spoke. Mr. Pomponio said he understands. He said he could only share past experiences at other airports. This would be the 24th airport. Mr. Pomponio said anyone is welcome to call the other airports and ask about their operations. They do everything they can to be friendly. They are happy to work with hangar owners and the airport to establish approach and departure paths and anything they can do to mitigate concerns.

Mr. Kelleher confirmed they are starting small with one helicopter and no fixed wing. Mr. Pomponio said that was correct, they have not announced any fixed-wing operations but they continue to explore that option. Mr. Kelleher asked how they would be able to expand their operations in that building. Mr. Kelleher suggested they would be better off at a new hangar on the east side to provide more room to grow. Mr. Kelleher said it is his feeling that this is not good planning. Mr. Pomponio responded that the hangar is a perfect fit for them. It is on the larger side compared to what they operate at other locations. In other locations, where they have a fixed wing and helicopter co-located, both aircraft are inside the hangar and they pull out one when they need it. Their operating model is one helicopter at each base. As a result, they put their operations in strategic locations. They have one in Butte and Missoula. They don't need additional aircraft at each base. Mr. Kelleher said there wouldn't be enough space to expand the business. Mr. Kelleher asked if there is a better place for their operations. Mr. Pomponio said they did explore several different operations. New construction was not an option due to their timeframe. They are contractually obligated to open by September 1, 2017. The other hangars were not zoned appropriately, did not have crew quarters or were not large enough. This hangar is the best fit for their model.

Mr. Mathis asked that since they would be operating off skids on a cart, would it be possible to pull the cart out to maybe taxiway hotel. Mr. Pomponio responded that it is something they could explore. They operate a time sensitive service. When they get the call, they needed them 5 to 10 minutes before. In other locations, they have moved the helicopter to a spot that wouldn't be so affective and they could explore that as well.

Ms. Stelmak asked Mr. Sprenger what the distance is between this hangar and the nearest GA hangar. Mr. Sprenger responded that this hangar is approximately 250 feet from the nearest GA or non-commercial hangar to the south. That compares to approximately 180 feet for the Reach location. That is a 40% difference in distance by comparison. Ms. Stelmak confirmed with Mr. Pomponio that he would be willing to meet and work out procedures and Mr. Pomponio said yes.

There were audience members with hands raised. Mr. Lehrkind asked that if they had questions that they please be civil so we can talk through this. Mr. Lynn asked Mr. Pomponio what is their proposed departure procedure direction. Mr. Pomponio said he and his partner are both flight crew, they are not pilots so he could not speak to the optimum departure path. They would either go out to the taxi way or high hover to depart. Mr. Lynn said he is in favor of Mr. Mathis' suggestion to move over to the taxiway.

Don Profota said he was going to bring up the same question that Mr. Mathis did. Mr. Profota asked if we could require that they take the aircraft out to taxiway Hotel. Mr. Profota also asked if the helicopter had to be taken out and warmed up periodically. Mr. Lehrkind said there is a startup procedure that takes several minutes but there is no "warm up" time. Mr. Profota was under the impression that there were complaints with Reach because they had to pull out the helicopter, run it and pull it back in periodically. Mr. Pomponio said they use Sure Fire so it is constantly plugged in there. There is no re-charging of batteries or anything like that.

Jerry Gaston said he attended meetings with Summit and Reach at the other end. He believes rules and protocols for their operation should be in place. At the other end, a

concession was made that as long as it was not an emergency, they would taxi out to Hotel. But just about every flight lately is an emergency. He thinks we need to nail this down for people who have assets and investments there. At the other end, you would never know that there were meetings and rules of operation that were established. He would like to be reassured that the board is working for them.

Doug Chapman said one of his concerns is the sense of urgency. Life Flight has obligated themselves to September 1st but that is not the board's commitment. It is more important that the right decision is made instead of meeting the concern of the deadline. He would like to see the right protocol be put into place. They are coming from a situation where they have experienced similar circumstances with no solid way to address the problems.

Mr. Lehrkind asked that if they approved the request with the contingency that they had to pull the helicopter out to the taxiway, would that stop the agreement. Mr. Pomponio said they had not considered it and he would have to take it back to their executive leadership. Mr. Pomponio said he understands the objections, but wanted to make it clear that they are not the other company. They are happy to work through this to operate safely and effectively. The contingency would create a significant time delay so he would have to take that back.

Mr. Mathis said he lived in the area for 26 years. He is familiar with the traffic there. They had sky diving operations at one hangar for several years. There was an ag-plane there for several years. There were warbird restorations and F-100 jet run ups in that area. Marshall's flight training operation continues there and there were some really big parties.

All that has happened without incident, including for the most part Mr. Erickson's helicopter operations which were common. Everyone worked together to make sure everyone was accommodated and that the operations were conducted safely. He doesn't think this is the best solution for Life Flight to have their helicopter there. It is do-able if they work with the neighbors. It meets all the qualifications. We need to go ahead and approve this request.

Ms. Stelmak said she wished we didn't have such a tight time period. She is in favor of having Mr. Sprenger and pilots meet to create procedures. Ms. Stelmak asked Mr. Pomponio would it work if we deferred for 1 month to work through procedural changes or plans. Mr. Pomponio's response was unfortunately it will not. Life Flight has notified hospitals they would be in operation September 1st. They are committed to working with everyone and also doing practice runs to make sure people are comfortable with their procedures.

Mr. Pomponio said they are closing on the property tomorrow morning. Mr. Kelleher said he would like to see more time and discussion on it. Mr. Kelleher suggested thinking outside the box a little more to find other locations that would be more compatible.

Mr. Sprenger said that is our struggle. We have no easy locations. The only commercial locations we have are off of Wings Way, Spur Road and Aviation Lane. Aviation Lane has had significant development over the last year. Rocky Mountain Rotors has approval for one. Bridger Aerospace is coming soon for major expansions. Northern Wings Aviation is expected to come for approval as well. There are no further locations on Aviation Lane. Hangar 77 is the only location. There are 2 hangars next to Reach that would be in the same situation. Hangar 77 creates additional separation. In our research, a minimum 100

foot separation is recommended for helicopter operation. There are no quick answers with the existing infrastructure. Future infrastructure can accommodate it but the earliest would be middle to late next year and we would have to fund it. Not just adding a ramp but sewer, water, additional roadways and taxiways. Obviously we are working toward it. A whole lot of the commercial areas have filled in. That is the struggle right now. We are growing faster than we can create the infrastructure. Life Flight has looked at other hangars. The rest are non-commercial. Commercial locations are all where the roads are. We don't have a better answer.

Mr. Kelleher asked about a location but Mr. Sprenger explained it is all a non-commercial area with no public access. Mr. Sprenger said something else they look at is the number of operations as well. In the back hangar area, the average aircraft is used once every two weeks. The potential for conflict is reduced there compared to other locations.

Mr. Mathis asked Mr. Sprenger if his recommendation is to approve this request. Mr. Sprenger said their recommendation is to approve this request with the utmost importance to have them create procedures that mitigate impact on nearby non-commercial operations. Mr. Sprenger said one suggestion is to have them test with local owners. He thinks that is a very good idea.

MOTION: Mr. Mathis moved to approve the request by Guaranty Development Company to transfer their lease on hangar #77 and convert to a new commercial land lease on hangar #77 to Life Flight Network, LLC. Ms. Stelmak seconded the motion. Ms. Stelmak and Mr. Mathis voted aye and Mr. Kelleher opposed. The motion carried two to one.

6. Consider request by Life Flight Network, LLC to operate an air ambulance service at BZN

MOTION: Ms. Stelmak moved to approve the request by Life Flight Network, LLC to operate an air ambulance service at BZN with a set of written procedures that are agreed upon by the board, authority, and Life Flight with input from neighboring pilots. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

7. Update on Parking Garage Project

Mr. Sprenger reported that the budget projections were sent out. Based on those projections this project could be accomplished within our capital plan over the next 10 to 11 years. That played a part in our recommendation for approval of the bid earlier today. Mr. Sprenger said the entire design team was present.

Mark Maierle explained that we opened bids to relocate the access road to allow for construction and utilities and showed locations on the map. The bids we received today are within budget. We will try to get that started as quickly as possible. We would advertise the bids in September and open the bids at the October meeting. The entire project is estimated to take 18 months. That would make an opening date of June 2019. During construction, the rental car return would be smaller but in the same location.

Mr. Sprenger said they are evaluating an expansion of the employee parking lot on the west end. It was completely full today. This is in the budget that was presented. This would create parking over the peak Christmas season. We are evaluating that closely to see how quickly it could be done.

A&E Architects and Walker Parking Consulting were present to provide the latest plans and get some clarification from us on finishes.

Annie will present latest plans. Exterior plans and interior finishes.

Rick Heldt with A&E Architects spoke first. They have been working with the engineers and coordinating things. It is getting to be a lot more real. They took the comments from previous presentations and incorporated some of those. They brought some exterior materials to show. The plan in general hasn't changed all that much. There will be a mechanical basement to keep those systems off the roof.

The main floor has a queuing and lobby area for the elevators. There is an entry off the parking garage and the primary public stairs. There are two bathrooms off of that including the relocated men's restroom. They have considered the costs of upgrading the finishes in the women's restroom to match the men's. Mr. Mathis raised an objection to that and Mr. Heldt said we can talk about it. The other parts to the main floor are mechanical for the rental car operations.

The second floor has an overlook into the main lobby area along one side. The third floor is walled off and is essentially the same as the fourth floor. The roof plan is sculpted to break down mass. It is still big but slightly leaner. It is a big building and they are sculpting it as much as they can.

The exterior panel has been designed to break down wind and dress up the concrete. Mr. Heldt presented samples of the various exterior materials. One is a perforated metal that will have powder coated paint. The other is a thundermax panel with a somewhat wood appearance that will be outside of the perforated panel. It has a high durability and will sit in steel frames for rigidity and structure. The stair towers at all locations will be covered in the perforated metal.

Mr. Lehrkind asked about the fading. Mr. Heldt said there would be some fading over time but powder coating is the best we can get. They are trying to keep the colors in the lighter range so they will not fade as much.

Mr. Mathis asked how the cost of the perforated metal and associated steel structure compares to a steel panel that would completely enclose and keep the wind and snow out. Mr. Heldt explained that they have to do a perforated metal to create an open garage; otherwise they would be required to install fire sprinklers and other components.

Paul Siderius, Project Architect, said they minimized the glass around the stairs. There is a stone feature wall as you come down the stairs. Mr. Heldt said the exterior finish insulation system (EFIS) is designed to match the terminal. He pointed out the pedestrian connection and the extended canopy so that walkways are covered.

Ms. Stelmak referred to a location that has floor to ceiling glass and asked if there is an option to make the first few feet of each floor a different material than glass. Mr. Heldt said the main floor has stone at the lower part which is hard to tell from the images.

Mr. Lehrkind asked how well the colors match to the current terminal colors. Mr. Siderius said the burgundy color banding and the EFIS will match very well. Some stone can be reclaimed from around the HVAC system and incorporated with the new stone. They will choose colors that will be compatible.

Mr. Kelleher asked what the time period would be for the powder coating before it deteriorates. Mr. Heldt said it is typically 20-30 years. Darker colors and standing water lower that time.

Mr. Heldt said he talked to McNichols Company about anodized aluminum. It is more expensive, wouldn't match and would rust eventually and drip on things even if it was sealed.

Annie Hogan with A&E Architects added that the durability of the powder coating depends on the quality of your solids.

Mr. Mathis asked if the metal will flex. Mr. Heldt said it would but that shouldn't have an effect on the paint. There will be structural elements behind the screen to maintain rigidity. They can use a three coat paint system for limited areas to resist fading.

Mr. Lehrkind asked about the chain link on the back side. Mr. Heldt said they ran some costs for the perforated material in the back instead of chain link. There is an increased cost since it is a lot of area to cover. Mr. Lehrkind asked if it would look that much better than chain link. Mr. Heldt said there is not much of a difference from the distance that it would be viewed from and personally thinks it is not worth the cost. Mr. Sprenger added that if we ever add gates they may block that area. It would currently be an area only viewed when taxiing.

Mr. Heldt said they do like the thundermax material but with the amount of perforation they are worried that they will spend money on a panel that they don't get the full effect of. We could possibly pick another material with the same effect and less cost. They should explore that just as a professional obligation.

Ms. Hogan presented the interior finishes. She laid out some carpet samples. Ms. Hogan said their intent is to match the terminal finishes to greatest extent possible. Interior finishes change every year. Since a period of time has passed, the carpet in the terminal is

no longer available. They have found an alternate manufacturer that has a pattern that matches. They had them take standard yarn colors and create a custom color. There is no upcharge for that. The grey carpet is also no longer available. They found a similar match and there will be band of it between the terminal and the connector piece. She presented a coordinating walk off mat material to be used in the vestibules. There will also be paint that coordinates.

Ms. Hogan presented some restroom finishes. They could try to match the existing. The flooring in the west restroom is still available. The wall material is available. The accent glass mosaic tiles are no longer available. They have found something similar. The sinks would be different. The drop in sink is not available and Mr. Sprenger added that it is no longer wanted.

The other option for the restrooms is to consider a new finish scheme. It wouldn't be matching throughout the terminal. But, those would be materials that are currently available, on trend and available for replacement and repair for a longer period of time. Mr. Mathis asked if the women's restroom is in good condition or does it need to be re-worked now. Mr. Sprenger said it would be beneficial to re-work it now. It is 23 years old. A lot of the sinks and counters need replaced. Floor, walls, and partitions are in good shape.

Mr. Sprenger said they looked hard into keeping the men's restroom where it is. Even with the crowds of this summer it would be a choke point. They have made sure there are no doors into the restroom which is important. They find that the men's restroom has more paper towels on the floor since they use them to open the doors.

Mr. Heldt confirmed we would like minimal finishes on the women's. It was decided that the men's restroom will be matched to the more current restroom on the west.

Mr. Maierle said the men's restroom could be a bid alternate. The roof would be a bid alternate. The roof over the ramps is part of the base bid. There will be 1,100 stalls. Mr. Maierle said they will move forward to advertising for bids.

8. Update on Montana Gift Corral and Copper Horse Restaurant – Bob Hopeman

Agenda item postponed as Mr. Hopeman was unable to attend the meeting.

9. Consider Parking Rate Adjustment effective September 1, 2017

Mr. Sprenger reported that we have not had a parking rate adjustment since Sept 1, 2013. We asked Republic Parking to do an evaluation of other regional airport's rates. We would be slightly ahead of Missoula for short term but lower than Billings on short term. We would be lower than Billings on long term and equivalent to Missoula for long term.

The rate adjustment would potentially increase revenue by \$337,000 annually. With all the needs to employee and overflow parking that would be beneficial. We will have to look at new parking equipment in the next few years which is not cheap. We have not put a lot of attention to parking in the budget.

We are currently ok with the competition from Uber and others. Our rates would still be competitive. We are cautious that as the ride share becomes more popular it could have an impact. The other side is that if ride share becomes more competitive we will have less need for a parking expansion. There will be a fine line between managing customers' needs and the airport's financial needs. Mr. Sprenger doesn't believe it will be a factor at this point but will watch it closely as we move forward.

Staff recommends approval of a \$1/day increase on both short term and long term.

MOTION: Mr. Kelleher moved to approve a \$1/day rate increase to both the short-term and long-term lots as of September 1, 2017. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

10. Fiscal year in review report and report on preliminary FY 2017 operating and concession statistics

Mr. Sprenger reported that tower operations were 76,943; that was down 4.6% due to taxiway construction last September and October. Corporate landings were up 11.6% to 3,431. Available seats for airlines increased 8.1% to 675,270. We averaged 105 seats per flight which is up 6 seats per flight. For enplanements we had 573,767 passengers which is an 8.1% increase. We filled approximately 88 of the 105 seats that were offered. Our load factor remained almost the same at 84.6% this year compared to 84.7% last year.

Concession Revenues – Rental cars were our largest revenue source. Total rental car revenue was just over \$3 million which is up 19.8%. Food and beverage also increased substantially by 13.8% to \$574,000. Gift concession revenue had a modest increase of 1.6% to \$463,902. A lot of that had to do with KMG altering their visit plans. Ground transportation revenue was down. That is partly because of reporting that hasn't been received yet. Uber is now reporting for all of their drivers and we are starting to tally those numbers. The parking lot revenue was up 7.2% to \$2.7 million. Total concession fee revenue was \$6,882,000 which is up 12.3%.

Since the parking garage will be paid for through rental car customer facility charges (CFC), rental car days become very important now. Rentals car days were up 9.3% to

503,648 rentals car days for the year. Total concession revenue per enplanement was up 3.4% to \$11.93 per enplanement.

Customs had a 10.7% increase in landings from 121 to 134. That reduces 15% of the airport's share in making up the difference of customs which will be just under \$10,000 for the year now. Customs is getting closer to self-sufficiency.

Operating income was up 9.5% to \$10,540,000. Expenses were up 12.5% to \$5.2 million. A lot of that expense increase was additional staffing. Net income was up 6.7% to \$5.3 million. Our cash on hand was \$29.1 million. That will diminish quickly with the parking garage project. Debt as of the end of the fiscal year was \$13.4 million.

The annual financial audit had no findings. We were awarded the Certificate of Achievement for Excellence in Financial Reporting. We maintained our A3 rating by Moody's. We now account for 29.3% of all passengers flying in and out of Montana compared to 27.9% last year.

Our FAA certification had two minor deficiencies, but other than that came through very well. Our TSA audit showed no findings.

We are completing projects. We completed the land swap and acquisitions that added another 160 acres to the airport. The protection of approach zones and clear zones for long term viability of the airport has been one of our goals and it minimizes our impact on the community. There is not a lot of area left that we can buy but we continue to look at opportunities.

Ms. Stelmak commented that labor increased because the cost of labor is increasing. She said it is remarkable that we spent \$622,000 on utilities and the increase was basically stable. It is remarkable that we can control that considering the increased enplanements.

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

Total operations for July 2017 versus 2016 were up 2.9%. That puts our rolling twelve-month operations at 77,179. Corporate landings were up 20.4% at 436 versus 362. Total enplanements were up 9% 73,578 versus 67,506. That puts our twelve-month enplanements at 579,839. Deplaned passengers were up 7.5% at 74,105 versus 68,943. Airline landings were up 4.3% percent at 780 versus 748. Airline load factors were down 3% at 81.8% versus 84.8% with 13% more seats in the market. Fuel dispensed for June was up at 765,747 versus 757,134.

We don't have good numbers for August. We have more seats in the market. We will probably be in the high single digits.

12. Airport Director's Report – Brian Sprenger

Mr. Sprenger presented a time-lapse video of what a typical Saturday at the airport looks like. It was of the terminal ramp between 11:45am and 2pm. Mr. Mathis said when they had more than 3 airplanes at the ramp at once they would take pictures. Now we have had 13-14 on the ground at one time. Many are large aircraft.

Mr. Sprenger said this summer we have had generally good weather so aircraft has arrived early. United operates out of areas that are most affected by weather. One of United's challenges is utilizing gate space. They have been better this year but they have

been a challenge since they are our largest carrier. They have 97 badged employees at our airport. They will need at least that or more to operate their winter schedule.

The test strip on Runway 11/29 is scheduled for Saturday and full paving is planned for Monday.

On July 18 a pilot out of Ennis decided to create a new runway on taxiway Alpha. Fortunately there was no other traffic on Alpha. He was advised to follow the RJ in and he didn't. It doesn't appear there was any impact from construction. It appears that he wasn't paying attention.

The fuel farm is beginning to become a constraint. The Yellowstone Jet Center has a little less than 100,000 gallons in tanks. They go through 55,000 gallons on a peak day. There are concerns with the transport capacity. They had a couple days when they were concerned if they could get enough fuel in. They will have to address that.

The new website goes live on Monday. Lisa has done a great job coordinating that. It is still Bozemanairport.com.

Mr. Sprenger said he will be taking annual leave a week from Friday.

Mr. Mathis mentioned that the annual inspection is something that doesn't get a lot of discussion but it is a big deal. The two minor deficiencies were so minor they shouldn't even have been written up. He gave a well done to staff.

13. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

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

14. Adjourn

The meeting was adjourned at 4:06 p.m.



Carl Lehrkind, Chairman