

The regular monthly meeting of the Gallatin Airport Authority was held December 12, 2013 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Kevin Kelleher, Carl Lehrkind and Karen Stelmak. Kendall Switzer was unable to attend. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, and Cherie Ferguson, Office Manager.

Kevin Kelleher, Board Chair, welcomed everyone to the meeting and said anyone wishing to make public comments could list their name and topic on the signup sheet. Members of the public are also welcome to comment on the agenda items when they are being discussed. He asked that they raise their hand, be recognized, go to the podium and introduce themselves before making their comments.

1. Review and approve minutes of regular meeting held November 14, 2013

Mr. Kelleher asked if everyone received their copy of the minutes and if they had any questions, corrections or additions. Carl Lehrkind said that in the minutes he moved to pay the bills and Mr. Switzer seconded them but Mr. Lehrkind was not at the meeting. Ted Mathis made the motion.

MOTION: Mr. Lehrkind moved to approve the corrected minutes held on November 14, 2013 and Karen Stelmak seconded the motion. All the board members voted aye and the minutes were approved as amended.

2. Public comment period

Mr. Kelleher said anyone was welcome to comment during a particular agenda item. There were no public comments at this time.

3. Consider assignment of rental car concession agreement from Lewis Transportation Group to DTG Operations, Inc

Brian Sprenger, Airport Director, said Hertz Corporation is in the process of purchasing the local Dollar Thrifty franchise from Lewis Transportation. They would like to have the agreements assigned to them under DTG Operations, which is Dollar and Thrifty Group Operations, a subsidiary of Hertz. He recommended approval, contingent upon all of their fees being paid current and the actual agreement being completed. There is an agreement in principle, but it has not been signed. We need that documentation from them as well. Mr. Sprenger and the board discussed the impact of the sale during the holiday season. The local Hertz franchise has enough inventory to take care of the Dollar Thrifty customers during this period.

MOTION: Mr. Mathis moved assignment of the rental car concession agreement from Lewis Transportation Group to DTG Operations, Inc. contingent upon all accounts being paid in full. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

4. Consider request by Jennifer Vermeer, Carlton Harris and John Stiles to lease a 194 square foot office in the terminal building on a month-to-month basis for the purpose of a membership breakroom for tenants and air carrier employees only

Mr. Sprenger said last month the board and he briefly discussed this item. This is a group of SkyWest employees who have identified a need for a breakroom for lease in the terminal because it is not being provided by various employers. They feel there is an opportunity here where they can provide that service in a membership format. We have two spaces available in the airline area. This area is behind the United ticket counter and would work well for their operation. Because there could be a future need for airlines, Mr. Sprenger does not recommend a longer-term lease. Staff only feels comfortable with a month-to-month lease because we need the flexibility to reclaim the space. In the meantime, it is space that has been unused since we opened the terminal expansion and would generate about

\$4,300 in additional income for the airport and provide a space for the various employees. They have a professional plan and have insurance with the airport as additional insured. The lease agreement is the exact same lease agreement as the airlines have except it is for premises only and they will pay the same rate per square foot for the space as the airlines do.

MOTION: Ms. Stelmak moved to approve the request by Jennifer Vermeer, Carlton Harris and John Stiles to lease a 194 square foot office in the terminal building on a month-to-month basis for the purpose of a membership breakroom for tenants and air carrier employees only. Mr. Lehrkind seconded the motion and all board members voted aye.

5. Consider request by Sarpy Creek Land Company, LLC to transfer their interest in hangar 91/113 to Doug Chapman and convert the lease to a Commercial Hangar Lease

Mr. Sprenger said Mr. Chapman is in the process of purchasing the hangar from Tempe Connell, Sarpy Creek Land Company. One of the nuances that is a little bit different is that this is a hangar that is eligible to be a commercial hangar. Mr. Chapman has an interest in being able to use the building as a commercial operation when the need arises and he wants to be in compliance. Mr. Sprenger said that most of our commercial leases are generally tied to a direct commercial operation and a direct commercial operation is then tied to the company that is operating it. Mr. Chapman would like to lease it under his name as he does with the other hangars he owns.

The board and Mr. Sprenger discussed parking for some vehicles and trailers Mr. Chapman owns and that there are twelve parking spaces at this hangar he could use. It is appropriate for him to park them in this parking lot because it is outside the fence. Mr. Mathis said Mr. Chapman has a first-class business and does a great job for the community.

MOTION: Ms. Stelmak moved to approve the request by Sarpy Creek Land Company, LLC to transfer their interest in hangar 91/113 to Doug Chapman and convert the lease to a Commercial Hangar Lease. Mr. Lehrkind seconded the motion. Mr. Mathis moved to amend the motion to include Mr. Chapman removing all of his vehicles and trailers from airport property or storing them inside one of his hangars. No one seconded the motion.

Following discussion, all board members voted aye for the original motion and the request was approved without opposition.

6. Consider replacing two airline gate counters with airport standard gate counters

Mr. Sprenger said Delta asked that we consider changing out their counter at gate 3 to match the airport counters at the other gates. Staff believes we should change gate 2 also if we change the counter at gate 3. The backwall at gate 3 would also look better if it were replaced. The approximate cost to convert the gate counters and backwall is \$40,000.00.

The board and Mr. Sprenger discussed the conversion and the costs and decided to table the agenda item so staff can talk to Delta.

MOTION: Mr. Lehrkind moved to table the request of replacing two airline gate counters with airport standard gate counters for 60 days to allow time to talk to Delta. Mr. Mathis seconded the motion. All board members voted aye and the request was tabled.

7. Consider Airport Capital Improvement Plan (AIP)

Mr. Sprenger said Ms. Stelmak would not have seen the plan last year because she was not a board member then, but essentially this is the same plan that we had for AIP projects last year. We removed the current fiscal year projects and added projects for fiscal year 2019.

Mr. Sprenger and the board discussed the projects and funding, depending on what happens with the government. Mr. Sprenger said the Airport Authority contributes

significantly to capital projects; with the exception of resurfacing the runways and taxiways, other projects could be delayed to reflect funding allocation. The Authority has more flexibility than most airports have. This plan has to be submitted to the FAA so they can allocate funds for our future projects.

MOTION: Mr. Lehrkind moved to approve Airport Capital Improvement Plan as presented by Brian and staff. Mr. Mathis seconded the motion and all the board members voted aye.

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

Mr. Humphrey said there were no real surprises for November. Tower operations were essentially flat, 5,930 versus 5,955 for November 2012. There were 76,073 rolling twelve-month operations; corporate landings were down slightly 118 last month versus 129 last November. Enplaned passengers were down 7.5%, which was expected. We were down basically 10% on seats, so right now we're looking at 440,000 enplanements for the rolling twelve-month average. Passenger deplanements were down 7.5%. Airline landings were down 7.3% for November, 380 versus 410 last November. Airline load factors were up, 87.2% versus 83.8%, which was mainly due to reduced capacity. The only airline that didn't have an increase was Allegiant Air. Their load factor last November was 94% and this year it was 85.4%. Mr. Humphrey said BZN's November load factor was still better than their system load factor, which was just at 84.5%. He was a bit disappointed that our load factor wasn't higher but believes it was affected by the Thanksgiving holiday being so near the end of the month. He believes we may see a small rebound of Allegiant's load factor in December. Fuel dispensed in October was down 6.1% from October 2012. The good news is we have 4% more seats in the market for December. In mid-December we are looking at just about 9 1/2% more seats available than mid-December 2012, which was a record. Mr.

Humphrey projects about 2.2% more enplanements than we had in calendar year 2012. We should end up with about 443,500 enplanements. Mr. Humphrey said we are continuing our twenty-year trend of having 5% growth each five years. Five years ago we had 346,754 enplanements, and if the trend continues, five years from now we should be at about 570,000 enplanements. Looking forward for the next six months, January 1 through June 30, we are seeing about 4% more seats in the market than we had for January 1 through June 30, 2013. This next weekend, seasonal flights from Newark, Atlanta and Los Angeles for the Christmas season will be starting up again.

Mr. Sprenger said we are seeing a 16% increase in available seats for June and 10% for July. He said Delta has added a fourth daily flight to Minneapolis and they will be using larger aircraft for some of the flights. United has also increased available seats during the peak season. Frontier's load factor for December was 88.9% compared to 75.3% last December, and that is a good thing. We want their new ownership to be pleased with the service to BZN.

9. Airport Director's Report – Brian Sprenger

Mr. Sprenger said the board may have seen that the US Airways, American Airline merger has been completed. They announced today that they ordered 90 new aircraft. He said the good news is that any one of them would be suitable for Bozeman to Dallas.

Mr. Sprenger reported that TSA pre-check is up and running. It isn't for all flights but during peak times when multiple lanes are open. Ms. Stelmak said she went through it on Monday and from a passenger standpoint it was incredibly convenient and from a management standpoint it was very professional and well done. Mr. Sprenger said our bread and butter are the people who fly all the time and to hear that it was pleasant is very positive.

Ms. Stelmak said the TSA officers were helping people who had not gone through pre-check before so it was very efficient.

Mr. Sprenger reminded the board members that our Christmas party is Friday, December 20th at 5 o'clock.

Mr. Sprenger said this year our staff pitched in to help pay for a laptop computer for a teenager with cancer so she can do her homework. Mr. Sprenger is very proud of our staff for helping with that.

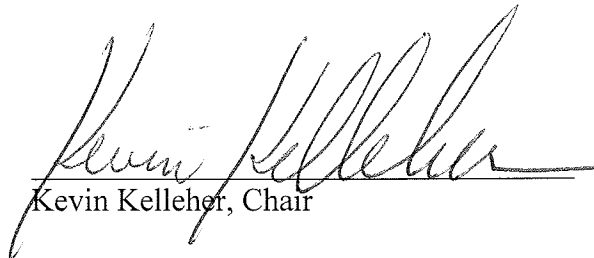
10. Consider bills and approve for payment

The eighth agenda item was to consider the bills and approve for payment. The Board members and Mr. Sprenger reviewed and discussed the bills.

MOTION: Mr. Lehrkind moved to pay the bills and Ms. Stelmak seconded the motion. The motion carried unopposed.

11. Adjourn

The meeting was adjourned at 3:11 p.m.



Kevin Kelleher, Chair