

The regular monthly meeting of the Gallatin Airport Authority was held January 11, 2024, at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Karen Stelmak, Carl Lehrkind, and Kendall Switzer. Mr. Kelleher attended virtually. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, and Troy Watling, Assistant Director - Finance.

Mr. Mathis, Board Chairman, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board and called the meeting to order.

Mr. Mathis recognized members of the Monger family who have contributed to aviation in Bozeman. Joe Monger was the first full-time airport manager at Gallatin Field from 1944-1956. Joe Monger's son, Jim was present at the meeting. Jim Monger and his partners at TAP, Inc. completed a new master plan for Gallatin Field in the early 1970's and parts of the plan are still valid today. Mr. Mathis said it was one of the best master plans he had ever seen. Mr. Mathis introduced Stan who flew and instructed for SunBird Aviation. Stan's brother Scott is a local aircraft mechanic. Stan's wife Linda learned to fly here in Bozeman. Mr. Mathis introduced Jennifer Monger who is a commercial pilot and flight instructor for Ridgeline Aviation.

1. Review and approve minutes of regular meeting held December 14, 2023

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

MOTION: Mr. Switzer moved approval of the minutes of the regular meeting held December 14, 2023. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider Guaranteed Maximum Price (GMP) for boarding bridge removal, relocation, supply, and installation of two fixed tunnels

Mr. Sprenger presented images and locations of the proposed changes. To expedite the expansion to the east, 3 boarding bridges will be taken out of service. We do not want to be down 3 gates. We would like to purchase 2 fixed tunnels to locate at temp gates A2 and A3. We would be relocating A5 to temp A3 and A3 to temp A2. Boarding bridges A2 along with B2 are 2 of our oldest bridges at over 30 years old. They are not upgradable. Storage and reuse of them would be difficult.

Martel has provided a maximum price of \$1,033,636. This is about 8% higher than what we had hoped for, but it is within the budget and not out of line considering the bidding climate. Staff recommends approval. This is the first real money being spent on the terminal project.

Ms. Stelmak asked how many gates will be operating during the expansion. Mr. Sprenger said we will never have less than 10 when fully functioning.

Mr. Mathis asked if the bridges to be disposed of are still functional and would it make sense to donate them to a smaller community. Mr. Sprenger said yes, and we are considering Butte, West Yellowstone, Cody or possibly Missoula. We would prefer to do that than recycle the metal.

Mr. Sprenger said the anticipation is to get back to 12 boarding bridges by the end of the project with the ability to go to 15 gates. This spring or early summer we will have a bid

alternate to do the last phase which would add 3 more gates. Ideally, we would like the structure to be completed through the 15 gates, but we want to keep our options open.

The tunnels help accelerate the project and create a cost savings that outweigh the cost of the tunnels. They may also be used in the last phase of the project.

MOTION: Mr. Lehrkind moved to approve the Guaranteed Maximum Price (GMP) by Martel Construction for the boarding bridge removal, relocation, supply and installation of two fixed tunnels. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

4. Consider proposal by Serco, Inc. to provide and extend air traffic control services an additional half hour on each end of the operating day at Airport Authority expense

Mr. Sprenger said we have several late arrivals after midnight and scheduled departures prior to 6 a.m. Especially during snow removal operations, we believe it is always better to have another set of eyes. We have also had times when weather sensors were not working. Controllers can provide redundancies for the weather. In the past we have supported stepping up and doing the right thing even though there is a cost involved. Staff recommends approval.

MOTION: Mr. Stelmak moved to approve the proposal by Serco, Inc. to provide and extend air traffic control services an additional half hour on each end of the operating day at Airport Authority expense.

Mr. Lehrkind asked if we are close to the number of operations needed to require additional tower staffing by the FAA. Mr. Sprenger said to have the FAA fund it, we have to prove consistently, over 3 months, 4 operations per hour. Due to varying schedules, that hasn't happened. We currently monitor this and will continue to do so.

Mr. Switzer asked about staffing by Serco. Mr. Sprenger said Serco is pursuing a 7th controller. Serco doesn't have FAA approval yet. Les feels comfortable they can meet the additional half hour at each end with the current staffing. Anything more with the current staffing level would be an issue.

Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

5. Consider request by Mr. Lance Richards and Mr. Peter Wolfgram to transfer their non-commercial land lease on hangars EW1-EW5 & EV4-EV8 to Elite Hangars, LLC and extend the term until March 31, 2054

Mr. Sprenger said this is a transfer of ownership so they have the opportunity to request a new lease. The hangars are in good condition and the rent is current. We have aircraft tail numbers for all but 2, which are for sale. The hangars are 6 years old.

This is a 30-year term due to the size of the hangar.

MOTION: Mr. Lehrkind moved to approve the request by Mr. Lance Richards and Mr. Peter Wolfgram to transfer their non-commercial land lease on hangars EW1-EW5 & EV4-EV8 to Elite Hangars, LLC and extend the term until March 31, 2054. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

6. Consider request by ACW, LLC to enter into new 20-year non-commercial land leases on hangars 9 and 10

Mr. Sprenger clarified that the lease on hangar 9 is with Arlin's Aircraft, Inc. Arlin's and ACW have the same ownership but are different entities. A 20-year lease is outside of what we would normally offer for a new lease. There is no ownership change here. This is a request to terminate the lease early and reduce to term. Typically, we have not done this. The purpose of the request is to have both parcels on a similar lease term.

Arron Wass with Arlin's Aircraft Service and ACW said when they bought Hangar 10 earlier this year there was a verbal request for a new 20-year term lease and Mr. Humphrey said that could be worked out later. Mr. Wass said they have 4 airplanes in both hangars. There are no plans for sale or development of the properties. Their intent is to get the longest lease possible.

Mr. Sprenger clarified that we offer a 20-year term only when the ownership changes. That opportunity was missed when ACW purchased Hangar 10 last year. Hangar 9 has not changed ownership. As the hangars term out, they are getting older and require more inspections and maintenance. For ownership changes, we add in a \$1,000 fee and inspection. On ownership changes, the 20-year term is offered to procure financing. That doesn't apply for a renewed lease by the same owner.

Mr. Sprenger reiterated that approving this request would be a change in precedent. Risks and implications of creating a new precedent were discussed.

Mr. Mathis read a section of the lease language in reference to Termination and Default Assignment Transfer and Sublease:

"If the Authority desires to continue to lease this plot for the existing use, a good faith effort will be made by the Authority and the lessee to either extend this lease or enter into a new agreement mutually acceptable to both parties within 90 days prior to the expiration of this agreement. If no agreement is reached, the lease shall be terminated. Upon termination of this agreement, by the passage of time or otherwise, the Authority shall have the option to require the removal of all structures, installations, and improvements within 90 days after the expiration of the lease agreement at the lessee's expense. If the lessee fails to remove

the structures, installations, and improvements within 90 days, the Authority shall have the option to take title to such structures, installations, and improvements.”

Mr. Mathis said he is not comfortable with changing the terms of the lease outside of the lease term. These hangars are over 80 years old. We don't know what their condition will be at 100 years. If Mr. Wass has plans to tear the hangars down and put in new ones, this would be a different situation. Mathis recommends denial of the request.

Mr. Wass reiterated his verbal request for a 20-year term on Hangar 10. Mr. Humphrey said that was requested after the lease was executed.

Mr. Sprenger clarified that at the end of an existing 10-year lease, another 10-year term lease may be offered if the hangar is in good condition and the rent is current, not a 20-year. In this situation, it sounds like the 20-year term may have been miscommunicated during the purchase of Hangar 10. That would not apply to Hangar 9 since the ownership has not changed.

There was continued discussion on inspections for old versus new hangars and how that applies to lease renewals.

Mr. Sprenger said we have never modified a lease mid-stream. We have terminated leases but have not modified them. Mr. Switzer said this could set a problematic precedent.

Ms. Sprenger clarified that we can inspect hangars at any time but we have the best ability to enforce improvements upon lease renewals.

Mr. Switzer asked the historical implications of the building. Mr. Sprenger clarified that the restrictions only apply when we, as a government entity, own the building. Mr.

Switzer agreed with Mr. Mathis that we can't bend the rules and it is important to be consistent.

Mr. DJ Brask came to the podium and said the last agenda item was approved to extend the term of a lease. Mr. Sprenger responded that the last agenda item was a new lease.

Mr. Wass said he is not asking to bend the rules but this at least serves as an education for the public on how leases work on the airfield.

MOTION: Mr. Lehrkind moved to deny the request by ACW, LLC to enter into new 20-year non-commercial land leases on hangars 9 and 10. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

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

Mr. Humphrey said there were 8,769 total tower operations for December versus 7,457 last December 2022 which is up 17% and 16.8% better for the year. Rolling 12-month operations were 129,775 operations which is another record. Corporate landings over 9,000 lbs. were 954. Corporate landings over 12,500 lbs. were 831. There were 19 custom clearances in December 2023 which is 36% below December 2022. Mr. Humphrey noted that some United and Allegiant numbers are estimates for now in the following totals. Total revenue enplanements were up 5.2% at 88,978 passengers. That brings the total past 12-month enplanements to 1,231,915 which is another record. There were 96,303 deplaned passengers which is up 7.5%. Airline landings were 869 versus 760 so 14.3% better. December's load factor was down 2.4%. Fuel dispensed in November was not reported accurately.

January started off strong but has tapered off. Martin Luther King Jr. (MLK) Day is not shaping up like last year. We expect to end up 2-6% better than last January. This summer has a lot of extra seats so far.

Mr. Sprenger said the load factor we show is outbound. In December, we are relying on local traffic. A significant increase in seats requires an increase in local traffic. Local traffic did pick up some but not enough to make up for the additional seats. There were some weather complications as well.

8. Report on CY 2023 Airline Traffic Results - Brian Sprenger

Mr. Sprenger reported 2,464,325 total passengers for 2023 which is up 8.8% or 199,901 passengers more than the previous year. We were up 11.8% or 13,720 tower operations over the previous record in 2021. The bulk of the increase was local traffic. Total corporate jet landings were up 10.3%. When we have our final numbers, we will send out a press release.

9. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that overnight cars in December 2023 were 100% of December 2022. Concession revenue was 104% of last year. Month to date for January overnight cars are at 108% of last year and concession at 104%.

Mr. Sprenger reported on some seat numbers for this coming summer. Available seats this June for American Airlines is up 13.3%, Alaska is up 18.2%, Jet Blue is up 12.5%. Delta has not loaded their summer schedule yet. Allegiant for the summer is down 2.3% in available seats which is 2 flights. Sun Country is up 25% in available seats this summer. United is up 26.2% in available seats for this June. Southwest is up 29.9% in available seats for this June.

Some of our highest load factor flights are to Newark and Atlanta. Aircraft will be slightly smaller going from 148 seats to 144 average. There are 169 additional flights this June or about 18% more.

Staff appreciated the Board's investments, particularly over the holiday. The terminal curb is more efficient. The additional parking helped. The marketplace has been relieving pressure at other concessions in the concourse. The change over to TSA has been productive with very few long lines. These changes have provided the traveling public with a more pleasant experience. The new baggage system has helped.

We will be replacing an incinerator for customs but it will be funded by our partners. The cost is about \$30,000.

FedEx will be doing parking lot and building improvements. They have to fence out some of their parking for security reasons.

The FAA has approved increasing the pattern altitude to 1,000 feet above ground level (AGL). That should help with aircraft noise. We have seen some flight pattern adjustments by flight schools to pattern size to reduce impacts on neighbors.

Next month we will have a presentation on calendar year 2024 projects.

Our fire station and snow removal equipment building bid opening will be at the March board meeting. The March meeting will also include the Guaranteed Maximum Price (GMP) for the second part of the terminal enabling project.

The checkpoint expansion is moving quickly. We expect to see expanded queuing as early as next month. Tower work continues.

Mr. Mathis asked if we have received reports from the Plane Pass system. Mr. Sprenger said we will be getting reports shortly. We have been reviewing many processes. Plane Pass pulls information and does billing and collections. We have also refined the contract for garbage removal which is saving us \$1,000/mo. We got a new phone system that will reduce the number of phone lines we have and will save us about \$500/mo. We are constantly looking for areas to improve processes and save money at the same time.

10. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Mr. Lehrkind moved to approve the bills for payment. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

11. Adjourn

The meeting was adjourned at 3:25 p.m.



Ted Mathis, Board Chairman