

The regular monthly meeting of the Gallatin Airport Authority was held September 10, 2015 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Carl Lehrkind, Kendall Switzer, Karen Stelmak and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director-Ops, Troy Watling, Assistant Director of Finance, and Shannon Rocha, Recorder.

Ted Mathis, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board and said members of the public are welcome to comment on a specific agenda item when it is being discussed. He understands people are busy and cannot stay for the entire meeting but are welcome to stay if they would like to.

1. Review and approve minutes of regular meeting held August 9, 2015

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

MOTION: Mr. Lehrkind moved approval of the minutes held August 9, 2015. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

Mr. Mathis acknowledged that no one was signed up to speak during the public comment period. He asked if anyone had something they would like to discuss that is not an agenda item. There were no public comments.

3. Consider request by Signature Flight Support to extend the lease on commercial hangar 2/3 until June 30, 2017

Mr. Sprenger showed the location of hangar 2/3 on the map. It is owned by the Gallatin Airport Authority. It is leased to Yellowstone Jet Center who subleases it to Summit Aviation. It is one of two hangar buildings that we own. The lease with Arlin's for the cinderblock hangar next to it comes due June 30, 2017. We are proposing to extend the existing lease on hangar 2/3 until June 30, 2017 so that both hangars can be addressed at the same time. In the meantime we hope to have the north side development in motion and in a position to begin negotiating a reallocation of the front line. To take advantage of the timing, staff recommends extending the existing lease; legal counsel is comfortable with that as well.

MOTION: Mr. Kelleher moved to approve the request by Signature Flight Support to extend the lease on commercial hangar 2/3 until June 30, 2017. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

4. Continue consideration of entry signage

Mr. Sprenger said everyone should have received the proposed signage and location(s). This has been discussed previously. We are hoping to choose a final design and also determine the location.. Staff's recommendation is to have the BZN put into the signage. BZN should draw attention when you're driving no matter the size of the sign. There are quite a number of people who associate BZN, our airport code, with our airport. Staff is happy with any of the three designs. Several locations have been discussed previously. There are differing advantages to each location.

There is existing signage that directs people to the airport who are coming from various directions. Staff doesn't think the top of the hill is a good spot for a monument sign. With all the congestion it could be missed. There is some merit to having it at the bottom of the hill. If so, the question is should there also be a sign at other locations. Just beyond General Aviation (GA) might be a good spot so that it designates where the airport is but shows the airport is still associated with GA. Two signs will cost \$50,000. Staff's recommendation is not to overdo the signage.

Mr. Mathis said he has looked at it quite a bit. His opinion is to use Sign A and locate it just past the turn off into GA. There you are up on top of the hill and you can see the whole airport. There will be a general aviation sign. That would be a nice welcome location. That area will not be used for buildings.

Ms. Stelmak agrees that Sign A is by far the best sign. She would endorse use of that sign. She agrees that one monument sign is sufficient. There should be a lot of green directional signs in addition. She suggests locating the sign down near the road at the main entry, so it would be seen coming from most directions.

Mr. Sprenger said that particular location has restrictions because of its proximity to the road. It would have to be between 14 to 18 feet in size. Mark Maierle, Airport Engineer, said to accommodate a sign larger than 14 to 18 feet, we would have to move a lot of dirt. The minimum set back is 15 feet from the road stripe.

Kent commented from the audience and asked if the center of the roundabout had been considered. Ms. Stelmak said it would look great there but she wouldn't recommend it because most people are busy navigating the roundabout and not looking at the sign and so

it would probably be lost. Mr. Lehrkind commented it might not last long in that location as we have had people drive through the center of the roundabout.

Mr. Kelleher asked about the green and white signs. He asked what they would include and if we make them or do we purchase them from the highway department.

Mr. Sprenger responded that we do have the capability of making the green signs. The green signage will be simply General Aviation right and Terminal straight ahead. It is designed to be simple so people can quickly determine what direction to go in.

Mr. Kelleher agrees that a monument sign at the intersection and then a number of green and white directional signs as you get further in would be appropriate. He suggested the option of elaborating the green and white signs and adding a logo. Mr. Sprenger responded that staff would like to keep the highway signage as simple as possible.

Mr. Kelleher received a comment from a local real estate broker that when you leave the airport and go towards the interstate, there are no directional signs for West Yellowstone or other surrounding areas. Mr. Sprenger said that problem should be solved now with signage that directs to Belgrade, West Yellowstone and Big Sky when you leave the airport.

Mr. Switzer agrees Sign A is the best. The place he thinks we really need a sign is at the main entrance. He leans toward that location because of the traffic coming to that intersection from multiple locations. Then place green directional signs at other places.

Mr. Sprenger said the challenge on the left side is that when there is traffic backed up, it will block the signage.

Mr. Lehrkind said he noticed today while he was at that intersection about three cars back, he couldn't see much of the hill. His concern is that you are not going to see the sign unless you're the first at the light or when you're already driving through the intersection. Mr. Lehrkind wanted to point out that without a very good place to put this expensive sign, are we spending the money appropriately? He understands why we would want a monument sign but without a great location he is hesitant.

Ms. Stelmak clarified that the general consensus was that everyone agreed that Sign A is the best. She asked Mr. Sprenger for additional drawings.

Mr. Sprenger said they could provide additional drawings for the proposed locations. From the discussion, there are four potential locations. He asked if the roundabout location should be taken off the table, as that would narrow it to three potential locations.

Mr. Mathis sees the value of having a sign at the main entrance. But a 14-foot sign is too small. A nice green highway sign if needed there would be great. Putting the monument sign before General Aviation will not work, as it will interfere with the new GA sign that will be going up. Putting the monument sign by the roundabout sends the message that GA doesn't count as part of the airport. He agrees that ruling out the location by the roundabout is a good idea. Ms. Stelmak agreed.

Mr. Lehrkind asked if the signs that are already near the intersection are enough.

Mr. Sprenger said he thinks that once the General Aviation sign is up it will alleviate concern. He said having signs at the corner would only benefit travelers in one direction. The monument sign is just a welcome sign and it is not directional in its purpose. He thinks somewhere between the entrance and GA is the best location. The top of the hill is a good

location for landscaping. He is happy to provide more pictures of the three proposed locations.

Mr. Lehrkind would like to see the proposed locations with the chosen sign. Mr. Sprenger said they would do that and mentioned that that this is an expensive sign so we should do it right.

Mr. Kelleher said the location just past GA is making more sense.

Mr. Mathis said news items and brochures include our monument sign and so it is something that is important to have.

The discussion on entry signage will continue at next month's board meeting.

MOTION: No motion was entertained.

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

Total operations for August 2015 versus 2014 we were down 4.7 percent at 7,276 versus 7,633. Rolling twelve-month enplanements are 80,204. Corporate landings are down slightly at 299 versus 312. Revenue enplanements for August were 62,236, which is 1.1 percent better than our previous record. We are currently sitting at just over a half million enplanements. Deplaned passengers were down 1.3 percent, 58,090 versus 58,879. Airline landings are down 9.2 percent, 689 versus 759. Our load factors were up significantly at 90.7 percent versus 82 percent for August of 2014 and that is on 9 percent less seats. Fuel dispensed for July was 940,907 versus 964,525. For September we are sitting at 1.2 percent better than we were last September. We have a few hundred seats less this year than we did last year. It looks like the fall and winter are shaping up well. For October we are 1,661 seats over last year. For November we have 2,464 more seats than 2014 and for December

we have 2,846 more seats than 2014. We are expecting to hit the 1 million-passenger mark through the terminal in October. Mr. Kelleher asked if there was any news on Frontier. Mr. Humphrey responded that load factors are almost 90% with hardly any connections out of Denver. It appears that Frontier is looking for larger markets.

Ms. Stelmak asked Mr. Humphrey if he had any information on the load factor for Bozeman to Seattle with Delta and Alaska. Mr. Humphrey responded that he has heard it is doing well inbound but not doing as well outbound.

6. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported on international travel. Our top ten markets for international travel are:

1. London
2. Cancun (92.4% originating from BZN)
3. Cabo San Lucas
4. Toronto
5. Vancouver
6. Frankfurt
7. Tokyo
8. Paris
9. Puerto Vallarta
10. Amsterdam

Some of the traffic to London may be going elsewhere, but that is last point coming in. Beijing is number 12.

That brings up another point. Mr. Sprenger and Mr. Humphrey were at The Boyd Group's conference last week. China is now at par for travelers coming to the United States as Americans traveling to China. It is approximately 2 million travelers each way. They expect that by 2020 it will be 7 million traveling from China to the United States. There are first tier cities like Seattle, San Francisco, New York and others. But at the conference they were focusing on the second tier cities. The second tier cities included Orlando, New Orleans, Phoenix, Jackson Hole, Spokane, and Bozeman to name a few. There were 19 second tier cities listed. The discussion was whether or not those communities and airports would be China friendly. That will be a determining factor of whether or not the Chinese continue to travel to those cities. West Yellowstone has become China friendly and has drawn a whole lot of traffic from tour buses that previously traveled to Jackson Hole. West Yellowstone is accommodating their dietary and cultural needs better than other cities. That is something we will be keeping an eye on. A hotel has placed a billboard in Mandarin near the canyon.

Mr. Kelleher said he spent 40 days in the park this summer and the main tourists were Chinese. He noticed a tremendous influx compared.

Mr. Sprenger reported that for the hotel feasibility study, we asked should the hotel have an Asian component or emphasis. The Chinese may choose to start and end their trip here because we are China friendly. The idea was appealing because it is a market our community currently doesn't serve. It could provide an edge in the market.

Ms. Stelmak attended a Hilton owner's conference. A huge segment of the conference was familiarizing people with the China tourism industry. The influx is due to the

huge percentage of the population that has the financial means to travel abroad. They said we would see a dramatic change over the next 10 years. The conference did not advocate signage or language, since many speak English, but dietary and connectivity are the things that can make the difference.

Mr. Sprenger reported on the land swap. We are drawing the lines to work out the swap. Hopefully if all goes well, we could see a proposal maybe as early as October.

Mr. Sprenger reported on another land potential. There is an interest from the owner of a property near the airport to have us consider purchasing her property. Staff recommends looking at it as a.

Mr. Sprenger gave an update of the Environment Assessment (EA). He said we should have it back anytime now for final updates. It takes them about six weeks and it takes Mark and Scott about two days. The FAA on the financial side is pushing to get it done. We have a program to do the runway next year. We have worked with the FAA on the taxiway rehabilitation and the runway rehabilitation so that we can schedule it in such a way to maximize our discretionary grant income. They have scheduled us for \$7 million in discretionary grant income over the next 3 years. That is about \$2 million more than we originally anticipated. If we are able to do that as scheduled, it would cover a larger percentage of the two rehabilitations than we were originally planning on. Discretionary projects need to be high priority projects. Mr. Mathis asked where we are with plans and specs for that project. Mark said we have about a 60% design on that. It has been surveyed and worked on. We are hoping to have the contract negotiated in the next month to

actually do the design. The Federal Government won't fund the project until the EA is done. We will have to design and bid it out in three months.

Mr. Mathis confirmed the new parallel runway would be in place before we overlay the main. Mr. Sprenger confirmed that was correct. Mr. Sprenger said we might end up doing the parallel taxiway over two years to get the discretionary funding, which would be worth it if we get an extra \$2 million.

Mr. Sprenger reported that we are getting closer to tying in the older section of the terminal to the generators we have on the new part of the terminal. That will release the two generators on the east end of the terminal. We have a couple of suggestions for that. We would like to use one of them to power the airfield lighting for the north side of the airport. Last week we had about 4.5-5 hours that we were on generator power. During that time we were reminded that the fuel farm and the shop are not on a generator. We don't usually have that amount of time on the generator. During the power outage, Kent Foster at Yellowstone Jetcenter was getting worried that they could run out of the ability to fuel airliners. Thus there is some merit to tying the fuel farm and our shop to the other generator. We talked to Kent about it and asked if they would be willing to pay for the tie in. Kent has expressed interest in doing that. We have not yet approached Arlin's about it.

Mr. Mathis commented that maintaining a generator is expensive. Doing it just for the shop wouldn't make sense. But, if the tank farm comes into play, it could. So the two FBO's should be approached about helping out with the maintenance and upkeep in addition to tying into it.

Mr. Sprenger reported that the mail has been very slow. The board mail outs are not getting delivered by the next day. Staff is proposing moving the board agenda deadline from Thursday to Tuesday the week prior. Then we can get it in the mail on Wednesday and to the board by Friday or Saturday. He asked if there were any objections. There were none. All agreed that was a good idea.

Ms. Stelmak asked about Senator Daines' aviation roundtable. Mr. Sprenger reported that it was an action packed 1 hour and 20 minutes. They discussed passenger facility charges, reauthorization, contract towers and air traffic control to name a few. There was a large varied aviation contingent of which all expressed their parts. The two controversial topics were passenger facility charges and privatized air traffic control.

Mr. Kelleher said that John Faulkner's (Great Falls Airport Director) comments at the meeting were interesting regarding FAA challenging requirements in rebuilding their crosswind runway.

Mr. Kelleher said he appreciated Cape Air's presentation. They discussed the importance of air traffic service to small communities. Mr. Sprenger commented that Cape Air is earning 40-50% more than previous providers. They have lowered the fares. The biggest thing they have done is providing a consistent reliable service that wasn't there before.

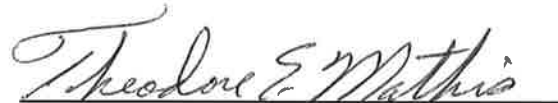
7. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

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

8. Adjourn

The meeting was adjourned at 3:02 p.m.

A handwritten signature in cursive script that reads "Theodore E. Mathis". The signature is written in black ink and is positioned above a horizontal line.

Ted Mathis, Chair