

The regular monthly meeting of the Gallatin Airport Authority was held May 8, 2025, at 2:00 p.m. in the Conference Room at the Airport Customs and Operations Building. Board members present were Ted Mathis, Carl Lehrkind, Karen Stelmak, Kendall Switzer, and Ted Barkley. Also present were Brian Sprenger - CEO, Aaron Collins - CCO, Chris Pomeroy - COO, and Troy Watling - CFO.

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

1. Review and approve minutes of regular meeting held April 10, 2025

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 April 10, 2025. Mr. Barkley seconded the motion, and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider Insurance Brokerage Proposals

Mr. Sprenger said we received 3 proposals, all from qualified firms. After review by the evaluation committee, staff recommends continuing the engagement of Marsh McLennan Agency for another 5-year term.

MOTION: Mr. Barkley moved to approve the selection of Marsh McLennan Agency to provide Insurance Brokerage Services for Property, Aviation Liability, Directors/Officers,

Law Enforcement, Commercial Crime, and Auto/Commercial Vehicle insurance coverage.

Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

4. Consider request by Central Valley Fire District to partner in a safety signage and signaling project on Airway Blvd.

Mr. Jay Wittwer, Fire Chief for Central Valley Fire District, was present along with a trustee on their board and their fire marshal. Mr. Wittwer said he appreciates the opportunity to partner with us. Their goal is to support our community. Mr. Zlomie, Fire Marshal for Central Valley Fire District, gave a presentation. Mr. Zlomie said they are having traffic conflicts on Airway Blvd. They presented a video of traffic on Airway Blvd during the runway closure to indicate the non-airport traffic. Their reports show that daily traffic has doubled. Striping on the road was applied and did not seem to affect traffic patterns. They have approached the Montana Department of Transportation (MDT) to pursue a signaling option. They have been working with Morrison-Maierle. Mr. Zlomie reviewed the phasing and some of the options. One option is a traditional traffic signal and the more advanced is a variable messaging board. Funding is still being determined. They would like full funding from MDT. Another funding option is a three-way split between MDT, Central Valley and the airport. The third option is an even split between Central Valley and the airport.

Mr. Mathis asked if Morrison-Maierle has made a recommendation on which option is best. Mark Maierle said the first phase is to work with MDT and their traffic engineers. That phase is planned to be completed by July 1st.

Mr. Switzer said a safe, clear and effective signaling option is important. Mr. Mathis and Mr. Lehrkind agreed that a one-third split makes sense. Ms. Stelmak agreed and said she has seen this precarious situation herself and is in full support of a signal.

MOTION: Mr. Lehrkind moved to approve the request Central Valley Fire District to partner in a safety signage and signaling project on Airway Blvd at a maximum contribution of one third of the study. Mr. Barkley seconded the motion. Mr. Zlomie asked if this could be open-ended. They have not yet contacted MVT, the stakeholder of Airway Blvd. to get their buy in. The airport's agreement would be one-third and then they will approach MVT and ask first if they will cover the entire cost of the study. The motion was amended by Mr. Lehrkind to clarify that there may also be no airport contribution if MVT covers the full cost. Mr. Barkley seconded the amended motion and all board members voted aye. The motion carried.

5. Consider real estate transfer agreement with Dixie M. Parsons for the purchase of properties located at 1428 and 1430 Timothy Lane, Belgrade, Montana

Mr. Sprenger said there are 6 properties in the Timothy Lane Subdivision and this potential purchase would acquire 2 of those properties.

MOTION: Ms. Stelmak moved to approve the real estate transfer agreement with Dixie M. Parsons for the purchase of properties located at 1428 and 1430 Timothy Lane, Belgrade, Montana. Mr. Lehrkind seconded the motion, and all board members voted aye. The motion carried.

6. Consider preliminary budget for fiscal year 2026

Mr. Sprenger said our operating revenue budget is \$37 million. That is 116% of last year's budget and conservatively projected at 104% of our currently projected actual 2025 revenue. Operating expenses are at \$16.5 million, which is also 116% of last year's budget and 109% of our currently projected actual 2025 expenses. We try to be more conservative on the revenues and more accurate on the expenses. We have about \$70 million in budgeted

capital expenditures. Cash on hand is expected to decrease approximately \$12 million from \$42 million to \$30 million. We have been saving for the terminal project and are spending roughly \$40-\$44 million annually on that project. We were able to pay off our long-term debt last December. The overall budget is \$88 million and the largest yet. Mr. Mathis said that each of the board members sat down with Mr. Sprenger to review the budget and ask questions. Mr. Mathis asked what the \$350,000 for Aircraft Rescue and Fire Fighting (ARFF) equipment is for. Mr. Sprenger said this is Aqueous Film-Forming Foam (AFFF) replacement. We are also hoping that when the time comes, it may be funded by the Airport Improvement Program (AIP).

Ms. Stelmak said she finds the budget well thought out and it recognizes the growth of the area. It is realistic and detailed.

Mr. Mathis voiced concerns that the new de-icing facility has become a bigger project than initially planned. Mr. Mathis understands the building and maintenance of the facility is to be reimbursed by the airlines but feels there was not enough advanced discussion for the project. Mr. Mathis supports the project but does not think we should be responsible for maintaining the de-icing equipment and has concerns about our liability for being involved in the deicing operations. Mr. Sprenger said there are options for the maintenance such as doing it internally or contracting it out. The airlines are supportive of either option. The liability would be different with each option. We have not determined the best option yet. Mr. Sprenger said the airlines could not agree on a consolidated facility. That is why we moved forward with a study that the airlines agreed to fund. The study took a few months to complete. The proposal would include land rent from the airlines for the facility. We have

options to mitigate the liability. We are planning for redundancy to ensure there are backups within the system which cover some of our liability if there is a failure. Another part of the cost is a piece of equipment (triturator) to accommodate dumping lavatory waste into the sewer system and is a more efficient system than we have now.

Mr. Sprenger confirmed for Mr. Barkley that the airport's role is to manage the design, construction and maintenance of the facility and equipment to be reimbursed through per passenger charges, but the airlines would be responsible for its operation. Mr. Sprenger confirmed for Mr. Mathis the design includes 4 loading stations. Mark Maierle clarified there is the capability to expand to 6 but we are only planning to install 4. Mr. Mathis expressed concern that if we are responsible for maintenance, staff would need to be pulled away from snow removal operations to make repairs. If we contract the maintenance out, we need someone close who can respond quickly in an emergency situation and that would be Mr. Mathis' preference.

Mr. Switzer said the de-icing operations are critical in the winter and suggested the airlines have an extensive role in this, so we are not responsible for failures in the system. Mr. Sprenger said we have consulted with the airlines and their various subject matter experts in developing this. Kansas City has a recent project this is based on. Currently, all the airlines operate their own deicing systems, equipment, staff, etc. This project has opened communication between the airlines regarding contracting with one operator for the de-icing operations to create efficiencies. Mr. Sprenger confirmed for Mr. Mathis that while this facility could be accessed by the Fixed Base Operators (FBO's) for deicing fluid, that has not yet been discussed or addressed.

Mr. Barkley asked about compensation for staff and Mr. Sprenger confirmed it includes overtime and benefits.

MOTION: Mr. Switzer moved to approve the FY 2026 Gallatin Airport Authority Budget as proposed by staff. Ms. Stelmak seconded the motion, and all board members voted aye. The motion carried.

7. Airport Business Report – Aaron Collins

Mr. Collins, CCO, said he has been here for 2 months. Our VP of Capital Projects, Rhett Boerger, is overseeing a number of projects including the terminal expansion project. The demo is complete and foundation will be poured tomorrow and we will see vertical progress. The IT team, overseen by Bob Edgar, has been proactive about cyber security and upgrades and will be hiring a new IT Specialist after a resignation. The Finance and Badging Team, operated by Troy Watling, CFO, is working on all the badging for the construction projects, airline partners, and airline tenants. We have a new member of the Finance Team, Emily Calvert, and she will be the Staff Accountant. Mr. Collins acknowledged the Terminal Appearance Team, managed by John LaFleur, for their dedication to the cleanliness of the terminal.

Total operations for April were 8,837, slightly down 10%. Rolling 12-month operations are 116,710. There were 473 corporate landings over 12,500 lbs. and 581 corporate landings over 9,000 lbs. which is up 26%. There were 12 customs clearances this April versus 17 last April. Total revenue enplanements were down 1.2% with 75,070 enplanements. That brings the total past 12-month enplanements to 1,329,000 enplanements which is a 6.4% increase from last year. Total deplanements were up 1% at 73,132. Airline landings were down slightly

with 657 landings. This year we have an average 80.9% load factor, which was 74% last year. Alaska Airlines' load factor has grown by 16.5% and Southwest's load factor is up 22.5%. Mr. Sprenger said April has about 5 more seats per aircraft, so frequency is offset by larger aircraft. Some of that is due to the runway closure. The first week of April was down because of an earlier Easter. 2.3 million gallons of fuel was dispensed in March, which is up 21%.

Mr. Switzer asked for an updated staff list. Mr. Barkley said he visited 4 other airports over the weekend and the restrooms here are by far the cleanest.

8. Airport Operations Report – Chris Pomeroy

Mr. Pomeroy, COO, said his reports will be a general operational review. The runway project is progressing well and on schedule. The paving phase started this week. The runway sealcoat and marking project started this week as well. The scheduled completion is May 20th. The maintenance team completed a crack seal of the entire runway and taxiways. Mowing has also been well handled. We will be getting in-house markings this week for the parking lots and some painting on the airfield. Operations has been working on improvements of the runway edge and some general safety area maintenance. Both Operations and Maintenance Departments have been training on subjects such as wildlife and Aircraft Rescue and Fire Fighting (ARFF).

The ARFF and Snow Removal Equipment Building project is ongoing. The next steps are pouring in the slab and an inspection at the end of May. The project is behind schedule by about a month.

Several Maintenance Team members attended the annual Snow Symposium Exposition put on by the American Association of Airport Executives (AAAE) in Buffalo, NY.

The Operations Team is currently completing the annual Part 139 Safety and Compliance Inspection.

For Security and Public Safety, Mr. Pomeroy commended Trent Schumacher and the team on completing the annual TSA Security Audit with no discrepancies. The Public Safety staff has done some additional training on matters such as Fentanyl, CPR, and active shooters.

Contractual tower hours have been restored to 6 a.m.-midnight.

The Real ID requirement started yesterday. TSA has had no impacts such as waiting times or other inconveniences to travelers. So far, we are seeing a high compliance rate with Real ID.

9. Airport CEO Report – Brian Sprenger

Mr. Sprenger reported that overnight cars for April were 93% of the previous year and month to date is about 89%. We are continuing to see a decrease in overnight cars, but revenues continue to be high due to pricing. April concessions were up about 1% and month to date are about even with last year which matches enplanements.

Going into the summer and fall, we are seeing double digit growth in seats throughout the period. Some airlines have expressed seeing weakness in bookings at a national level but at least one has seen moderation of the weakness. Boise service will return the first part of October which is 2 months earlier than last year and has potential year-round service. Allegiant has removed Las Vegas service for the early part of next year most likely due to Southwest also being in that market.

Mr. Sprenger thanked the HR and Training team for all their work. Michaela Borovac has taken on the Executive Assistant role for the Executive Staff, and they appreciate having

her. Mr. Sprenger thanked the board for allowing us to bring Mr. Collins and Mr. Pomeroy on staff and expressed appreciation for all their work on multiple projects.

Mr. Sprenger reviewed the many projects that are being accomplished during the daily runway closure at 3 p.m. Fiber optics are being worked on for the new navigational aids. We have had a couple flights cancelled because they could not get out before the closure and had no estimated time. The airlines have worked hard to have short turnaround times.

A video created by Rex Connell from Martel Construction with drone footage of the terminal expansion project was shown.

Mr. Mathis asked about CLEAR. Mr. Sprenger said Mr. Collins has talked with other airports and determined it is not uncommon for CLEAR to pay airport concession fees at about 5%. There is some indication that CLEAR may not be expanding as anticipated due to economic concerns, so it is not imminent at this time.

Mr. Mathis asked about Vehicle Gate 1. Mr. Simpson said we are waiting on the controller to be rebuilt and some electrical issues to be addressed and we don't have a timeline for completion currently.

Mr. Mathis asked about a based aircraft list. Mr. Sprenger said they are working on it. The draft is completed but the list has not yet been finalized.

10. Consider bills and approve for payment

Mr. Mathis asked if it would be possible to get the bills in advance of the meeting. Mr. Sprenger said this month was difficult due to the early timing of the meeting, but they will work to adjust and accomplish that.

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Mr. Barkley moved to approve the bills for payment including the purchase of 3 vehicles. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

11. Adjourn

The meeting was adjourned at 3:19 p.m.



Ted Mathis
Ted Mathis, Board Chairman