

The regular monthly meeting of the Gallatin Airport Authority was held May 9, 2024 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Karen Stelmak, Kendall Switzer, Carl Lehrkind, and Kevin Kelleher. Also present were Brian Sprenger, CEO, Scott Humphrey, COO, and Troy Watling, CFO.

Mr. 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 11, 2024

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. Kelleher moved approval of the minutes of the regular meeting held April 11, 2024. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider request by Meridian M500 Management, LLC to transfer the non-commercial land lease on hangar 93 to Flying Beaver, LLC and enter into a new 20-year land lease

Mr. Sprenger said the hangar is in good condition and the rent is current. This is a transfer of ownership, so it is eligible for a 20-year lease which incurs a fee and additional language regarding inspections. Staff recommends approval of the request.

MOTION: Mr. Switzer moved to approve the request by Meridian M500 Management, LLC to transfer the non-commercial land lease on hangar 93 to Flying Beaver, LLC and enter into a new 20-year land lease. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

4. Consider request by Arlin's Aircraft Service, Inc. to transfer the non-commercial land lease on parcel 171 to Brandon Wilson for the purpose of constructing a 50' x 65' non-commercial hangar

Mr. Sprenger said last month there was a similar request. The hangar relocation will not be happening, and instead a new hangar is planned. We are working through the width of the hangar with the City of Belgrade for access to the water line.

MOTION: Ms. Stelmak moved to approve the request by Arlin's Aircraft Service, Inc. to transfer the non-commercial land lease on parcel 171 to Brandon Wilson for the purpose of constructing a 50' x 65' non-commercial hangar dependent upon approval from the City of Belgrade. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

5. Consider Phase I revisions to the Gallatin Airport Authority Personnel Manual

Mr. Mathis confirmed that everyone looked over the revisions prior to the meeting. Mr. Sprenger said that with the fast-growing workforce, policies were reviewed and revised for clarity and consistency. The review was broken into 2 phases. The first phase includes updates to our general employment practices and policies. We have received a few comments in response. Some minor changes may be made but staff recommends approval.

Ms. Stelmak said it covers the bases and it is thorough and clear.

MOTION: Mr. Lehrkind moved to approve the Phase I revisions to the Gallatin Airport Authority Personnel Manual. Mr. Kelleher seconded the motion.

Mr. Switzer said this is a big project and it is important. Mr. Switzer thanked all the staff for their work on it. All board members voted aye. The motion carried.

6. Consider preliminary budget for fiscal year 2025

Mr. Sprenger said the budget was reviewed with each member of the board. Mr. Sprenger reviewed some highlights. Our staffing level is unchanged at a headcount of 75 compared to the previous fiscal year. Our operating revenue budget is 113% of last year's budget and conservatively projected to be 102% of this most recent year's revenue. Operating expenses are expected to be 108% of last year's budget and 108% of the projected actual. Despite about \$55 million in capital expenditures in the budget, we expect cash on hand to decrease only by \$8.8 million. Long term debt will decrease from \$5.1 million to \$2.6 million. We would have the ability to pay off the debt, however interest income and expense will be evaluated before that. Capital expenditures include all of the projects currently bid and \$22.5 million allocated to the east terminal project. The overall budget is about \$70 million. We have been saving cash on hand to apply toward the terminal project which will be paid out over the next few years as we get further into the project.

Mr. Mathis clarified that each member of the board reviews the budget and discusses with Brian.

Mr. Switzer said he appreciates the attention to detail and likes our conservative budget consciousness. Mr. Switzer expressed appreciation to the staff.

Mr. Lehrkind agreed and said he discussed concerns with the flattening of the growth and appreciates preparedness for a downturn.

Ms. Stelmak said we have large revenue streams, but they are plateauing. Ms. Stelmak said overall the budget is well done.

MOTION: Mr. Switzer moved to approve the Fiscal Year 2025 Gallatin Airport Authority Budget as proposed by staff. Ms. Stelmak 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 9,815 total tower operations which is 7.9% below last April. Rolling 12-month operations were 126,799. Corporate landings were down slightly with 507 versus 509 over 12,500 lbs. 508 versus 623 for corporate landings over 9,000 lbs. so down 7.2%. There were 17 custom clearances this April versus 19 last April but still 1% better for the year so far. Total revenue enplanements were up 2.5% with 75,996 passengers versus 74,119. That brings the total past 12-month enplanements to 1,243,506 which is another record. There were 72,438 deplaned passengers versus 70,743 which is up 2.4%. Airline landings were 756 versus 635 so 19.1% better mainly driven by Alaska Airlines. April's load factor was down 2.3% with 13% more seats. April's load factor was 80.1% versus 82% last April. Fuel dispensed in March was 17.2% better.

The first days of May are tracking closely to last May. We have about 10% more seats in May. We are expecting to be up 4-6%. Summer traffic is starting to build. Rental companies have more fleet and bookings than last summer.

Mr. Mathis said they are still running the 757 to Atlanta. Mr. Humphrey said that will continue through the summer.

Mr. Lehrkind asked if airlines will have enough airplanes. Mr. Sprenger said with the Boeing issues, there will be challenges. There will also be right sizing. Southwest has a lower

than normal load factor, so what they have reduced will improve their performance. We will see airlines make adjustments. Southwest dropped four recently added markets.

Ms. Stelmak asked if any terminal issues are expected with the busy summer. Mr. Sprenger said no, we should be in good shape for the summer. We are up double digits in available seats throughout the summer with many additional flights during off peak times.

8. Airport Director's Report – Brian Sprenger

Mr. Sprenger referred to a report on the fiscal year to date staff and airport accomplishments. For the year ending April 30th:

- Up 7.5% in total passengers
- Tower operations are up 9.8%
- Corporate landings are up 9%
- Customs arrivals are up 12%

Mr. Sprenger gave a presentation on operational changes over the past 5 years:

- Passenger enplanements were up 70.7%
- Tower operations were 33% higher
- Corporate landings were 52% more
- Customs arrivals have almost doubled
- Operating revenue is up 129%
- Operating expenses are up close to 100%
- Operating income is up 159%
 - Operating income above expenses is used for capital projects
- Cash on hand is up 256% because we are saving for the \$100 million plus project

- Debt is down 57%

Mr. Switzer mentioned that operating expenses have been managed well and asked Mr. Sprenger what that could be attributed to. Mr. Sprenger said board input and staff oversight are key. Mr. Sprenger said they have also tried not to grow the bureaucracy. Over a 2-year period we added a lot of employees but none this year to stabilize and see where we're at compared to where we thought we'd be. Right sizing in staff is not just in comparison to other airports.

Mr. Sprenger reviewed some projects that have been completed over the past year. We have opened the BZN Market and the outbound baggage system is in place. We have received commendation on the BZN Market. The baggage system is performing well. We are expanding the security checkpoint. That will help this summer. The gift shop was relocated and re-branded to accommodate the expanded checkpoint. Mr. Sprenger presented some pictures of the space across from the market. Overall queuing space has increased by 60%. This is one of the ways we plan to accommodate more passengers through the terminal.

Mr. Sprenger presented map images of areas that have had asphalt work done and some areas that are planned for asphalt work.

Mr. Sprenger presented a team development project for manager training and leadership held April 16th. We brought in some outside help. It was the first time for people to work with members of other teams. We met in one of the Chamber of Commerce rooms.

Mr. Mathis commended Morrison Maierle for doing a great job on the paving.

The RSAT tower meeting is scheduled for June 12th 6-8 pm at the fire station.

Several staff members attended the AAAE conference in Nashville. The focus in one of the forums was growth throughout the nation. Parking, unfunded mandates and staffing were top concerns for most airports. The conference, in general, included a focus on TSA employee screening which will be impacting all airports. The law enforcement reimbursement program going away was a big topic. Contract towers and federal towers continue to have challenges with staffing. There are not enough controllers. Another topic was the issues at Boeing and the impact on the number of seats and how to address it.

Taxiway Foxtrot and the service road are under construction. An update on the design and pricing for the east terminal project is scheduled for the June meeting. We are evaluating not constructing the last phase of the east terminal due to an opportunity to get 2 of the last 3 gates for \$40 million less. It would allow us to be cost effective and without bonding or borrowing. The 15th gate can be added later.

The United baggage service office has been relocated. Gate A2 will be removed from service the end of next week. The temporary passage is almost complete. We are keeping the Gate A2 ramp until June 10th. Delta's flight schedule has 3 aircraft on the ground through June 8th, so we worked with Martel to extend the timeframe of the 3 dedicated gates until June.

Schedule I for the east terminal expansion will go out to bid late June. We are expecting the Guaranteed Maximum Price to be considered at the August meeting.

We have had a meeting with neighbors to the northeast due to challenges with flight school operations. We had a follow up meeting the next day with the flight schools, FAA and tower. We are working to lessen the impact on the neighborhood to the northeast. Next week we have a follow up meeting.

Mr. Mathis asked Jake Simpson to provide a recap of the tri-annual exercise for emergency services recently conducted. Mr. Simpson said the exercise was conducted on the southside of the tie down ramp. They had started planning meetings 4-6 months ago. Central Valley Fire, Gallatin County Emergency Management, Hyalite Fire District, and Bozeman Deaconess Director of Medical Services were involved. They had 33 apparatus. There were multiple ambulance services participating. There were about 40-50 volunteers and 4 objectives. One of their objectives was initial communication and alert. We have a new 800-megahertz radio in the valley that we need to learn more about. Another objective was establishing unified command. Previously, Central Valley acted as command but there are things inside the fence we need to control. Another objective was how to triage people at an active airport. It was a very good learning opportunity. The airport did well. All the agencies need to work together more. We are currently working on an after-action report.

Ms. Stelmak said doing this proactive training is so important. Mr. Mathis said he supports the tri-annual exercise at the airport as required by the FAA. Mr. Mathis said that an aircraft accident is remote but a bus crash or multi-vehicle accident on the interstate are more likely. Those events would require the same resources. Mr. Mathis would like to see the helicopter operators participate by at least having them on site and part of the project. Thanks were given to Mr. Simpson and the staff.

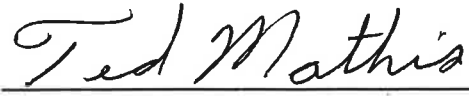
9. Consider bills and approve for payment

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.

10. Adjourn

The meeting was adjourned at 2:52 p.m.



Ted Mathis

Ted Mathis, Board Chairman