

The regular monthly meeting of the Gallatin Airport Authority was held August 10, 2023, at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Karen Stelmak, and Kevin Kelleher. 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.

1. Review and approve minutes of regular meeting held July 13, 2023

Mr. Mathis asked if everyone had received their copy of the minutes and if they had any corrections or additions. One change was noted on page 9 from 66% better to 166% better.

MOTION: Ms. Stelmak moved approval of the minutes of the regular meeting held July 13, 2023. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Report on Audit Review Process – Matt Cope

Mr. Cope, Audit Shareholder at Holmes & Turner, presented an overview of the audit process. The audit has a risk-based approach. They are engaged to issue an opinion on the financial statements and their conformity with Generally Accepted Accounting Principles (GAAP). The audit process will involve examining supporting evidence, such as invoices, support for balances on the balance sheet, and other items. They do a risk assessment at the beginning and focus procedures on areas determined to be higher risk. Field work is

scheduled for the second to last week of September. They plan to have a team of 4-5 people. Then, it is independently reviewed, in the office, by another Certified Public Accountant (CPA). Draft financials are usually available, in October, to be reviewed by Troy Watling. The final audit will be presented at the November board meeting.

Ms. Stelmak asked if there have been any changes in the process since last year. Mr. Cope said the process has not changed. Mr. Mathis asked if the fee will be the same. Mr. Cope said the fee will increase due to an additional risk this year due to a new accounting system and they will look at the migration from the old system to the new system.

4. Consider request by M&A Alaska, LLC to transfer the non-commercial land lease on hangar 66 to Solera Aviation, LLC

Mr. Sprenger said the hangar was recently transferred and then sold. Mr. Devries is more of a realtor and did not have an aircraft. He is selling the hangar to someone with a jet. Staff recommends approval of the motion.

Mr. Mathis says this hangar has 2 doors and only one airplane. Mr. Sprenger said they anticipate them to lease out the other side.

MOTION: Mr. Kelleher moved to approve the request by M&A Alaska, LLC to transfer the non-commercial land lease on hangar 66 to Solera Aviation, LLC. Ms. Stelmak seconded the motion. And all board members voted aye. The motion carried.

5. Report on preliminary FY 2023 operating and concession statistics

Mr. Sprenger reported on Fiscal Year 2023. We were up 4.3% in tower operations with 118,769 operations. Corporate landings were down 4.9% with 7,795 landings. Airline available seats were down 5.4% but we handled 4.1% more passengers, so the load factor increased from 74.8% to 82.4%. Our number one carrier in terms of total departing

passengers for the fiscal year was Delta at 26.9% of our market compared to United with 26.48% of our market. The third carrier for the fiscal year was Southwest with 19.8% of our market. Enplanements per departure increased from 97 per departure in 2022 to 118 per departure in 2023 which is related to the increase in available seats per aircraft from 130 to 143.

Concessions had another good year. Total rental car revenues were \$9.4 million which is down 3% due to rental car rates. Food and beverage revenue was \$1.7 million which is up 14%. Gift and retail concessions were \$1.18 million which is up 7%. Ground transportation was up 6% at \$125,000. Parking lot revenue was up 26.9% to \$8.5 million in concession fees. The concession per revenue enplanement increased 4.8% to \$17.89 per enplanement. Customs landings were up 37.7% with 230 landings.

Ms. Stelmak commented on the increases in parking lot revenues and asked if we will be able to handle the growth. Mr. Sprenger said we made a big infrastructure leap last year and we met our needs. We also expected to see other airports recover air service and become more competitive. That is happening. Overnight cars in the parking lot are down 5%. That should provide some breathing room and we will watch parking over the holiday periods. We have done a lot of asphalt work. We plan to have a somewhat improved overflow area if needed.

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

There were 11,990 total tower operations for June, which was up 18.3%. Rolling 12-month operations were 120,622 operations which is another record. Corporate landings over 9,000 lbs. were 1,143, and 843 were above 12,500 lbs. which is down 1.5% from last year.

There were 34 custom clearances in July 2023 versus 26 in July 2022. For the calendar year, we are up 34.4% for customs clearances at 164 versus 122. Total revenue enplanements were up 11.3% at 142,930 and up 2.9% from July 2021. Rolling 12-month enplanements were 1,184,483. Deplaned passengers were up 12% at 142,233 versus 127,863 passengers and 8.3% better year to date. Airline landings were down 5.3% at 1,046 versus 1,105. The overall load factor was 91.8%. Avelo's load factor was at 94.5% and Southwest at 95.5%. Almost everyone is in the 90% range for load factor. Fuel dispensed for June was up 93.72%.

August is generally slower than July but that may be different this year. School starts next week. It will be a busy month.

7. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported 11,990 as an all-time record for the number of operations in a month. The 1,184,483 rolling 12-month enplanements is an all-time record as was the monthly enplanement number. We have never been busier than this last month. We also surpassed 120,000 operations for the first time.

Overnight cars were 94% of last year but parking revenue was 113%. Food and beverage was also 113% of last year and retail is 117%. Rental cars will be up this month compared to last year since we have a higher percentage of inbound passengers. We do expect to have an increase despite a potential decrease in rental car rates.

Based on our local Gallatin County population, our airport boards about 3.5 trips per capita. The national average is around 1.6. The per capita trips in the state are 1.7 for Missoula, 1.1 for Billings, and Kalispell is 1.6. Our market is different than other markets. We

have a very strong traveling community. Passengers from here are still 40% of our market. We have maintained that level since 2019.

We have some concerns about overserving the Los Angeles (LAX) market this winter. We have 4 airlines flying non-stop from LAX to Bozeman through the winter. Currently for January there are 3 flights between 9:00 a.m. to 9:05 a.m. leaving LAX to Bozeman. Ms. Stelmak asked if we can handle that many flights at one time. Mr. Sprenger responded that we can because of the time they are arriving and we may see some schedules adjusted.

Work on the hotel in the Yellowstone Airport Plaza has stopped. They are changing contractors and that has delayed the project by about 6 months. Workforce housing is well under way. They are working on food and beverage but there has been no groundbreaking for that yet.

We were awarded a number of FAA Airport Improvement grants. The grants total about \$15.1 million for the year. The tower grant has been approved but not issued. No work has taken place in the tower yet.

There are a number of construction projects going on. We have completed the east side of the east ramp for the resurfacing and expansion. Knife River will finish the westside up next week. They are working right now on the tie down ramp expansion portion. Next, the tie down ramp will be resurfaced and the expansion will be paved. Taxiway G should be completed before winter, all of which will give us more ramp space. They are also now paving the Enterprise portion of the overflow lot for rental cars. Next week they will go into the Avis/Hertz portion of the lot.

Jet Aviation is expecting to have a ribbon cutting for their new hangar on September 28th.

The Delta and America portion of the baggage system will be moved over tonight. Then we will build out the conveyors. In a week, we should have 2 of the 3 main conveyers complete.

An employee appreciation lunch is potentially planned for August 23rd, at 1p.m. Morrison Maierle and Scott Bell have offered the main course, possibly NY Strip sliders.

Mr. Mathis asked about the excavating on Taxiway G and if they have run into any clay seams. Mr. Bell said they had one spot, but it wasn't too big.

8. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Ms. Stelmak moved to pay the bills and Mr. Kelleher seconded the motion.

All board members voted aye. The motion carried.

9. Adjourn

The meeting was adjourned at 2:35 p.m.



Ted Mathis, Board Chairman