

The regular monthly meeting of the Gallatin Airport Authority was held April 14, 2016 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, 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. There is a sign in sheet if anyone would like to talk during the public comment period.

Mr. Mathis recognized Aaron Wass who was present at the meeting. Mr. Wass was back from his 5th deployment. The board and attendees thanked him for his service.

1. Review and approve minutes of regular meeting held March 10, 2016 and the special meeting held March 31, 2016.

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 March 10, 2016 and the special meeting held March 31, 2016. 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 proposals for engineering services

Mr. Sprenger said a request for proposals was issued in February. Only one proposal was received. The proposal was from Morrison-Maierle and was reviewed by Karen Stelmak, Kendall Switzer and Brian Sprenger. Mr. Sprenger said it was a good proposal.

Ms. Stelmak said she found it to be a very impressive proposal. They combined their past knowledge and experience of our airport with their realistic vision and goals for the future. Ms. Stelmak thinks we are very fortunate to work with them again.

Mr. Switzer agreed. He said their past performance and their knowledge of the airport and individuals that support what we are trying to do make it an easy path to take. He recommends accepting the proposal of Morrison-Maierle.

Mr. Mathis thanked Ms. Stelmak and Mr. Switzer for taking the time to review the proposal.

MOTION: Ms. Stelmak moved to award a 5 year contract for engineering services to Morrison-Maierle. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

4. Continue proposals for planning services

Mr. Sprenger mentioned that the Federal Aviation Administration (FAA) requires that we separate planning and engineering services for proposals. We received 2 proposals for planning services, one from Mead & Hunt and one from Morrison-Maierle. The board received both for review. Mr. Sprenger acknowledged that this was a situation in which knowledge of the history of our airport is beneficial. Mead & Hunt listed several things that are important to note for future projects. Several of those recommendations are in progress

right now. So Mead & Hunt is a very capable and qualified firm. However, from Mr. Sprenger's perspective, Morrison-Maierle presented a better proposal.

Ms. Stelmak agreed with Mr. Sprenger and said we are fortunate to have both proposals. Ms. Stelmak endorsed that we choose the proposal made by Morrison-Maierle.

Mr. Switzer agreed and said it was nice to get 2 proposals. As he went through the proposals, the corporation has to have knowledge of what we are doing and of local conditions. Morrison-Maierle has that local knowledge and also knows where we would like to take the airport in the future. It was really evident when you read the proposals that Morrison-Maierle understood where we wanted to go. Despite Mead & Hunt being a great company, the obvious choice is Morrison-Maierle.

Ms. Stelmak also commented that the time put into both proposals was incredibly impressive. Mr. Switzer agreed.

Mr. Mathis commented that Mead & Hunt had some interesting exhibits.

MOTION: Mr. Switzer moved to award a 5 year contract for planning services to Morrison-Maierle. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

Mr. Mathis said we are looking forward to working with Morrison-Maierle again. He mentioned that we appreciate their good work. Mr. Mathis also mentioned that Morrison-Maierle did a great job at the Environmental Assessment hearing the day before. He said Travis Eickman particularly did a great job and asked that Mark and Scott pass that onto him.

5. Consider request by Starflight Inc., to enter into a new 10 year non-commercial land lease in hangar #8

Mr. Sprenger said they did not get the request letter to the board before the meeting so it was in their board packet. We have had the request since February. The hangar is in good condition. However, the pedestrian door and some wall supports need painting. Staff recommends approval of the request contingent on those improvements.

Mr. Lehrkind asked what kind of aircraft Starflight, Inc. operates. Mr. Mathis said he thinks one is a 182 and he wasn't sure on the second, it is possibly a Taylor Craft.

Ms. Stelmak asked when the hangar was built. Mr. Mathis said it was built in 1942.

MOTION: Mr. Lehrkind moved to approve the request by Starflight Inc. to enter into a 10 year non-commercial land lease on hangar 8 contingent on the improvements to the pedestrian door and wall supports. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

6. Update on airport history projects

Mr. Mathis said the first airport scrap books were prepared in 1982 and 1983 by retired airport manager Ed Iverson and board member Howard Nelson. Additional scrapbooks were completed over the years by airport staff. In 2012, Mr. Sprenger had all the scrapbooks copied and digitized. One set of the CD's and paper copies are available to be checked out from the airport office for historical research. Mr. Mathis currently has the other set at home. We did that for a couple reasons. One was in case the terminal burns we have another copy. There are currently 3 additional books at various stages of completion. Mr. Mathis hopes that the airport staff will continue to take pictures and compile clippings of noteworthy events and preserve them in scrapbook and digital formats.

In 2009, a local group led by Wayne Edsall and Bud Hall worked with the Gallatin Pioneer Museum on a local aviation history display for the museum. The plan was for the display to remain in place on the second floor of the museum for 2 years. It was well received. Wayne Edsall paid for all the picture frames and framing. When the museum informed us it was time to take down the exhibit in February 2011, Mr. Mathis volunteered to take everything down, box it up and preserve it for possible future display at the airport.

Mr. Mathis then visited with the board and Mr. Sprenger about the idea of doing a historical display in the terminal. Mr. Sprenger ran an ad in the paper asking for historical material. We received items from as far away as California and Alabama. Mr. Mathis started on the sixteen panel display in 2011 and finished it in 2012. Mr. Mathis donated all the photos and labor. The airport maintenance staff built the beautiful oak display kiosk. Mr. Mathis' plan was to duplicate the display in the old terminal with more emphasis on general aviation. That plan didn't work out.

At about the same time, Paul Schneider prepared several framed historic airline photos that hang between the airline signs behind the terminal ticket counters. Mr. Schneider built all the beautiful oak frames himself. Arlins has a great historical display as well.

Last year Mr. Mathis completed a photo display of approximately 25 historical pictures of operations in and around the old terminal and put those up in the old terminal lobby. Mr. Mathis furnished the photos and the labor, and he used the frames and matting from the Pioneer Museum display.

In the past 5 years Mr. Mathis has also prepared several power point presentations and has given them at several aviation conferences, meetings and other venues including:

- Nicolas B. Mamer, Pioneer Montana Pilot
- The History of Gallatin Field
- Montana's Most Famous Ford Trimotor
- The History of the Gallatin Field Airport Beacon

Mr. Sprenger recently completed a power point presentation on the history of airline service in Montana and plans to show it at today's board meeting.

Over the past 4 years, we have accumulated additional material dating back to 1927. We were able to copy the Lynch family scrapbook, The Max Hunke slide collection, Dan Biggerstaff's Flying Bobcats scrap book, and collections from Roy Lindgren, Jim Monger and many others.

In order to preserve this material along with duplicate items that appear on the display upstairs, Mr. Mathis prepared 3 scrapbooks that he completed this winter. He left room in each book for additional material and photos that we may receive in the future. Mr. Mathis said it was his pleasure to present those scrapbooks to the airport authority.

Mr. Mathis presented the scrap books and set them on a table for display after the meeting.

Mr. Sprenger next presented a slide show: A Short History of Early Air Service in Montana and Bozeman.

Mr. Sprenger started by noting that Bozeman was not a part of Montana's early air service. The presentation included the following information:

- In 1927 National Parks Airways flew from Salt Lake City and stopped in many cities including Idaho Falls, Pocatello, West Yellowstone, Butte, Helena and Great Falls. This was one of the earliest air routes in the country.
- In 1928-1930 east to west service started on Mamer Air Transport. The airplane landed in Livingston, mostly for a fuel stop, later this would be taken over by Northwest Airlines.
- In the 1930-1936 timeframe Wyoming Air Service came up from the Cheyenne area, which was the crossroads for air service at that time, into Billings.
- During 1936-1939 National Parks Airways becomes Western Air Express. Northwest now covered more of the state with service to Helena, Missoula and Miles City.
- In 1939-1941 Wyoming Air Service now becomes Inland Air Lines and they extended up to Great Falls including Lewistown. Great Falls has 2 airlines serving their market at this time. There is still no air service in Bozeman.
- 1941-1944 there is still no service in Bozeman, but Montana has international service into Canada from Cut Bank. Markets all over the state have airline service but still nothing in Bozeman.
- In 1944 Inland merges into Western Airlines.
- In 1945- early 1947 Northwest Airlines expands its service. At this point West Yellowstone has retained air service for about 20 years during the summer and Bozeman still doesn't have air service.

- In 1947 Northwest Airlines adds Bozeman to the map. Challenger Airlines comes from Cody and Powell into Billings. There are three airlines in the state at this time.
- 1950-1960 Challenger Airlines became Frontier Airlines and covered more of the Eastern part of the state. Kalispell gets air service from Northwest Airlines.
- In 1960 West Coast Airlines started flying in. Western is flying directly up to Canada from Great Falls. West Coast Airlines took over the Kalispell and Cut Bank routes but flies to Coeur d'Alene in place of Spokane.
- 1961-1964 we were seeing more air service to the upper highline area like Havre, Glasgow, and Wolfe Point from Frontier Airlines.
- In 1964-1967 Cut Bank air service ends. Kalispell service is connected to Spokane. Billings and Butte were heavily served at this point. Bozeman only has service from Northwest Airlines. Great Falls is a busy international airport at this time up to Calgary.
- 1967-1968 is when Bozeman starts to come into its own. Frontier adds Bozeman and Northwest brings jet service into Bozeman. West Yellowstone also adds their second airline, Frontier.
- In 2000, other than a few enroute stops being eliminated, Bozeman's air service was about the same as in the late 1960's with primarily service to Minneapolis, Salt Lake City and Seattle.

- The next slide shows the progression from 1952. The bump in air traffic doesn't start until the 1967 timeframe and really has continued ever since. The new terminal opens in 1977. Then there were several terminal expansions after that.
- There is a slide of the aerial view of the airport in 1969 as well as a recent aerial view taken by Mr. Mathis.
- Finally, there is a diagram of the airport's economic impact.

The board thanked Mr. Sprenger and Mr. Mathis for their dedication and time to preserve that information.

7. Consider aircraft photo wrap for power box

Mr. Mathis showed the photo for consideration. When he was working on the scrap books he came across the photo. He called Wayne Edsall who told him the picture was taken in August of 1982 or 1983. Mr. Edsall suggested to Mr. Mathis to put that picture on the power box.

Ms. Stelmak thinks it is an outstanding idea and we would be proud to have it on the box.

Mr. Lehrkind asked what the cost would be. Mr. Sprenger said we don't know yet but we could accommodate it pretty easily in our current year budget.

Mr. Switzer clarified the box location.

Scott Bell, on behalf of Morrison-Maierle, offered to share the cost of the wrap 50-50.

MOTION: Mr. Kelleher moved to wrap the power box at Frontage and Airway Blvd. with the proposed photo. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

8. Presentation of Certificate of Achievement for Excellence in Financial Reporting

Mr. Sprenger reported that we were awarded a certificate of achievement for Excellence in Financial Reporting. Mr. Troy Watling worked a lot on our comprehensive financial reporting. This is the first time we have gone to that level in financial reporting. There were some minor suggestions, but we met all of the requirements to receive the certificate.

Mr. Sprenger presented the certificate to the board and thanked Mr. Watling and the administrative staff for their diligence. It has always been a priority to be transparent and provide the best financial reporting that we can.

Mr. Switzer asked if there would be a press release. Mr. Sprenger said it was acknowledged in the newspaper last week.

9. Report on passenger boarding and flight operations – Scott Humphrey

Mr. Humphrey started by acknowledging that Easter weekend fell at the end of March this year which will have some effect on the numbers. Total operations for March 2016 versus 2015 were up 2.8% at 6,484 versus 6,310. That puts our rolling twelve-month operations at 81,186. Corporate landings were up 31.4% at 431 versus 328. Enplanements were up 2.5% at 46,971 versus 45,805. That gives us 519,713 enplanements for the past twelve months. Total deplaned passengers were up 2.8% at 45,118 versus 43,875. Total enplanements are up about 6.5% for the year. Airline landings were up 5.9% percent at 575

versus 543. For the load factor, we are at 86.4% this year versus 87.2% last year on about 1,800 additional seats. So we are at an 85.3% load factor for the calendar year. Fuel dispensed for February was up 42.3% at 961,504 gallons versus 675,623.

Mr. Humphrey reported that enplanements are flat so far for April. We may end up 1% over or under. A lot of that has to do with Easter falling in March.

American Airlines is currently hiring for their ground crew. Most of their infrastructure is here. They will have another gate podium coming to us on May 15th that will go up at Gate number 1. Their ticket counter will be right next to Delta.

Frontier resumes service here on May 5th. Their ticket counter is currently down at the west end. They have new kiosks and a new ticket counter.

Allegiant's ticket counter will be moving a couple positions west of where they currently are.

We have spoken with United Airlines on behalf of the community regarding year round San Francisco service. They will come back with a proposal that we can take to the community. There is a lot of interest in that. They are looking at summer bookings and have extended Newark and Houston service.

Mr. Lehrkind asked if there was any information on American Airline's reservations. Mr. Humphrey reported that they are continuing to fill for summer but hasn't seen the numbers yet. We have heard that it is booking well past expectations.

10. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that Delta Air Lines is dropping their Seattle to Billings service in mid-September. We are not sure yet what that means for our market. From what we

understand, the Billings market is harder to stimulate with lower fares. They are a stable market. When you lower the fares you don't get the same increase in the number of passengers that you would in other markets. In Alaska's market here, if the fares come down it stimulates growth. It does give us some pause since the Pacific Northwest is a big part of our growth. This is something we are watching closely.

Going into the summer, our two top growth markets in terms of percentage growth are New York and San Francisco. New York is up 37% in seats between Delta and United. San Francisco is up 78% in seats between June and September. United is flying large Boeing 737-800 and Airbus aircraft to San Francisco starting in June on the weekends through early September. On certain days there are more seats to San Francisco than to Denver on United. That is a significant increase and we are watching that.

The community and Montana in general is trying to attract information technology from the California bay area. One of their requirements is they want consistent year round daily air service to San Francisco or San Jose. The community is wondering what would it take to achieve that. We have service to San Francisco 7 out of the 12 months of the year. The 5 months that we don't have service for are expensive. A lot who are flying through Portland are connecting to the bay area. We are just providing information to the community because they are asking.

Mr. Kelleher clarified that it is a 78% increase in seats. Mr. Sprenger said yes with United to San Francisco this June through September. We have never had mainline 737 service to San Francisco before this summer.

Mr. Mathis asked if the airlines are ramping up their staff to handle that increase. Mr. Sprenger said it is a concern we have addressed with them. They are working hard but staffing is a challenge throughout the valley. They are bringing on staff from other airports to assist during the summer.

Mr. Lehrkind asked if there were any concerns on our side as far as airport capacity. Mr. Sprenger responded that fortunately the additions are in the middle of the day. The challenge is that everyone else is busy at that time but it also provides a larger window for people to check in for their flights. The baggage system will be strongly taxed. That is why we moved American to the center to equalize that to some degree.

Mr. Lehrkind asked if there were any concerns outside the terminal with all the resurfacing we have planned. Mr. Sprenger said we are still waiting for that work to be completely approved. We had initially intended to complete the work by July 1st. We have found that in June, the bulk of the additions are Saturday, Sunday and Wednesday. Our Monday, Tuesday, Thursday and Friday are the same in June as in July. With the exception of two additional flights on Wednesday, the impact is not any different in the July Monday through Friday construction period. We can work with the contractor to make sure everything is open for Saturday and Sunday.

Ms. Stelmak asked if we have heard if the rental car companies are experiencing an influx in reservations. Mr. Sprenger said we haven't heard anything on that. But they shift cars from market to market by day and week. We feel comfortable there. Mr. Sprenger reported we are looking at a 6% increase in June, about a 10% increase in July, a 2-3% increase in August, and a double digit increase in September and October.

Mr. Sprenger reported that most of the board attended the environmental assessment public hearing held yesterday, April 13th 2016.

Mr. Humphrey and Mr. Sprenger will be attending the Allegiant Air conference in St. Petersburg. We will get a better feel on how Allegiant is doing.

April 15th at 10 a.m. we have a meeting between Reach and Robert Shropshire to discuss the helicopter operations in the back hangar area. If a board member would like to attend that would be great. We are going to be placing a camera in that location. Arlins has made that a simple addition for us. That way we will have accurate information to be able to address. We want to be an airport for everybody but that means everybody needs to work together.

Northwest AAAE conference is coming along. One of our responsibilities is to work on the welcome gift. The bills will have a charge from High Country gifts. Our gift will be a flask. Montana Gift Corral, Yellowstone Jet Center and some others will be contributing to the welcome gift.

Mr. Sprenger attended the Governor's Tourism Advisory Council conference on Tourism and Recreation. It was very evident that air service is a big part of that. We are seeing more collaboration throughout the communities. There is much more advertising for Montana in general versus Big Sky and Yellowstone Country individually. Montana gets its tourism dollars from the bed tax. That is not the case in a lot of states where it is the general fund.

11. 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 and the motion carried unopposed.

12. Adjourn

The meeting was adjourned at 3:01 p.m.

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

Ted Mathis, Chairman