

The regular monthly meeting of the Gallatin Airport Authority was held March 8, 2018 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Kendall Switzer, Ted Mathis, Karen Stelmak and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Carl Lehrkind, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

1. Review and approve minutes of regular meeting held March 8, 2018

Mr. Lehrkind asked if everyone had received their copy of the minutes and if they had any corrections or additions.

Mr. Kelleher had one correction: Page 6 second paragraph should say 33 years instead of 25 years.

MOTION: Mr. Kelleher moved approval of the amended minutes of the meeting held March 8, 2018. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider Final Review of Bridger Aerospace Plans and Exterior Specifications for Hangar SE2

Mr. Sprenger said the plans have been reviewed by Morrison Maierle and the hangar appears to work fine in that location. Instead of a parallel road along the airport as originally planned, they will come in off of Airport Road behind the hangar. The road would connect to the new hangar parking lot and also future hangars to the south. Taxiways would

start filling in so all are connected. The hangar is essentially what they showed us before, just more defined plans.

The second part of the approval is the exterior specifications including the finishes. The minimum standards for exterior requirements state that all exterior surfaces must be earth tone colors, pre-finished aluminum or steel. No wood or other unfinished materials may be used. All proposed exterior materials and colors must be submitted to the Airport Authority before construction may begin. No galvanized metal may be used on any exterior surface.

Representatives of Bridger Aerospace were present with the materials for presentation to the board.

They proposed galvanized for the roof. Three other exterior material samples were passed around for review. Mr. Mathis asked if these were the same colors as their other building. Ryan replied that they are the same colors but they are reversed. The main building has mainly light colors and dark accents. On this hangar they are proposing the colors will be flipped, so a dark building with light accents. Mr. Lehrkind asked why and Ryan replied that it was a client request to give it a more contemporary look with bolder colors. Ms. Stelmak said she likes that idea.

Ryan said the renderings are pretty accurate. Mr. Lehrkind asked if the color of the roof is the same as the existing buildings. Ryan said yes it is the same.

MOTION: Mr. Switzer moved to approve the Plans and Exterior Specifications for Hangar SE2. Mr. Kelleher seconded the motion.

Mr. Mathis said our staff went colorblind a couple years ago. These colors aren't close to the other hangars in the area. Mr. Mathis explained they have had some surprises in the past on exterior colors, like chrome and black which are not earth tones. That is why exterior finishes now must be presented and approved by the board and not just airport staff. Mr. Mathis clarified which color would be the main exterior color and said he was not at all in favor of it. He said this would be a big change and thinks it will stick out. Mr. Mathis said he could live with the way they colored the existing building but doesn't like the main color being so dark. Ms. Stelmak clarified the black would only be used along the edges and so forth and Ryan said yes maybe five percent of the building exterior.

Mr. Switzer clarified these colors are a client request. Ryan responded yes those are the client's color request within the earth tone range. Mr. Switzer said we will probably have differences in hangar colors as time goes on. We don't want them to be so different that it doesn't look good. Mr. Sprenger said we currently have differences. Bridger's current hangar is the lightest of the most recent hangars being built. Bridger mentioned in their letter that it came out a lot lighter than they had expected. That is how we interpreted it as well. There are darker hangars and this proposed color is on the darker side. There have been variations throughout the years. The term earth tone is the difficult part to distinguish since it is reliant on the eye of the beholder. That is one of the reasons staff is bringing these proposals to the board.

Mr. Mathis said up until this last batch of hangars when people went off the rails, the hangars were all beige or tan with brown trim. There were no grays, blacks or chrome. Now they are not uniform. Mr. Mathis thinks this dark color will exacerbate the problem.

Mr. Switzer said he agrees. When he goes down the row he likes diversity but would also like it to fit the overall theme.

Ms. Stelmak said black would be too dark as a primary color. She likes the darker color as the majority color and it may blend with the greys that we have.

Mr. Switzer said we should not be surprised when it shows up but at the same time he personally thinks aesthetic diversity is nice.

Mr. Mathis said we worked long and hard to have them standardized. They did this because they had seen other airports that look like a carnival. We had some colors like that in the older hangars. That is when the board standardized the colors. There is nothing very pretty about a big steel building. But making it to fit in with the surroundings helps. He thinks we succeeded with that and used similar colors for 25 years.

Mr. Sprenger said all of the major portions of the hangars are in that color range. The additions to them are not. Those additions were approved within his own interpretation of earth tones. Mr. Sprenger said this color is lighter than the Yellowstone Jet Center and the Yellowstone Club hangar.

Mr. Mathis said those are brown not grey, which is a big difference.

Ms. Stelmak said she is pleased they get to look at them first so there aren't surprises. She does feel that greys are earth tones and thinks it will look ok.

Two board members voted aye and two voted opposed. Mr. Lehrkind voted aye. The motion carried.

4. Consider Final Review of Wide Open Skies, LLC Plans and Exterior Specifications for Hangar EU7

Mr. Sprenger reported that this is a similar agenda item to the previous item. One concern on this proposal is that the siding color is extremely darker than anything we have had in the past. Sarah Garrafalo and Steve Nickle presented the selections they are proposing.

Mr. Mathis asked for the samples from the previous agenda item for comparison and they were brought back.

Sarah and Steve presented samples of the material and panel styles for the main siding, roof color, wainscot, and the trim solely around the windows. They also proposed stone around the pony walls around the front and/or back. Ms. Garrafalo said the color is the same as the front façade of the Locotti hangar directly across from their hangar.

The samples were reviewed and compared.

Mr. Sprenger said the challenge with the wood is that it does deteriorate over time and needs to be maintained. We have suggested alternative materials. The main color being proposed is darker than the one that was just approved.

Mr. Lehrkind reiterated that wood is not allowed and that we are asking for earth tones. He said the colors presented are very dark. Mr. Lehrkind asked how quickly they could come back with an alternative. Ms. Garrafalo said she might have it in her back pocket.

Mr. Mathis said the hangars to the south and north of this hangar's location are tannish beige with brown roofs. This one will stick out like a sore thumb if it doesn't match.

Ms. Garrafalo clarified they would like the majority to be the darker color. The general consensus was that it was too dark, not a subtle grey. Ms. Garrafalo said the roof

and wainscoting would be lighter to contrast with the dark color on the main body of the hangar. Ms. Garrafalo said they went out and looked yesterday. The Locotti building doesn't look very dark. Mr. Mathis said it does.

Ms. Stelmak said she does like the stone.

Mr. Kelleher said he does not like the grey colors on buildings. Mr. Kelleher said he has been in the real estate business for over 33 years. He said everything in Big Sky and Bozeman is grey, black and shades of white. He doesn't get the idea of having to change from our original approved colors to the grey shades. He thinks the grey is a trend.

MOTION: Mr. Mathis moved to reject the proposed colors and ask them to come back with something closer to the adjacent buildings. Mr. Kelleher seconded the motion. Ms. Stelmak added that the wood would not be an exterior component. All board members voted aye. The motion carried.

5. Presentation of Certificate of Achievement for Excellence in Financial Reporting FY 2017

Mr. Sprenger said they wanted to formally acknowledge the finance staff, especially Troy Watling. They did such a great job that we were awarded for the third consecutive year.

Mr. Lehrkind thanked Mr. Watling and said this means a lot. This shows his hard work.

Mr. Watling said the achievement is based on a review of the Comprehensive Annual Financial Report (CAFR) in the financial statements but the award is largely due to the daily efforts of the whole team.

Ms. Stelmak said as a board they can be reassured that things are being handled well and congratulated Mr. Watling and staff.

6. Consider New Accounts Payable Procedures

Mr. Sprenger said a memo from Mr. Watling was sent suggesting changes in an effort to streamline the accounts payable process. More of the accounts payable process would be done in house and the board would receive reports. Any payments over \$20,000 and any expense reports made by Mr. Sprenger would still come to the board. The proposed changes are mainly due to the difficulty in meeting the needs of the vendors. Staff recommends approval.

Mr. Mathis said he thinks this is a great idea and their CPA had recommended something similar in the past.

Ms. Stelmak said the ink on the check is not important. What is important is that they review who is being paid and that they see a sequential number of checks. She suggested reports for everyone so they can all review them and see if there is anything out of the ordinary.

Mr. Switzer said he thinks this is a good idea. He said they have a lot of trust in Mr. Watling and staff to organize things properly. It is important that they as a board maintain oversight but he is comfortable with the team. He said it is something they may want to reevaluate down the road.

Mr. Kelleher said he agrees with Mr. Switzer.

Mr. Lehrkind said he agrees with what everyone has said. As this little airport gets bigger we have to better manage and trust our staff while we continue to have oversight.

MOTION: Mr. Mathis moved to approve the new accounts payable procedures as presented by staff. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

7. Consider FY 2019 Airport Capital Improvement Plan (non-AIP)

Mr. Sprenger said this is the time of the year to review the non-AIP Capital Improvement Plan. Mr. Sprenger reviewed a few major parts of the plan:

They will be continuing the LED lighting retro fit. They should be finishing that work soon. They are hoping for some Northwestern Energy assistance but they have not included assistance into the amount.

The cost for the electronic exit lane (E-lane) has been adjusted because it was undershot last year.

Information Technology continues to be a significant cost for software and hardware.

There is a vehicle replacement plan that basically replaces our oldest vehicles one at a time.

The replacement of radios and pagers is a constant cost.

Staff really likes the riding vacuum that was purchased last year. It has been a good addition. An extractor would also be nice to have for cleaning the carpets. The larger riding unit allows staff to get in and out of areas faster.

There are some proposed changes to terminal seating. The seating areas near the Montana PBS monitors had larger more cushioned seats for those who arrived early. Since the monitors are going away, staff would like to fit in a few more seats.

Also included is some equipment for in house tire repairs.

Overall the plan is \$579,000. Over half of that is the E-lane replacement.

There is also some acquired land clean up and fencing.

Ms. Stelmak asked if the terminal seating would have connectivity. Mr. Sprenger said they will be looking into it. It will add significantly to the cost and maintenance challenges. Ms. Stelmak said that as she travels, she sees that connectivity is what people are looking for.

Mr. Lehrkind asked if the seating is the same type that we have now. Mr. Sprenger said they would try to match it as much as possible. Getting the same colors and materials is always a challenge. Staff will work with the board on that.

Mr. Mathis said he has been observing challenges with new staffing. He visited with Mr. Sprenger previously about some of the larger projects staff has taken on like electrical work in the basement and maintenance on trucks and vehicles. Mr. Mathis said some work really should be contracted out. It's nice to do what we can, but to make such a commitment, and have a piece of equipment down or have a project go on for too long, it's not worth the effort. If the work is contracted out, it frees people up for more necessary day-to-day maintenance. Mr. Sprenger said they try to be most efficient with money and staff. Some of the projects started before they knew people were going to retire. Those challenges will continue to be significant. Particularly with the boiler and generator relocation, staff was just getting things ready for the parking garage. The time got sped up to complete those projects, which wasn't anticipated.

Overall Mr. Mathis said the plan put forth by staff is very good.

MOTION: Ms. Stelmak moved to approve the FY 2019 Airport Capital Improvement Plan (non-AIP). Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

8. Presentation of CY 2018 Airport Traffic Forecast

Mr. Sprenger said this is the fourth year of the forecast. They are projecting 651,000 passengers, which is 50,000 more than last year and that is the conservative estimate. Seats for sale this year are currently up 125,000. If we fill 80% of those, which is a big accomplishment, the number is actually 100,000 seats more than last year. Over the weekend, American Airlines took their 76 seats per day up to two flights a day with the largest aircraft they fly in America. That increased a number of seats.

We are starting to be concerned. For the June through September period, the state of Montana has a 13.7 percent increase in seats, which is the second highest increase in the nation. Number one in Montana, within that 13.7 percent, is Bozeman at a 22% increase. That increase is close to being locked in. Runners up are Helena at 17 percent, Missoula at 16 percent and Kalispell at 11 percent. All of the state is doing really well, but we are taking it to a whole different level. For the year, the projection is a 17.9% increase in seats. We think that American may be over zealous and may reduce some seats. At this point, we have to go with the projection of 650,000 but if everything lines up, it could be as high as 700,000 this year. It is difficult to project because the airlines keep adding seats.

In the packet is a recent schedule. July 14th is at 75 total flights. That is 23% more with 7 more departures and arrivals. That is a total of 8,466 seats. Seeing these increases on

the peak month and the peak day it challenges the facilities. Ms. Stelmak commented that it's too bad the flights aren't staggered a little more.

Mr. Sprenger gave a presentation at Kiwanis. They asked about The Blue Angels or The Thunderbirds. Mr. Sprenger said that if they could find a gap in the schedule for them to fly in, we would. Overall it is a lot of airplanes, gates and seats.

Mr. Kelleher asked if the Dallas flight would be a 737. Mr. Sprenger said in May the Dallas flight will go from a 76 seat aircraft to a 160 seat aircraft. They will bring the second daily flight in June and for now it is continuing indefinitely. Mr. Kelleher said he has been running into a lot of people from Texas at Big Sky Resort. He said those from Houston and Dallas love their flights and have been wondering when it would be a bigger plane. Mr. Sprenger said it is coming.

Mr. Humphrey mentioned to Mr. Sprenger that Ms. Garrafalo with Wide Open Skies requested to present another option for agenda item 4. The board was agreeable to that.

Mr. Lehrkind asked Mr. Sprenger if there are any issues or concerns we need to know about before the summer. Mr. Sprenger said we are in ok shape for this summer. The spread of the flights is somewhat reasonable. The facility is able to handle that. Moving forward, the gates will be a problem. American and United have asked for access to another gate. We are trying to catch up. This is a lot faster growth than any of us would have expected. We have had growth of 8.5 percent year after year and now we're jumping to 10 percent or more.

Ms. Stelmak inquired if the rental car companies are kept up to date on the schedule and growth. Mr. Sprenger said they absolutely are. The bigger challenge this year will be

operating the rental car companies in the limited space. They are looking at ways to expand that.

Item #4 Continued - Consider Final Review of Wide Open Skies, LLC Plans and Exterior Specifications for Hangar EU7

Ms. Garrafalo came back up and presented a few more color options. Instead of wood for the entry, they are proposing stone to tie in the roof and body color.

Mr. Mathis indicated he did not like the color for the wainscoting. Ms. Garrafalo said she couldn't manipulate the color on that. She said the trees and landscaping would cover a majority of it. Mr. Lehrkind asked if they could do away with the wainscoting. Ms. Garrafalo said she would have to talk to Sam. Ms. Stelmak said she would be more in favor of it if they could do away with the darker bottom. Mr. Nickle said the wainscoting ties in with the other hangars in the area.

Ms. Garrafalo showed a picture of the Locotti hangar. Mr. Lehrkind said he understands what they're saying about matching the Locotti hangar. But we want them to blend, not match a specific hangar. Ms. Garrafalo said that going with the warmer tones they are definitely not matching. Mr. Lehrkind said he would like to see the darker colors go away and if that means that they have to come back that is fine. Mr. Lehrkind said it sounds like everything is good except that lower piece. Ms. Garrafalo suggested eliminating the dark material at the bottom and incorporating stone on the facing side.

Mr. Mathis asked about the trim. Ms. Garrafalo said the windows are black and there is a two inch charcoal reveal around the windows.

MOTION: Ms. Stelmak moved to approve the Plans and Exterior Specifications for Hangar EU7 with Mr. Sprenger confirming the numbers for the color changes. Mr. Mathis

said he still thinks the colors are much different than the hangars to the north and south of it. Mr. Kelleher seconded the motion. Three board members voted aye and one opposed. The motion carried.

Ms. Stelmak mentioned it would be helpful in the future to have photographs of hangars in the surrounding areas.

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

Tower operations for February 2018 versus 2017 were down 3.4%. February was a tough month. That puts our rolling twelve-month operations at 76,227. Corporate landings were up 63.2% at 759 versus 465 mostly attributable to snow conditions. Total enplanements were up 11.1%. That puts our twelve-month rolling enplanements at 611,209. Total deplanements were up 12.5% at 49,517 versus 44,020. Airline landings were up 5.4% percent at 529 versus 502. Airline load factor was at 87% versus 83.1%, which is an increase of 4% on 6% more seats. Fuel dispensed for January was down 9.3%.

Mr. Lehrkind asked if we have had any landings between midnight and 1am. Mr. Sprenger said we are.

Mr. Mathis asked Mr. Humphrey to provide them with the numbers on the 759 corporate landings when the billing and payments are finalized.

10. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that Northwestern Energy came back with something subtler. It is very difficult to see unless one is actually using the stations. It would add \$5,000 annually. Staff is comfortable with it. Mr. Switzer said we want to be very careful about promotions in the airport. If we were to go forward with this, he would like us to be able to

evaluate it periodically. Mr. Sprenger said they could bring it to the board each time a change is requested. Mr. Switzer would like it to be reviewed on an annual basis. Mr. Sprenger said we always have a 30-day out clause on all of the advertising contracts. We are never bound long term.

Ms. Stelmak confirmed it is a sticker type application and asked that if it deteriorates, would Northwestern Energy replace it. Mr. Sprenger said yes and it is some type of laminate and Northwestern Energy doesn't feel it would deteriorate the material behind it even if it were removed.

Mr. Mathis said this application looks good, it doesn't detract from the beauty of the wood around it, and it is an easy \$4,800. He said we are always looking for subtle advertising opportunities to generate revenue and he likes it.

Mr. Sprenger reported on tower staffing and said they are expecting a new person the middle of this month. The new person is a retiring FAA controller. She has worked in Montana and in Alaska currently. Due to her experience, she should be trained by May 1st. They were moving forward with that.

We do have a number of late operations on the schedule. We are talking with other airports in the state in similar situations. They are interested in going with us with the congressional delegation and FAA.

Mr. Sprenger presented a time-lapse video of the parking garage construction. They are building the ramp system before the deck. Based on the current schedule, they have said we will see major horizontal growth this summer and it should look fairly complete by

the beginning of winter. We should be able to start moving in the rental car companies late April or early May next spring. They have lost a little ground but are still on schedule.

Mr. Sprenger showed some of his slides from the Kiwanis presentation including an enplanement graph, current projections for all Montana, and plans for the future parking garage. We don't know of another building in Montana as long as our airport under one roof.

Mr. Kelleher said we put a lot of thought into that parking garage design and asked if we could use that color scheme for the hangar standards. This will be the largest building on the airport so maybe we could use those colors to match the hangars. Mr. Sprenger said they could look into that.

Mr. Sprenger showed a map of the land the airport controls by ownership or various types of easements. The airport controls about the length of the runway on both ends. Not a lot of airports have that much ownership on the ends.

TSA is clamping down on curbside. We will come back next month with some proposals.

The runway closure will begin in a month and a half. We are looking at things to do to utilize that time. Some servers that we have purchased will be replacing older equipment. There will be a major training for airport operations. There will also be interior repairs, deep cleaning, and weed spraying. There is a big list for sunny days and rainy days. When the weather is nice we have to be out striping the roads along with other things.

Mr. Sprenger reported he is taking annual leave March 13th to the 20th.

Mr. Mathis said Mr. Sprenger was the luncheon speaker at Kiwanis. He was very well received. They kept him there until 20 minutes after. Mr. Mathis thanked Mr. Sprenger for a good presentation.

11. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger. He also mentioned that this report would continue even with the Accounts Payable procedure changes. Mr. Watling will also be adding additional notes to the list.

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

12. Adjourn

The meeting was adjourned at 3:26 p.m.



Carl Lehrkind, Chairman