

The regular monthly meeting of the Gallatin Airport Authority was held June 9, 2011 at 2:00 p.m. in the Airport Conference Room. Board members present were John McKenna, Ted Mathis, Kevin Kelleher, Steve Williamson, and Richard Roehm. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director–Operations and Cherie Ferguson, Office Manager.

The first agenda item was the FAA presentation of Wright Brothers Master Pilot Award to Board Member Richard R. Roehm. Ted Mathis thanked Steve Williamson, the Board Chair, and said it was an honor to present a special award to recognize Dick Roehm for 50 years of safe flying. He said he was honored to put in the application to the FAA and that Mr. Jeff Vercoe from the Flight Standards District Office in Helena would make the presentation.

Mr. Vercoe said he is with the FAA Team, which is the safety team for the FAA. He said this award was absolutely earned by Mr. Roehm. He asked how many hobbies each one of us has in a lifetime and said the FAA chose 50 years of a dedicated hobby. There are not very many people who have any kind of a hobby, or a love or a passion that lasts 50 years. The Wright Brothers Award is an award that a pilot earns after flying fifty years without revocation of the pilot's certificate or an accident.

Mr. Vercoe said the plaque was purchased by his good friend, Mr. Mathis. The FAA just gives a paper stapled to a board, which is pathetic in his view, but his friend thought he should have the best one of the bunch.

The name of Richard Roehm will be put in a leather bound book in headquarters in Washington DC. He also gave Mr. Roehm a pin that he could wear on his lapel. He said they have a spouse pin, but they are out of them. They have been ordered and he will get one

to Mrs. Carol Roehm. He asked if we could imagine Mrs. Roehm sitting there at night worrying about her husband for fifty years flying in the mountains, flying in the weather, flying in everything. He thanked Mr. Roehm for his contribution to aviation. He said Mr. Roehm is still around to tell about it and the FAA appreciates his efforts. He thanked Mr. Roehm again.

Mr. Roehm thanked him for his kind words and said they were much appreciated. He said he appreciated Mr. Mathis' efforts and everything. He said he is so lucky, as Mr. Vercoe said, to have flying for a hobby for fifty years. He said the only thing that has meant more to him and has lasted longer is his marriage to his wife.

He said he was lucky to have checked out with Jim Stradley at Gallatin Flying Service when he was in high school. About fifty-four years ago, his first flight was at Gallatin Field, and just shortly ago he had his last flight here. He thanked everyone and he thanked Mr. Mathis.

Mr. Mathis said he couldn't imagine the fear and anxiety Mr. Roehm felt when he took off on more than six hundred combat missions in Vietnam. He said those of us who are pilots can imagine how he felt that morning, back in November 22, 1955, when Jim Stradley stepped out of the Cessna 120 and probably said something like "Okay, young fella, take her around the patch a couple of times by yourself, watch the airspeed and look out for that sinker at the end of 30" and thus he completed his first solo flight.

Mr. Mathis said the plane Mr. Roehm soloed in is registered to a neat little family in Gridley, Kansas. He wrote the owner who sent him a picture of the plane. Mr. Mathis put a caption on the picture which said, "Richard Roehm, First Solo Flight, November 22, 1955,

Gallatin Field Airport, Belgrade, Montana, Cessna 120, N2496N, James D. Stradley, Flight Instructor". Mr. Mathis then presented the framed picture to Mr. Roehm.

Mr. Roehm said Jim Stradley hardly ever smiled, was very taciturn and even going but the one time he saw him really grin was when Mr. Roehm completed his solo flight. Mr. Roehm thanked Mr. Mathis.

Mr. Williamson thanked Mr. Mathis and said that we have all appreciated Mr. Roehm's dedication and contributions to the success of Gallatin Field. He has been privileged to have served with Mr. Roehm for all but one year of his tenure and it has been his pleasure to have observed firsthand through the years his straightforward manner for tackling issues and fleshing them out so an appropriate conclusion could be reached. He thanked Mr. Roehm for his passion and forthright service through the past twenty years and said Gallatin Field and the flying public have been beneficiaries of his time spent here. He thanked Mr. Roehm. Mr. Roehm said it was as if he had written it and thanked Mr. Williamson.

The second agenda item to review and approve the minutes of the regular meeting held May 12, 2011. Mr. Roehm moved to accept the minutes as mailed. Mr. Mathis seconded the motion and it was a unanimous decision to approve the minutes.

The third agenda was the public comment period. Gregg Fuller was the only person who signed the public comment sheet. He said he will speak when the agenda item concerning the Customs and Border Protection facility is being discussed.

Brian Sprenger said that for a few months we have been working with the Yellowstone Park Foundation and the Yellowstone Association toward hopefully bringing a much stronger Yellowstone presence into the airport. Yellowstone National Park is one of

the largest contributors to the success of this airport. Some of their representatives were present to introduce themselves to the Board and answer any questions they might have.

Karen Bates Kress and Thomas Porter were representing the Yellowstone Park Foundation and Jeff Brown and Danny Bierschwale were representing the Yellowstone Association.

Karen Kress, President of the Yellowstone Park Foundation, said they are thrilled at the potential opportunity of bringing Yellowstone to airport visitors. She said the foundation has been in existence for almost fifteen years. They are a private philanthropy official fundraising partner of Yellowstone National Park. They have raised over \$65 million for over two hundred priority projects for Yellowstone National Park. As part of their proposal to the Airport Authority Board, they are looking at putting in a world-class exhibit that would have many replicas of the exhibits at the Old Faithful Visitor Education Center. She said they hope they can put together a proposal that would interest the Board and allow them to provide airport visitors a Yellowstone experience.

Jeff Brown, Executive Director of the Yellowstone Association, said the association has been a Yellowstone National Park educational partner since 1933. Their goal as an organization is to help visitors understand and enjoy the park because if they do, they will be inclined to help preserve it for future generations. They operate ten educational stores throughout the park and two forest service stations where they sell only educational products to visitors. They have about 30,000 members in a membership organization so they can help them stay connected to the park by way of newsletters. The members also receive product and service discounts.

The association also operates a field school so small groups can learn about the park's plants, wildlife, geology and history from an expert instructor. Another goal they have is to provide financial support for the National Park Service.

Danny Bierschwale, also from the Yellowstone Association, said at their Gardiner facility headquarters they have the opportunity to provide additional information beyond just a bookstore. At Gardiner, they can interact with visitors through volunteers who help with park planning information, road closures, wildlife sightings and orientation. They see a real opportunity to partner with Gallatin Field to help visitors at the airport start the experience and continue the experience as they go into the park. Information that is specific to the park is one of the core components they want to provide in a park store environment that sells educational materials.

Steve Williamson asked Mr. Sprenger if would be a standalone entity or be in conjunction with our present gift shop concessionaire and Mr. Sprenger said we are considering both options but it is premature to say what will be recommended. John McKenna asked how they envision introducing visitors and getting them started. Mr. Bierschwale said destination Yellowstone would be a good way to look at it. They hope to interact with deplaning visitors who are waiting for their baggage and help start the experience through a trip planning function they have found very useful at their Gardiner facility.

Thomas Porter, from the Yellowstone Park Foundation, said that about 20% of the incoming passengers plan to go to the park and the rest may go there at some point. They hope exhibits will provide context so they get a sense of what they will get involved in and also introduce them to efforts to engage stewardship of the park. Mr. Williamson said people

know the park is just down the road and it would be nice to have additional information available. He is surprised we haven't done something like this before.

Mr. Sprenger said the park draws 3.6 million people per year; some fly in to different airports and some drive in. We want people to know Gallatin Field is the best located airport for people who fly in to visit the park as we are within 90 miles of two entrances to the park. We want to be the premiere entrance to Yellowstone National Park and want to be branded that way so when people think of Yellowstone, they will fly into this region and think of our airport first. He said we are very optimistic that we can work out something. Both of these groups are a class act, and he thinks it would be a great thing to bring them into the airport.

Mr. Roehm said a while back, when a travel agent typed in Yellowstone National Park as a destination, it would come up on the screen to get there through Cody, Wyoming and he asked if it's still that way. Mr. Sprenger said when someone searches for Yellowstone airport, it is still that way. We own the website Yellowstoneairport.com but we are on the 6th page of the search. The first airport is Yellowstone Regional Airport at Cody, Wyoming because they have the word Yellowstone in their name. West Yellowstone airport beats us as well even though it is through the state aeronautics. From a name standpoint, having just the name Gallatin Field does impact the location on searches. How it shows up is still a hindrance.

Mr. McKenna asked where most people visiting Yellowstone Park fly to and Mr. Sprenger said Salt Lake City. The next two are Bozeman and Jackson. Mr. Williamson thanked the people from the Yellowstone Association and Yellowstone Park Foundation for coming in and introducing themselves.

The fourth agenda item was to continue consideration of artwork donation proposals for the expanded terminal building. Mr. Sprenger said we have three new pieces to date that the Board has not considered before. Jack Parsons brought in a diorama. Mr. Parsons thanked the Board and said the theme of this artwork is Montana. The wood came from an 1875 blacksmith shop and everything is natural. The vehicles are both Fords. He has done a number of different themes, including an airplane. Everything is old. Mr. McKenna asked him if he had something that is more specific to an airport and Mr. Parsons said yes. The Board thanked him.

Mr. Sprenger introduced Sam Terakedis who presented a piece called 'Royal Flush', which is three elk with three ruff grouse flushing at the base. Mr. Terakedis said the molds and casting costs \$215,000 and he would like to donate this to the airport after finding funding. He would like to do a life size bronze. He believes the second-story circular balcony was made for this piece of art and would create an impressive scene for passengers when they come off the plane. He appreciates the Board considering his piece.

Mr. Roehm asked about children climbing on it and Mr. Terakedis doesn't think they will as the bulk of it would be out of reach. Mr. Roehm said we paid a lot of money for square footage so we could accommodate all the people passing through and asked if it would take up some of that. Mr. Terakedis said it would have an 8 foot diameter and he thinks it would allow a lot of traffic around it. The first thing a passenger would see would be the fireplace, then the elk with the windows in the background and the passenger would realize they weren't in Kansas anymore. The Board thanked Mr. Terakedis.

Another piece of artwork was done by Diane Tremon. Ms. Tremon said she is an oil painter and everything she paints is wildlife from our area. Her husband is a wildlife biologist and she works mainly from his photographs.

Mark McLeod said Eric Hastings said he would like to sponsor an aspen glow and moon panorama of the Bridgers. He waited fifteen years to get both the aspen glow and moon at the same time. Mr. MacLeod said the image speaks for itself. Mr. Hastings wants it printed on canvas with a barn wood frame without a matt or glass and hopes we can get it somewhere that everybody can look at it. He wants to credit it to the Warriors and Quiet Waters.

Mr. Sprenger asked if the Board would like to look at a piece of artwork by William Pope and another one by Tracy Penfield in the new terminal during the meeting or after and Mr. Williamson said they would prefer to see them afterward.

A backlit picture of horses by Mark Macleod was on the table for the Board to see as well as six original lithographs by Parks Reece. Mr. Sprenger mentioned the Fridley Fire picture and Mr. McKenna said the actual piece is very striking but we would need a place for it. He said it would be important to label it to denote what it is about. He said labeling some of the other artwork would be beneficial as well.

Mr. Sprenger said he would feel comfortable recommending all the pieces but the barbwire art and he would find a place for that if the Board wants it. Mr. Mathis asked Parks Reece if his lithographs could be displayed without glass and Mr. Reece said he thought they could. He said they are protected with Plexiglas that won't break.

The Board members will do their own evaluation of the artwork pieces and submit a survey for what they want to accept. The Board members said they had a lot of great choices

and Mr. Roehm said he liked them all and was thrilled so many local artists are willing to donate artwork.

Dennis Harrington and Lindsay Laylock presented a bobcat that was stylized along the MSU logo and is different than what the Board has seen before. Mr. Sprenger said he included the art acceptance criteria, which says that it needs to be realistic and true to nature but this is something he wanted to bring to the Board for their comments. Ms. Laylock said that the other bobcat had already been approved by the Board at a meeting about three months ago. Some people in the community said there are already so many traditional bobcats out there and they wanted one that was closer to the MSU Bobcat logo. She and Mr. Harrington came up with one that is stylized but tried to make it look traditional and realistic as well. They brought an actual bobcat into the studio for a model and they would like to work with the Board on the material. It would be gold plated with a marble base.

Mr. Roehm quoted from the acceptance criteria: "The art should be realistic and representation of Western scenes and activities, with particular emphasis on wildlife". It is more stylized than the bobcat. Mr. Mathis said that he understands that the base would have a blue component and Mr. Harrington said it has blue specks in it, because they are going for the blue and gold. Ms. Laylock said they are going for something unique. The Board thanked Ms. Laylock and Mr. Harrington for the presentation.

The Board will take all these proposals under advisement for the next meeting.

The fifth agenda item was to continue consideration of a Customs and Border Protection facility at Gallatin Field. Mr. Sprenger reminded the Board that at the last meeting they were expecting a letter from the Yellowstone Club saying they would support this financially for the capital improvements that would be required to build the facility and

that letter came in late, so the Board tabled the discussion. We have received a letter stating they will provide up to \$200,000 toward the facility.

We also received a letter from Signature Flight Support by Yellowstone Jetcenter saying they would consider participating in investing in the facility plus helping with any shortages in operational costs for the facility for five years in exchange for the Board considering coterminous lease agreements and lease extensions.

Mr. Sprenger thinks that this is a beneficial project for the airport with the support of these two companies. He said it would be a capital improvement to the Airport Authority's building and he would recommend approval of signing a memorandum of agreement (MOU) with U.S. Customs that would start the ball rolling. The Board's approval just says that they approve of moving forward on the project to get the design done and get prices on how much it would cost to remodel our building.

Mr. Williamson said it's kind of a strong endeavor for taking on a lot of responsibility if we sign this MOU with the Customs people. We pay for everything plus interest no matter what if we terminate within ninety days so we would be biting off a pretty good chunk to do this. It sounds like the remodel may be mostly handled because the Yellowstone Club has offered to pay \$200,000 or two thirds of the cost of remodeling. He thinks that part may be doable, but the part that we have to pay \$100,000-\$150,000 per year for continuing operations obligations is what concerns Mr. Williamson.

Mr. Sprenger said we would expect that to be about \$150,000 per year. Through an analysis of a survey of the existing users that fly in and out of here internationally, the indication is we could recoup about 80% of that cost through user fees. The remaining difference is about \$25,000 a year, assuming we don't see any growth and don't see any

decline. That is where Signature would come in and they said they would step up and assist in that deficit. Some of that is contingent upon us working with them on their request for lease negotiations.

Mr. Sprenger said there are some open-ended portions there, but even so, he believes we could accommodate a shortage of \$25,000 in our budget if we needed to. It would be obviously better having the backup from the Signature Group. Mr. Sprenger said we have also talked with the Yellowstone Club, and even though discussion isn't finalized, he believes they would participate in that as well.

Mr. Williamson said in the end this is on us. It would be nice if we had Customs here but there aren't any guarantees that it will get used. If it doesn't get used, we would have a sizable obligation. He doubts that Yellowstone Jetcenter is going to want to pick up very much of the tab and we would be stuck with the majority of it. He said some questions are going to be hard to answer.

Kent Foster, General Manager of Signature Flight Support, said the company is looking to set up Customs at airports across the country where they have Fixed Base Operators (FBOs), and they are dedicated and committed to making this happen where they can. He said they have discussed putting in up to a couple hundred thousand dollars here, and his understanding is that the Yellowstone Club, Signature and the airport are partners. If there are more people, the costs would be split up among them as well. Signature has some Canadian and Mexican customers who have to stop at Customs in Great Falls every time they come here and they have been begging to get Customs here.

Mr. Foster said there is an unknown element; if you build it they will come. He said we don't know how this will affect the airlines. We don't know how this will affect

businesses that want to ship components out of the country and it may be easier to do once Customs is here. He said Signature has customers and the Yellowstone Club has members who want Customs here and they are committed to getting Customs here. Because they're a publicly traded company with shareholders, they can't just give money as a donation. Their shareholders want something in return, whether it's monetary or something else, and that's why the request of beginning negotiations of possibly working with them on their leases. Their shareholders would see that as a benefit and a return on their investment. His opinion is that great things can happen from this once it comes; we just don't know what it will be. He said it's a known that their customers want it to happen and they would pay the user fees they said they were willing to pay when they responded to the survey. He said it would be cost effective for them to do considering the costs on their engines, their maintenance and time. The Board thanked Mr. Foster for his comments.

Mr. McKenna said one of the things we know is that we have to pay the bill if nobody else does. We too have shareholders; they're known as the public, and he is pretty concerned about knowing that it will be our responsibility to pay the bill.

Gregg Fuller, from Sunbird Aviation, operates an on demand charter operation at Gallatin Field. He said to manifest into Canada and back in one day, especially on a Sunday evening in bad weather, is an anxiety no pilot wants. The possibility of having Customs here is just a delight to him for convenience, monetary and safety reasons. He recently learned about this and hasn't contacted Mr. Sprenger or done any research.

He believes fuel sales would be incredible. He said he is often cleared Customs in Great Falls and Helena and Great Falls is tough. The inspector in Helena is willing to work after hours. If we had Customs here, we could access their protocol and learn their needs.

He would like to land at his home base and take on his home base rate fuel. As a small-business owner, he believes it would save him enough by having Customs here that he could afford to pick up some of the tab.

He said, selfishly speaking, if he lands here he's home and he doesn't mind staying with his aircraft until eight o'clock in the morning when Customs comes in to clear his plane. He said he hates user fees but this is one that benefits him and he would be happy to pay it. He couldn't match the generous donation by the Yellowstone Jetcenter but he would surmise, based on his experience, that fuel sales and landing fees would help cover the \$25,000 shortfall. He thinks that we should ask some of the Global Express and Gulf Stream operators to help pay the cost for Customs, whether they use it or not.

He believes Customs would be a tremendous benefit for the valley. He said there are Customs ports in Spokane, Kalispell, Cut Bank, Great Falls and then it continues east. He said these locations are inconvenient for many local users and transient traffic. He said transient traffic is always huge at Customs bases, and they always need fuel.

Mr. Fuller said he can't promote this enough and if anyone wants any information from his operational experience with U.S. Customs, please contact him. He has networked with Max Baucus on standardizing the protocol for all Customs' bases.

Mr. Mathis said we have been working on getting Customs here for years and he is very much in favor of making it happen if we can. He said he has a couple of concerns. There would be only one Customs agent available only eight hours a day, five days a week or forty hours a week and he wanted to know if that person would be flexible to come in on weekends or evenings on overtime. Mr. Fuller said, typically they work from 7 AM to 4 PM, but quite often are on 24-hour call. It depends on the agent and their supervisor but some

will take time off during the day and come back in if they know they have a flight coming in later in the evening.

Mr. Mathis said that is a great big question in his mind and he has concerns about the time covered for training, sick or vacation days. Mr. Sprenger said Customs would cover that time by bringing in another agent. We would tie the forty hours a week to the days when 70% of the survey respondents said they would arrive. Tuesdays and Wednesdays wouldn't be covered as those are slow days. He said it will be an unknown until we have the service and we don't know how many would change their schedule to covered time. He said he also didn't include any numbers of transients that may come here instead of Great Falls or Spokane because that is an unknown he can't project.

Mr. Mathis asked if Arlin's Aircraft Service, Central Copters or any of the other corporate owners have made any kind of commitment and Mr. Sprenger said he has talked to Arlin's briefly. They are receptive but not on a financial basis.

Mr. McKenna said he does not want his comments interpreted that he is not in support of having Customs here, but we have unknown expenses for a major new building. He is encouraged by Mr. Fuller's comments. He also has used Customs quite a bit and believes the selection of personnel is key.

Mr. Sprenger and the Board discussed why we would need to remodel the building, the standards for the building, the existing infrastructure and if the Board would like to spend money to get a better cost estimate. The Yellowstone Club would like to see Customs in place for the winter. Mr. Kelleher has concerns due to not having many operations needing Customs. Mr. Fuller said Netjets is a big customer here and asked if anyone has approached

them to see if they could make a monetary donation and Mr. Sprenger said we have not. Mr. Fuller believes they would be willing to participate.

Mr. Roehm asked how committed we are to signing the MOU and asked how encumbered we would be if we sign it. Mr. Sprenger said he understands from the discussion that the Board would like more information before signing the MOU. He said the bulk of the costs are personnel costs, and if there is no personnel here, there is no cost. Jamie Lenon, from Prugh and Lenon, said it would cost \$10,000-\$15,000 to get a good estimate for the building remodel.

Mr. McKenna made a motion to authorize the expenditure not to exceed \$15,000 for the planning process on the building with the proviso that Mr. Sprenger has authorization to move forward and negotiate with other entities for cost recovery methods for the ongoing project. Mr. Roehm seconded the motion and all the Board members voted aye.

The sixth agenda item was to consider preliminary budget for fiscal year 2012. Mr. Roehm said he is concerned about the 12% increase in revenues and hopes it comes to pass. He said personnel costs eat you alive and asked if Mr. Sprenger is comfortable with our staff level at this time. Mr. Sprenger said he is comfortable because we have hired several new staff members within the last couple of years and believes we are fully staffed.

Mr. Mathis said he had concerns about operation costs because they are unknown but thinks they are covered in the budget. Mr. Williamson said utilities are a big unknown. Mr. Sprenger said we took our square footage and current costs per square foot for budgeting. He didn't include potential savings from the ground water heat exchange or more efficient fixtures because there will be an increase in demand. We have a lot more equipment and that will offset some of the savings.

Mr. Williamson asked about our ratings on our bonds because we don't have a lot of airline diversification and Mr. Sprenger said we do have two airlines that have a significant presence at the airport and three that are considered secondary. He said there aren't that many airlines left. Scott Humphrey said we are the lowest cost operation per enplanement in the state.

Mr. Williamson said the budget is a roadmap. What he has been watching ever since we started the terminal project is the cash flow projection, and so far that is working. He thinks that is proof of the financial basis of what we do. Mr. Sprenger said he gave the Board members a new cash flow projection, which includes this budget.

Mr. McKenna commended Mr. Sprenger and Mr. Humphrey for their work.

Mr. McKenna moved to accept the budget as proposed and Mr. Roehm seconded the motion. The motion carried unopposed.

The seventh agenda item was the election of officers. Mr. Roehm nominated John McKenna as the Chair, Kevin Kelleher as the Vice Chair and Ted Mathis as Secretary. Mr. Mathis seconded the motion and all Board members voted aye.

The eighth agenda item was the report on passenger boardings and flight operations – Scott Humphrey. Mr. Humphrey reported that total operations for May were up 3.6%. APEC was a large part of our success for May enplanements, which were up 20.8% to 26,598. That surpasses our previous record for May. About half of them were because of the APEC convention and we are grateful for that. Our 12-month rolling enplanements were at 381,349. Airline landings were up 1.6% and corporate landings were down 2.4%; 122 vs. 125 for May 2010. Load factors with APEC increased from 81.0% to 84.1% with about a 2,000 seat increase in May.

Mr. Humphrey reported that total fuel dispensed was up 26.9%. June enplanements are 7% ahead of June 2010 and may beat the record set in June 2008. This summer we have about 3% to 4% more seats than last summer but we are seeing the airlines cutting back for the fall. United Airlines is starting their A320 service to Chicago today and their A319 service to Denver tomorrow. Delta Air Lines brought in their 737-800 from Atlanta today and in July will start their 757 service to Atlanta. Allegiant has changed their schedule recently but their load factors are still good.

The ninth agenda item was the Director's Report – Brian Sprenger. Mr. Sprenger reported that he has been working with the FAA on approach control. He said we are seeing a lot of effort on the enroute sector with Salt Lake Center and two different sources said it may be done as early as September.

Mr. Sprenger reported that the road project is coming along well. The parking lot will be cleaned up in about three weeks and that should be the end of the parking lot projects we have been working on for the last couple of years.

Mr. Sprenger also reported there are a number of bills for furniture, the media system, our two new Jetways and the appraisal for the Gerovac property.

The tenth agenda item was to consider the bills and approve for payment. After review and discussion, Mr. Roehm moved to pay the bills and Mr. McKenna seconded the motion. All Board members voted aye.

The meeting was adjourned at 4:27 p.m.

Following the regular meeting, a closed meeting was held for the purpose of conducting the annual Airport Director performance review.



Steven H. Williamson, Chair