

The regular monthly meeting of the Gallatin Airport Authority was held December 11, 2014 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Kendall Switzer, Kevin Kelleher, Ted Mathis and Karen Stelmak. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director-Ops, Troy Watling, Assistant Director of Finance and Cherie Ferguson, Office Manager.

Kevin Kelleher, 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. He asked that they raise their hand, be recognized, go to the podium, state their full name and make their comment.

1. Review and approve minutes of regular meeting held November 13, 2014

Mr. Kelleher ascertained that all the board members received their copy of the minutes and asked if they had any suggested changes. There were none.

MOTION: Karen Stelmak made a motion to approve the minutes of the regular meeting held November 13th and Kendall Switzer seconded the motion. All board members voted aye, and it was a unanimous decision to approve the minutes.

2. Public comment period

There were no public comments at this time.

3. Central Valley Fire District proposed Fire Station Discussion

Brian Sprenger, Airport Director, said he and Scott Humphrey had several discussions with Chief Lindroth regarding potential locations. Our new road system lends itself very well in expediting emergency services throughout this side of the valley. Mr. Sprenger said some of the things they are looking for are accessibility to the Interstate and right turns for a significant number of expected calls. Mr. Sprenger said they looked at

several areas on the airport. Mr. Sprenger showed the board members the location Chief Lindroth preferred. Mr. Sprenger said there are a number of things to consider. He said the Airport Authority would only lease the land, not sell it. The maximum lease period that could be approved is 40 years and the lease would be at fair market value. Chief Lindroth was present at the meeting to represent Central Valley Fire and Mr. Sprenger invited him to speak.

Chief Lindroth introduced himself, thanked the board for the opportunity to speak to them, and said Gil Moore, Chairman of the trustees of Central Valley Fire, was also in attendance. Chief Lindroth said he is excited about what he hopes will be a win-win situation for the airport and Central Valley Fire (CVF). He said CVF has been in the current fire station for 60 years and it was a gas station before that. It has some problems because it wasn't designed as a fire station or a critical infrastructure; it doesn't meet any of the earthquake standards and doesn't have good quality backup power generation. He said the footprint is actually quite small and the building cannot be expanded. This led them to consider a new fire station facility.

Chief Lindroth talked about some of the things they wanted to consider such as the benefits and disadvantages of their current location. Everybody knows where it is, it is next to the public park so there's quite a lot of interaction with the public, especially in the summertime. Some of the negatives are school and railroad crossings are quite close and response times to the Interstate and just about everywhere outside their immediate vicinity are slow. There is also a large propane facility right across the street and the fire station would probably be affected if there were a significant explosion. They would also face the challenge of providing responses during the time the building was being torn down and rebuilt in the same location.

Since they are planning for the next seventy to eighty years, they need to consider the growth of the community and believe it will grow fairly significantly. With their preferred location on airport property, they could respond quickly and safely in about any direction and avoid the downtown core of Belgrade and the railroad and school crossings. His plan is to set aside funds for the next three or four years so they can finance the structure with cash. The airport location would be good because it is not in a residential area and there would be fewer complaints about the sirens. It would make sense to build a fire station that would be viable for the next 80 to 100 years. He would like a mechanism so the lease could be automatically renewed after 40 years so it doesn't have to be torn down after the 40-year lease has terminated.

In order for it to be feasible for the airport, it needs to be a win-win for us as well. It would be good politically too as it would still be serving the same district and city. Response times for Aircraft Rescue and Fire Fighting (ARFF) mutual aid and medical needs would be short if CVF was on airport property. ARFF responses have been pretty infrequent but CVF responds to medical emergencies at the airport weekly. As air traffic numbers increase, so would the number of medical emergencies. Chief Lindroth hopes the board members would view it as an asset to have the fire station on airport property. He believes the community would view it as an asset.

His proposal is an eight-bay fire station. They currently have a six-bay fire station. His vision is to build it similar to the airport terminal in looks and design. He said they like the theme, look and Montana feel. He believes a fire station adds credibility to the traveling public. It's a great place for people to ask directions and receive help for emergencies and medical situations. If some of the land were to be developed with a convention center, some nice shops and restaurants as the east side of Belgrade, the fire station could be an anchor. If

the board approved, there could be a small park for kids to play in and a bike path to town. It wouldn't generate tax revenue but could be beneficial for economic development. They would like to lease three acres for parking, the fire station structure and a small park. He hopes their vision would be something that would fit with the board members' plans. Mr. Kelleher thanked Chief Lindroth.

Mr. Moore said he is on the board of trustees for CVF and that he has known Ted Mathis for many years. CVF responds to Belgrade, almost to Maudlow, across the Interstate, along the Bridgers, out to the river and to Four Corners, about 200 square miles, which he estimates at about 30,000 people. In the past, there have been periods of rapid growth and then periods of slower growth. They have had an Inter-local agreement with the City of Belgrade so when they respond in the city, they respond as the Belgrade Fire Department. State law may interfere with that agreement, but even if it does, CVF needs a new location with more access in order to exist in the future. He thanked the board and said he would be glad to answer any questions.

Mr. Switzer asked when they anticipated building and Chief Lindroth said in the 2017 to 2018 timeframe. Mr. Switzer asked if the City of Belgrade would have any problems with CVF moving out to the airport and Chief Lindroth said they have had discussions with the district boards and City Council and they appeared to be on board. Mr. Kelleher asked if they provide ambulance service when they respond to a highway incident and Chief Lindroth said they do. He said currently American Medical Response (AMR) is the primary ambulance responder but they are working with them to enhance services. Mr. Kelleher also asked if three acres would be enough land to accommodate growth for the next 50 to 100 years and Chief Lindroth said it would be. He talked about CVF's plans for other fire stations within their district. Mr. Mathis asked if he knows if there are more calls on the

north side or south side of Frontage Road and Chief Lindroth said it is about the same number. Calls for Belgrade account for about one quarter of their calls and the next largest area for calls is River Rock. Mr. Mathis asked if they were planning any others fire stations that he didn't mention and Chief Lindroth said they are planning one for next year on the Bootstrap Ranch in the Dry Creek area. It would be a volunteer fire department. After that, 85% of their district would have fire response within five miles.

Ms. Stelmak thanked Chief Lindroth and asked how many responses they make per day and what they project into the future. Chief Lindroth said they respond to an average of four and a half calls per day, or 1,500 per year. Of those, 60% are medical, fires are 5%, and the remainder is for hazardous materials. Since most calls are for medical responses, the rule of thumb is to have teams of two to four fire fighters at each fire station and disperse staff throughout the district. As they grow, they would add more fire stations. That way, they can respond quickly for medical calls and gather everybody for fires. If they have a structural fire, the initial units would arrive quickly and knock down the fire and other resources would gather. Right now, they do that mostly through mutual aid but their volunteer system is stretched very thin. He said they can anticipate the number of calls to increase by the same percentage as the population grows, but there are benchmarks. He said when the population reaches 100,000; there is a disproportionate increase in the number of calls. This also occurs at 150,000 and again at 225,000. He believes the population in this district will continue to grow.

Ms. Stelmak asked when they use sirens and Chief Lindroth said only when they have a true emergency. The 9-1-1 center lets them know if it is for a major or minor emergency. He said they probably use sirens for 1/2 to 3/4 of their calls.

Mr. Lehrkind asked what the considerations would be if the board said yes to a fire station on airport property but chose a different location. Chief Lindroth said the ability to make right hand turns when they are responding, to not have to back into the bays when they return, limit exposure to railroad and school crossings and the core area of Belgrade, and being within five miles of the boundaries of their response area.

Mr. Mathis asked what they would do with the old station and Chief Lindroth said it is jointly owned by the city of Belgrade and the CVF. It would be up to the City of Belgrade if they want to tear it down or purchase CVFs half. Mr. Mathis asked if Belgrade would have their own fire station and Chief Lindroth said not at this time. It would not be financially feasible for them at this time and they have a great working relationship with CVF.

Mr. Switzer said the board has to look at all options and said this property might have a pretty high value. Mr. Sprenger and the board discussed some challenges and advantages of a couple of areas on the airport and why Chief Lindroth prefers the three acres proposed. Mr. Sprenger said it is beneficial for us to have the fire station on airport property or very close because the airport has grown to the point that we might have to provide an EMT for medical emergencies if CVF was not nearby. Mr. Kelleher asked about a different location on the airport and if we could request another traffic light. Mr. Sprenger said it was not recommended by the state highway department and they would probably say it is up to us to provide a better location for CVF than for them to install another light.

Mr. Switzer asked what they needed from the board at this time and Chief Lindroth said they want a good quality space to build and would appreciate having an answer sometime in the first half of next year. They would also like to request their preferred location before other organizations ask for it because they prefer not to get into a political battle.

Mr. Mathis said he was very much in favor having a fire station on the airport and he hopes that they can work something out. He knows staff would like them on the airport property too. Mr. Moore said his board would work with us. He said the two boards have had a great relationship over the years. Ms. Stelmak said the board is very much behind them. Our staff will work with them for a suitable location and address other needs they may have. Chief Lindroth said he noticed Joe Nelson, another one of their board members, in the audience. He would be willing to work with airport staff too.

4. Consider fiscal year 2016 Airport Capital Improvement Plan (AIP)

Mr. Sprenger said he has received comments from the board members since they had the opportunity to review the preliminary draft a couple of months ago. He has prioritized the projects per their requests. In the next funding year, staff has proposed to simultaneously include the parallel runway and parallel taxiway, and the deice apron. He said that is spending a lot of money. Discretionary money will go to the main taxiway and the main runway. In the first year, entitlement funding would be used for the parallel runway. Half of the second year entitlement funding would be used for the parallel runway and half would be used for the parallel taxiway. In the third year, all the entitlement funding and the discretionary funding would be used for the main taxiway system. In the fourth year, the entitlement funding and discretionary funding would be used for the main runway rehabilitation. In the fifth year, we would start reimbursing ourselves for the deice apron and the remainder of the parallel taxiway. The projection is based on the FAA continuing to reimburse us as they have in the past. If they do, we could pay off our bonds as planned. If not, we could hold off on that and just make the interest and principal payments and not have to dip into our minimum reserves at that point. Mr. Sprenger has had some discussions with

Ben Walton, owner of Summit Aviation, and although it could save some money now, building the parallel runway without the parallel taxiway wouldn't be as effective for them.

Mr. Lehrkind asked what the worst-case scenario would be if the FAA did not come through with any funding and Mr. Sprenger said the projected entitlement and discretionary funding is \$11 million. The major impact would be cushioned by not paying off the bonds and some of the design could be pushed back a year. Mr. Kelleher asked if the original pay off date for the bonds is January 1, 2020 and Mr. Sprenger said it is actually the end of 2019. Mr. Mathis asked what the chances are that the environmental assessment (EA) wouldn't be ready to move forward and Scott Bell, airport engineer, said what keeps happening is environmental groups in Washington DC keep coming up with more criteria and environmental requirements. There were some changes as late as yesterday. He believes we could get started on the parallel taxiway and parallel runway in the summer and either get them done just before the end of the construction season or finish paving in the spring. If necessary, money could carry over and be available next year or applied to the deicing project.

Mr. Mathis asked Mr. Sprenger and engineering staff the status of the deicing apron since the EPA is not putting pressure on them to do the deicing pad and Mr. Sprenger said they don't know how far they have to go on the environmental side right now. He said right now they are looking at providing better ramp access to the gates for the airlines to better facilitate deicing. He said they are still working out the details but have come a long way since they made their original presentation on the deice apron and may recommend filling in the island rather than a dedicated deicing apron.

Ms. Stelmak asked if filling in the island would be less expensive, help with summer holding patterns and allow for winter deicing and Mr. Sprenger said, in theory it would. One

of the key elements is to get the airplane into the gate while another aircraft has been pushed back for deicing. He and staff have been meeting with the airlines and they are concerned with having to start up and shut down. We are constrained with the area we have. Mr. Sprenger believes we are getting close to a solution. Mr. Mathis said the CIP was very well thought out. His concern is the reimbursements so far in the future.

MOTION: Mr. Switzer proposed that we approve the capital improvement plan as presented before us today. Mr. Lehrkind seconded the motion and all board members voted aye. It was a unanimous decision to approve the five-year capital improvement plan for Bozeman Yellowstone International Airport.

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

Mr. Humphrey reported that November tower operations were down 13.1 %, mainly because the weather was snowy and cold. Rolling twelve-month aircraft operations were 79,121. Corporate landings were up 23.7%; 146 versus 118 for November 2013. Revenue enplaned passengers for November was up 11.5% to 26,232. He said we are up 8.8% for the year. Rolling twelve-month enplanements were 478,616. Deplanements of 25,944 were up 12.4% from 23,090 for last November. Airline landings were up 4.2%, 396 versus 380 for November 2013. The overall load factor for the month was 81.5% versus 87.2% last November with 5,000 more seats in the market. Load factor is down 5.4 points for the calendar year. There were 421,889 gallons of fuel dispensed in October, which was up 1.5%.

Right now, December bookings are 14 percent better than last December so we should have another double digit increase for Decembers. Mr. Humphrey projects 482,500 revenue enplanements for the year.

He and Mr. Sprenger will be meeting with United Airlines to discuss 2015 Newark summer service. Going into 2015, we will not have the Small Community Air Service Grant

for Bozeman-Newark service and it will all be on the community. Last summer the only guaranty was for the Wednesday service. He said it will be interesting to see where the conversation goes. Next Friday, he and Mr. Sprenger and representatives from the Yellowstone Club, KMG, Big Sky, Bozeman Chamber and the Boyd group will be meeting with American Airlines.

Mr. Humphrey said he attended a meeting held by Senator-elect Daines. Members from Big Sky, Buck's T-4, Lodging & Hospitality Association and the Bozeman CVB were also present. Mr. Humphrey's perception was that air service and access will be an issue in the upcoming Congressional session. Mr. Daines was seeking input on how to leverage Brand USA, a non-taxpayer funded, international visitation organization. Mr. Humphrey believes it is tied in to the message Montana is sending out to bring folks in. The low hanging fruit is China and Brazil. Hot button issues are the Visa waiver program and Customs and Border Patrol staffing. The meeting lasted about an hour. Mr. Humphrey said he believes the community was able to provide some good input. Senator-elect Daines is a proponent of the airport and goes through about every week.

Ms. Stelmak said it was nice to see the AvGas up for October and Mr. Humphrey said we had good weather in October. The board thanked Mr. Humphrey and said he did a great job.

6. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that, based on preliminary information he has for next year, we will likely see some reduction in seats for next summer for the current carriers. We were at 80% for our load factors this year versus about 90% for the previous year. We don't know what will happen with Frontier and their lack of connections. A positive may be what happens with American. We may have good year if we get American and keep Frontier, but

it may not be quite as good if we don't. The other airlines may be making some corrections to improve their load factors.

Mr. Sprenger introduced Troy Watling, CPA, to the board.

Mr. Sprenger said we are having a few issues with pre-check. Part of the issue is with equipment and part is with training. One of our challenges, and a challenge other airports our size struggle with, is keeping the other lines moving at a time when there is limited use in the pre-check line. He said training should be completed before the Christmas rush for pre-check. The equipment should be up and running soon. When we get more volume, pre-check will be utilized more. Pre-check has been sporadic. Even if pre-check isn't open, customers still get to go to the front of the line and keep their shoes on. They still have to remove their laptops and liquids. Mr. Sprenger and staff have been working with CSSI and the TSA. Ms. Stelmak said suggested changing the wording for pre-check so our customers aren't confused. Mr. Sprenger said he is still working with CSSI. Mr. Lehrkind asked to get to decide if we have pre-check and Mr. Sprenger said that the TSA decides. Mr. Sprenger said this rush will be a test for CSSI, the new screening company.

Mr. Sprenger said he and Mr. Humphrey have been meeting with the airlines to be prepared for the holiday impact. They need to provide sufficient staff and training and open their counters early enough to check their passengers in, handle their luggage and give them sufficient time to go through screening. Mr. Sprenger said they are also trying to be creative with the airlines using baggage belts. Mr. Sprenger said we have also worked with the TSA to enhance the baggage system since last year.

Mr. Sprenger reported that Northern Wings Aviation wants to operate a flight training and charter operation at the airport. Yellowstone Jetcenter would like to lease space to them. Their requests will be on next month's agenda for the board to consider.

Mr. Sprenger said we have had two major damages to the car wash facility by one of the rental car companies. We will be reimbursed for the repair costs and our administrative expenses.

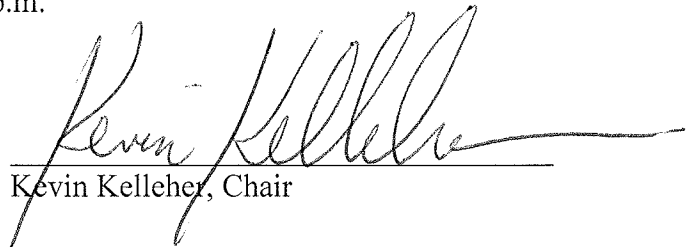
7. Consider bills and approve for payment

The seventh agenda item was to consider the bills and approve for payment. Mr. Sprenger pointed out a few of the larger checks. The board members and Mr. Sprenger reviewed and discussed the other bills.

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

8. Adjourn

The meeting was adjourned at 3:37 p.m.



Kevin Kelleher, Chair