

The regular monthly meeting of the Gallatin Airport Authority was held January 12, 2012 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, John McKenna, Carl Lehrkind and Kevin Kelleher. Steve Williamson was unable to attend the meeting. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director and Cherie Ferguson, Office Manager.

John McKenna, Board Chair, said he hoped everyone's New Year was good and brought the meeting to order.

1. Review and approve minutes of regular meeting held December 8, 2011

Mr. McKenna asked if everyone received their copy of the minutes and if they had any questions, corrections or additions. Hearing none, he entertained a motion.

MOTION: Carl Lehrkind moved to approve the December 8, 2011 minutes. Kevin Kelleher seconded the motion and all Board members voted aye. The motion carried.

2. Public comment period

Mr. McKenna said there is plenty of opportunity to comment on items not related to the agenda or on agenda items. There were no public comments.

3. Consider request by Mark Duffy to construct an 88' x 100' commercial hangar

Brian Sprenger said the Board members should have received copies of the drawing. Mr. Duffy requested the same area two years ago and the request was approved but the hangar was never built. Mr. Duffy has come back with a new request. He intends to use the hangar for overflow storage and helicopter training. The recommended location is on the south side of Aviation Lane and Morrison Maierle recommended it to be west oriented to accommodate staging larger jet aircraft on the ramp. The drawing includes office space and the required parking for this location. Because Mr. Duffy and the Board didn't enter into an

agreement within 90 days of approval of the last request, Mr. Duffy had to come back to the Board to submit a new request. The agreement will be made with Mr. Duffy and not with Central Copters.

MOTION: Ted Mathis moved approval for Mr. Duffy to build this hangar. Mr. Kelleher seconded the motion and all the Board members voted aye. The motion carried.

4. Consider request to extend the ground lease agreement for Car Park XV for five years

Mr. Sprenger said this is the last one of the original fifteen car condominiums that still has a five-year option. He said we don't need to utilize this area at this time.

MOTION: Mr. Kelleher made a motion to approve the extension for Car Park XV for five years and Mr. Mathis seconded the motion. All Board members voted aye and the motion carried without opposition.

5. Continue consideration of Art Proposals

Mr. McKenna said the Board received copies of the artwork under consideration. Mr. Sprenger said staff is making a recommendation based on the survey the Board members sent in. He said the Board could accept the recommendation as a whole unless they wanted to take all or certain pieces separately. The suggested pieces are two dioramas by Jack Parson, a painting proposal by Stacey Herries that the Board would have final approval on and Mountain Goat and Livery Stable pictures by Jake Peterson.

Mr. Mathis said he believes the stonework above the fireplace is so beautiful that he doesn't want any artwork there. Mr. McKenna said they can accept the artwork and find another place for it. Mr. Sprenger said if the Board prefers, nothing will be placed on the stonework. He also said staff put other artwork on hold until next year so the Board won't be

considering artwork every other month. Amber Jean is working on the buffalo bench the Board approved at the November 10, 2011 meeting. Mr. McKenna said if something comes up that is spectacular, he would like to consider it without waiting until next year.

Mr. Kelleher said he agreed with Mr. Mathis that the stonework is too beautiful to cover with pieces of art. He said the people at Big Sky like the continued lodge look of the terminal. He also said some school children from Gallatin Gateway put together a historical DVD of pictures of the valley. He would like the Board and staff to look at them and will bring the DVD next month.

MOTION: Mr. Lehrkind moved to accept staff's recommendation for the 2011 artwork they put together. Mr. Kelleher seconded the motion. All Board members voted aye and the motion carried without opposition.

6. Consider authorizing Board Chair to sign air service proposal subsequent to receipt of community financial match of the Small Community Air Service Grant

Mr. Sprenger said we are not in a position to announce the airline because we are still putting the funding together. It is the community's challenge and not the airline's fault that the air service proposal isn't ready to be signed yet. The Grant and community match would cover one year of service one day a week during the summer and winter seasons. The airline established the revenue guarantee for one year at \$1,420,000 based on their cost. The funding from the community and the Grant come to \$1,688,000, which should cover the first year of operation and provide sufficient cushion if fuel prices go up.

If the airline doesn't have the signed proposal by February 14th, they won't be able to get the schedule into their system and that might delay service until next winter. Before we can sign the proposal, we need to have the money or irrevocable line of credit in hand.

Mr. McKenna asked if the purpose of this agenda item is to allow the Board Chair to sign the agreement when the money is in hand and Mr. Sprenger said it is. He said we could call a special meeting if the Board desires. Mr. Kelleher asked if it could come down to time being of the essence and Mr. Sprenger said it could.

MOTION: Mr. Mathis moved to authorize the Board Chair to sign the air service proposal subsequent to receipt of community match of the Small Community Air Service Grant. Mr. Lehrkind seconded the motion. All Board members voted aye and the motion carried without opposition.

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

Mr. Humphrey reported that total tower operations were up 20%, from 4,777 for December 2010 to 5,739 for December 2011. This is mainly due to the flight school activity and good weather. Total enplanements for 2011 were 397,822, which is just under a 9% jump from last year. Delta Air Lines was relatively flat at 156,233 versus 155,924 for last year. United Airlines went from 119,649 to 127,315.

Mr. Humphrey reported that Allegiant Air started Mesa service in 2010 so they have a full year for that service. Their enplanements are up 82%. Frontier is up 19% and Horizon is up 10%. For the year, Delta had 39% of the market, United had 32%, Frontier and Horizon each had 11% and Allegiant had 7% of the market.

Total airline landings for December 2011 were 490 versus 503 for December 2010. This is primarily due to United and Delta bringing in bigger equipment. Corporate landings 12,500 pounds and above were down 2% for this December.

Load factors were 80.9% for December versus 78% for December 2010. Load factors for 2011 were 85% versus 79% for 2010. That is a net gain of 6%. Total gallons consumed were down 10.2% for the month and up 2% for the year.

January enplanement projections at this time are 3% below last January's enplanements. We are seeing some cancellations due to the lack of snow. Mr. Humphrey thinks January 2012 will be flat or 2% below January 2011.

The Board thanked Mr. Humphrey for his report.

8. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported on the last forty years of enplanements at Gallatin Field. There were only six years when they declined and four were pinpointed to specific airlines or aviation related activities, one was the fires in the late 1980s and the 2009 decline was due to the recession, which affected the Bozeman airport by a small percentage compared to nationwide.

Mr. Sprenger also reported that we have not changed our name on our paperwork, but since the name change was approved last month, the press and some other companies have adjusted their websites to incorporate our new name. Our Google ranking from just searching for "Yellowstone airport" has gone from page five to page three in the last month.

Mr. Sprenger reported that the Yellowstone Park Foundation will be holding their 15th anniversary in our former lounge on February 2nd. The Park Superintendent will be present. Mr. Sprenger said we would like them to think of our airport as their airport.

Mr. Humphrey said a number of the Foundation members have gone through our airport in the last six months and have given it rave reviews. A lot of them are east coast members who have been with the Foundation for a number of years. The Foundation will be

hosting their annual banquet here and we will give them a tour of the airport. He said they are very interested in a relationship with the airport, their Yellowstone Association store and the displays they will be putting up in the next four or five months.

Mr. Sprenger also reported that we have written a letter to Serco regarding staffing at the tower. The sixth position has been approved but there has been a constant change of staff and it takes two to three months just to get a position filled. He said he will talk to Serco management next week regarding this issue and the stress levels it has created for the control tower staff. Mr. Sprenger said there is a disconnect between FAA control tower staffing level and contract control tower staffing level and it puts airports like ours at a disadvantage. He said the FAA is moving to make more of the FAA towers contract towers so the issue will become more nationwide. He believes it is a really big issue for our tower and we need to do everything we can to help our tower staff.

Mr. Sprenger reported that next month the capital improvement plan for the next five years, including justification to have a parallel paved runway just north of the turf runway because of the increased flight school activity, improving working conditions and making the flight patterns less congested, will be discussed. He said the runway we have works fine for the amount of traffic we have but the mix we have at times is very challenging.

Mr. Sprenger also reported that we are working very diligently regarding new air service and hope to have an announcement before the end of the month.

He also reported that the contractor has started putting up the new walls for the Customs facility.

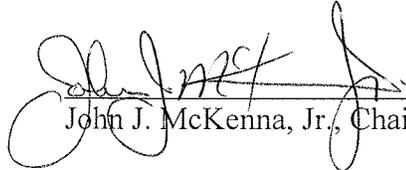
9. Consider bills and approve for payment

Mr. Sprenger and the Board members discussed the bills.

MOTION: Mr. Mathis moved approval of the bills and Mr. Kelleher seconded the motion. The motion carried unopposed.

10. Adjourn

The meeting was adjourned at 2:40 p.m.



John J. McKenna, Jr., Chair