

The regular monthly meeting of the Gallatin Airport Authority was held April 11, 2013 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, John McKenna, Carl Lehrkind, Kendall Switzer and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director-Operations, and Cherie Ferguson, Office Manager.

John McKenna, Board Chair, brought the meeting to order and said comments relative to an agenda item could be made at the time the item is being discussed. Public comments may be made during the public comment period.

1. Honor Board Member John McKenna, Jr. for twenty years of service to the Gallatin Airport Authority

Mr. McKenna said he was thirty-nine years of age when the Gallatin County Commission appointed him to the board. He said Ted Mathis raised him regarding the airport, and he has had a lot of great encounters with the many people who come here or are here for various reasons. He thinks of the Airport as a collection of people who run it, who come here, and who rely on it. He has known Mike Lucero, Arlin Wass and his family, and Scott Bell of Morrison Maierle for many years, and he said he remembered when Brian Sprenger used to come out and clean airplanes for his dad. He thanked Mr. Bell and Morrison Maierle Inc. for engineering services to the airport. He said he has been proud to be associated with the rest of the people in attendance.

Mr. Sprenger said there were about 175,000 passengers per year when Mr. McKenna started on the Board and now we are passing 440,000 passengers. He believes it is very notable that on Mr. McKenna's first year on the board, it was the first year we beat Missoula in total passengers. Ironically, the last year he was on the board will be the first time we beat Billings. Mr. Sprenger believes that is pretty telling of the contribution Mr. McKenna

has had. Those are pretty big achievements for this airport. Mr. Sprenger presented Mr. McKenna with a plaque in appreciation of his 20 years of dedicated service to the flying public of southwest Montana as a member of the Gallatin Airport Authority Board from 1993 to 2013. Mr. McKenna said the plaque would hang prominently in his office or wherever he spends most of his time. He is extremely proud of his time here and what the airport has become. He thanked Mr. Sprenger.

Kevin Kelleher presented an airport bear on behalf of all the former and current board members. He said he can't say enough how Mr. McKenna has helped him matriculate on this board and he hopes he will do as good a job as Mr. McKenna. Mr. McKenna said this was significant for him to receive because he was on the board when the life-size bear, titled the Guardian Spirit, was contributed to the airport by a very generous artist. He said he and the other board members at the time didn't think much about it because it is representative of the area. He said he didn't think they even had their next meeting and some people from Montana State University called up and wanted it removed. He said it was one of those defining moments and the bear has come to symbolize the airport.

Ted Mathis gave Mr. McKenna a gift and read the attached poem he wrote entitled "John McKenna Comes to Gallatin Field."

Mr. McKenna thanked Mr. Kelleher and Mr. Mathis.

2. Review and approve minutes of regular meeting held May 9, 2013

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

MOTION: Carl Lehrkind moved to approve the May 9, 2013 Gallatin Airport Authority minutes. Kendall Switzer seconded the motion and all Board members voted aye. The motion carried.

3. Public comment period

Philip Levy thanked the board and asked them why they don't allow someone to have an aircraft cleaning service on the general aviation (GA) ramp. He also asked what makes FBOs special in the services they provide for aircraft cleaning and if there are special procedures, why a small business couldn't provide aircraft cleaning with those procedures.

Mr. McKenna asked him if he would like to do that and Mr. Levy said he would. Mr. Sprenger said he has not had a chance to discuss this with Mr. Levy and asked him to set up a time to discuss it with him.

Mr. Kelleher said he had mentioned in the past the possibility of having a GA plane wash somewhere on the ramp so those who don't have water in their hangars would have a place to spray off a plane. He said they have one at Sky Harbor in Phoenix for small aircraft.

Mr. McKenna encouraged Mr. Levy to set up an appointment with Mr. Sprenger or Scott Humphrey to discuss this topic.

4. Consider preliminary budget for fiscal year 2014

Mr. Sprenger said he spoke to each of the board members individually regarding the budget. There was one additional recommendation that was in the board mail out to add some money for potential land acquisition.

He said overall there is about a 5.6% increase in revenues and about a 2.2% increase in expenses. No personnel positions will be added for this year. Most of the capital improvements will be in the road category. Mr. Sprenger asked if the board had any more questions.

Mr. McKenna said he knows that all the board members have had the opportunity to review the budget. He said it is getting very complex and he liked the fact that it is getting

more granular so the board can see what is within the bigger categories. He thanked Mr. Sprenger and Mr. Humphrey.

Mr. Mathis said the budget looks very good, conservative, well-thought-out, and the detail makes it easy to understand. Mr. Kelleher agreed with Mr. Mathis and is supportive of the \$2.5 million capital plan to purchase land if the opportunity arises. Mr. Lehrkind said he appreciates Mr. Sprenger and staff, and Mr. Sprenger meeting with him individually to discuss it. He said the budget is very understandable. Mr. Switzer thanked Mr. Sprenger and staff and said everything looks good. Mr. McKenna says it is a large effort to put the budget together and to meet with each board member individually. The board can't meet as a group outside a public forum. Mr. McKenna thinks that is good because you don't get groupthink or one individual dominating the discussion. He also encouraged the public to comment if they have thoughts on the budget.

MOTION: Mr. Mathis moved to approve the FY 2014 Airport Authority budget as proposed by staff and as amended to add \$2.5 million to the capital improvement fund. Mr. Kelleher seconded the motion. All board members voted aye and the budget was approved.

5. Election of officers

Mr. McKenna said the current slate of officers is that he is the Board Chair, Mr. Kelleher is the Vice Chair and Mr. Mathis is the Secretary.

MOTION: Mr. Lehrkind made a motion to make Mr. Kevin Kelleher Chair going forward. Mr. Mathis seconded the motion. All the board members voted aye in favor of the motion.

MOTION: Mr. Lehrkind made a motion to recommend Mr. Ted Mathis for the Vice Chair position for this coming two years. Mr. Kelleher seconded the motion and all Board members voted aye.

MOTION: Mr. Switzer moved to recommend Carl Lehrkind for the position of Secretary and Mr. Mathis seconded the motion. All Board members voted aye. Mr. McKenna said we have a new slate of officers starting at the next board meeting and he congratulated them.

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

Mr. Humphrey reported that total operations were down 15.2%, mainly due a 26% decline in local GA. Rolling twelve-month aircraft operations were 77,498. Corporate landings were up 114 versus 111 last May. Total revenue enplaned passengers of 29,182 were up 3.2% and rolling twelve-month enplanements were 440,660. Deplanements of 30,256 were up 1.9%. Airline landings were down 5.2% for the month. The overall load factor for last May was just under 80% and this May it was 85.8% even with losing some landings and some seats. April fuel dispensed was up 17.6% from last April. Mr. Humphrey said he is not optimistic about June. He said we are seeing 10% down in total seats for the first part of the month but we haven't seen the latest projections for the last part of the month. Last June we had 55,000 seats in the market and we are seeing 46,500 seats in the market for this June. Last June our load factors were 71.6%, so we had too much capacity in the market. Mr. Humphrey is projecting we will be down 2% to 3% in June with an 85% load factor. He thinks it will be a momentary drop and he believes July and August will pick up. The runway closure starts in Billings in July so he thinks it will be an interesting month. Mr. Lehrkind asked if Mr. Humphrey thought the local GA was down due to fuel prices or weather and Mr. Humphrey said he believed it was mainly due to fuel prices. He asked Arron Wass what he thought and Mr. Wass said it has been bad since fuel prices went up to five dollars a gallon.

Mr. McKenna said one of the better things they have done since he has been here is to hire Mr. Humphrey, and he thanked him for his report.

7. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that the rolling twelve-month enplanements for the Bozeman Yellowstone International Airport (BZN) were 440,660. During that same time frame, the Billings Logan International Airport (BIL) enplaned 437,974 passengers. Mr. Sprenger said BZN surpassed BIL in enplanements, deplanements and total passengers and we will not look back for the rest of the year. He said we don't know about next year. Our level of service is pretty impressive for our community, which is about half the size of Billings.

Mr. Sprenger reported that the Essential Air Service Program for Miles City and Lewistown has been extended to July 15 so they got a little reprieve.

Mr. Sprenger also reported that yesterday he returned from the Contract Tower meeting in D.C and had the opportunity to meet with senatorial staff for Senators Baucus and Tester. They discussed our Contract Tower Program concerns since we have a much lower staff level with traffic comparable to Billings and much more than all the federally staffed towers in Montana. Mr. Sprenger said that continues to be an equity issue. He said he hasn't asked the FAA to do anything about it yet because we want to get the air traffic approach control completed. The senators are willing to support us when we are ready.

Another concern we have with the Contract Tower Program is the cost share program, which would be similar to the Airport Improvement Program (AIP), where the local airport would put in 5% or 10% and the federal government would put in the other part. The majority of the airports felt comfortable with that, but we expressed our extreme displeasure with that, basically on the equity side again. We are already paying for the operation of the tower, and finally got to quit paying for a couple of the hours for the controllers, and yet

there are airports in our own state that don't pay a dime. He said he doesn't believe it is appropriate to expect our airport to contribute when other airports our size and smaller don't have to contribute. He said we would be watching that closely.

Mr. Sprenger reported that one of the other things that was talked about was a recommendation by the American Association of Airport Executives (AAAE) to remove the cap of \$4.50 for Passenger Facility Charges (PFC). It might be good to move the larger airports out of the PFC program, but if our passengers have to connect through other airports that have unlimited PFC ability, that could be a significant cost increase for our passengers and for other airports in the state. He said we are not opposed to raising the PFC limit, but we are opposed to not having a cap.

He said the remaining part of the discussion was keeping our senatorial staff on track regarding approach control, just in case of a hiccup. Mr. Sprenger said there are no indications of that at the FAA right now and the expectation is still for it to be in service in early October.

Mr. Sprenger reported that we completed our airport certification with the FAA and he is pleased to report that our staff had an error-free certification inspection. We are very proud of our guys.

Mr. McKenna thanked Mr. Sprenger for a good job.

8. Consider bills and approve for payment

Mr. McKenna reminded the public that following the meeting will be one of the few times the Board has a closed meeting. The purpose is for the Airport Director review. He said if anyone has a comment they would like to make, they should write it down and give it to the board before the end of the meeting.

He said there would be a small gathering at the Pilot Shelter at 5:30 for his retirement party and that everybody was welcome.

The board members and Mr. Sprenger reviewed and discussed the bills. Mr. Sprenger said there was a check to the Gallatin County for \$1.3 million that was discussed at the last board meeting. There was another check to the Gallatin County \$384,075 for the board to approve at this meeting.

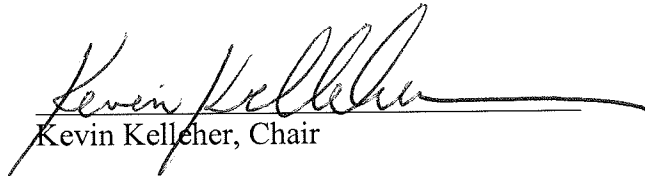
The board members and Mr. Sprenger discussed the East Belgrade Interchange Project. Mr. Sprenger said there was strong opposition to the road name of Airport Way as approved by our board at our last meeting by both the county and city. They said it would be difficult to locate someone if they called 9-1-1 because most people don't have house phones any more. The board expressed concerns about Airway Boulevard.

MOTION: Mr. Kelleher made a motion to pay the bills and Mr. Lehrkind seconded the motion. The motion carried unopposed and the bills will be paid.

9. Adjourn

The meeting was adjourned at 3:55 p.m.

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


Kevin Kelleher, Chair

John McKenna Comes to Gallatin Field

John McKenna came to Gallatin Field
and looked toward the sky
he said just sell me an airplane
I already know how to fly

So he bought himself a dandy
A big bull Cessna 185
He said now that I have an airplane
I'll never have to drive

Then he flew it all over the country
Across the airways he did sail
He flew it through all kinds of weather
He even flew it with half its tail

As John spent more time at the airport
he wrote the County Commissioners a letter
he said if you'll put me on the airport board
I think I can make this place better

Soon he started to build some new hangars
And he sold them through word of mouth
He built each one bigger than the last
And he made sure that they all faced south

We soon learned if we needed political help
Well John would take care of that
He knew his way around Washington well
Like every good Democrat

John thought we needed more property
Protect the airport became his slogan
He said I just will not rest
Until we own everything from Bozeman to Logan

John championed several projects
As the years began to pass
He said I hate landing on asphalt
I'd much rather land on grass

So we built a new turf runway
John thought it just looked snappy
He landed there every chance he got
And for a time, John seemed happy

But before long he became restless
He began to sweat and swelter
He said I think what this airport needs now
Is a great big damned picnic shelter

So he rolled up his sleeves and held out his hand
He just wouldn't leave people alone
Soon he'd collected enough money
To build a shelter of fine wood and stone

Now John helped the airport to grow
In every conceivable way
He worked real hard for twenty years
Until here we are today

So as John moves on from the airport board
There'll be no tears on his face
For he knows that he did a very good job
And made it a much better place

Ted Mathis
June, 2013