

The regular monthly meeting of the Gallatin Airport Authority was held August 8, 2024, at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Karen Stelmak, Kendall Switzer and Carl Lehrkind. Also present were Brian Sprenger, CEO, Scott Humphrey, COO, and Troy Watling, CFO.

Mr. Mathis, Board Chairman, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board and called the meeting to order.

1. Review and approve minutes of regular meeting held July 11, 2024

Mr. Mathis asked if everyone had received their copy of the minutes and if they had any corrections or additions. There were none.

MOTION: Mr. Switzer moved approval of the minutes of the regular meeting held July 11, 2024. Ms. Stelmak seconded the motion, and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider Land Acquisition Priorities

Mr. Sprenger said the property being considered is the Jack Gillette property. Mr. Gillette's power of attorney said they are interested in selling the property. Mr. Sprenger indicated the location of the property on the map. This is the last essential property to the south. Staff would like to negotiate a buy-sell. This is an ideal piece of property due to the proximity of the north expansion.

MOTION: Ms. Stelmak moved to approve the Airport Director negotiating a buy-sell on the Jack Gillette property and to bring to the Board for consideration, understanding the

Board may or may not approve the negotiated buy-sell agreement. Mr. Lehrkind seconded the motion, and all board members voted aye. The motion carried.

4. Consider request by James L. Booth to enter into a new 10-year non-commercial land lease on hangar 58

Mr. Sprenger said the hangar is in good condition and the rent is current. Staff recommends approval of the request. The hangar houses 2 aircraft.

MOTION: Mr. Switzer moved to approve the request by James L. Booth to enter into a new 10-year non-commercial land lease on hangar 58. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

5. Consider request by Robert Shropshire to enter into a new 10-year non-commercial land lease on hangar 130

Mr. Sprenger said the hangar is in good condition and the rent is current. Staff recommends approval of the request.

MOTION: Mr. Lehrkind moved to approve the request by Robert Shropshire to enter into a new 10-year non-commercial land lease on hangar 130. Mr. Switzer seconded the motion, and all board members voted aye. The motion carried.

6. Consider request by Avis Budget Group to lease 2.5 acres for the purpose of vehicle storage

Mr. Sprenger showed a proposed location for rental vehicle storage. Avis Budget is looking at our airport as the hub for the region. One advantage of approving the request is having more rental vehicles available for our passengers.

Mr. Sprenger reviewed some locations on the map including the proposed location. We expect future requests from other rental car companies. There is an area for that as well as areas being reserved for potential future development.

Mr. Mathis asked if it would be fenced and paved. Mr. Sprenger said it would be less improved. There is some fencing already. They would need to add a gate. The property would at least be secured by a cable. We haven't stipulated what should be part of the project. The terms still need to be agreed upon and brought back for approval. This would be at the commercial land lease rate. They would probably want to improve it to a gravel lot.

Mr. Lehrkind asked about snow removal and lighting. Mr. Sprenger said they would be responsible for all use and maintenance of the property.

Mr. Switzer said the lease agreement will be critical. More access to transportation for the public is important. Mr. Switzer advised against a long-term lease. Mr. Sprenger said our expectation is a 5- or 10-year term. Mr. Sprenger said there will only be access to the property from one road.

MOTION: Mr. Switzer moved to approve the request by Avis Budget Group to lease 2.5 acres for the purpose of vehicle storage pending approval of lease terms. Ms. Stelmak seconded the motion, and all board members voted aye. The motion carried.

7. Consider FY 2025 – FY 2030 Airport Capital Improvement Plan (AIP)

Mr. Sprenger said the Airport Capital Improvement Plan (AIP) is updated and reviewed each year. There are not many changes compared to last year's plan. Cash flow projections have been included. The ultimate goal is the expansion and widening of Runway 11-29. We are amid various projects as part of the plan. Mr. Sprenger reviewed some of the key components.

The overall cost is \$390 million over 10 years. Navigational aid improvements are also included. We are working hard on the timing to avoid debt. There are variables, but for now

we are in position to accomplish with our savings and various funding sources to avoid borrowing.

Mr. Switzer commended staff for all their work on this and added that looking at the expansion process and the program, this makes sense.

Ms. Stelmak agrees that the amount of work is commendable. Ms. Stelmak asked about the 2026 terminal project continuing into 2030. Mr. Sprenger showed the phasing on the map. Extending the timing allows us to continue the project without paying for it all up front. We can accelerate the project if needed. The \$30 million in Bipartisan Infrastructure Law is somewhat certain, but if we don't get it, we have time to determine other funding. If we get it, that will help us complete the project in the expected timeframe. There are various scenarios. We would like to be ready for the increase in traffic.

Mr. Lehrkind agrees this is the right path. The phases allow the option to pull back. Mr. Lehrkind asked about priorities if there was a need to pull back. Mr. Sprenger said the revenue affected first will be terminal operations. The airfield is more AIP, including discretionary, which would make sense to continue work there. If we saw a dramatic change in traffic, we could divert AIP money to the terminal project. Our biggest impact would be less passengers which would require less terminal. In that case, we will have steel and then shell and then exterior. At that point, it is protected, and we can leave it as an undeveloped area. It is \$25 million for the finishes on the inside.

Mr. Sprenger said the bids for demolition, excavation and structural steel were expected to be \$30 million and \$7 million. Now the bids are expected to be closer to \$25 million and \$7 million. We would hate to lose out on those savings. Staff will most likely

recommend that we keep moving forward. We are hoping to have the final numbers this week.

The Airport Terminal Program (ATP) funding will happen around the first of November. The second ATP funding will occur sometime next year. We are hoping to get \$30 million.

MOTION: Mr. Switzer moved to approve FY 2025 Airport Capital Improvement Plan (AIP) as presented by staff. Mr. Lehrkind seconded the motion. Mr. Mathis said this looks good to him and he is glad to have the various options. All board members voted aye. The motion carried.

8. Report on preliminary FY 2024 operating and concession statistics

Mr. Sprenger said we had a good year. There were 125,454 tower operations which is up 5.6% from the previous fiscal year record. Corporate landings were up 10.4% over 12,500 lbs. Available seats were up 9%. Available seats per departure was 143 so we are maintaining the large aircraft. There were 1,269,749 total passenger enplanements which is up 8.5% over the previous record.

Overall concession revenue was \$23.3 million which is up 7.3%. One of the biggest jumps was rental car and parking revenue. Concession revenue per enplanement decreased by 1.6%, most likely due to inflationary pressure. Rental car days were up 10%. There were 257 customs landings compared to 230 the previous fiscal year, so up 11.7%.

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

Mr. Humphrey said there were 12,106 total tower operations. Rolling 12-month operations were 125,570. Corporate landings over 12,500 lbs. were 1,029 and 1,223 over

9,000 lbs., which is the second-best month on record. There were 36 custom clearances this July versus 33 last July so we are up 17.5% year to date. Total revenue enplanements were up 13% with 161,496 passengers. That brings the total past 12-month enplanements to 1,288,315. Total deplanements are up 12.6% at 161,236 versus 143,233. We lost 15 flights over the Crowd Strike issue. Landings were at 1,226 versus 1,046. The overall airline load factor was 88.5% with American at 94.2%, Southwest at 92.4%, and Sun Country at 95.9%. Fuel dispensed was up 4.9% for June and up 5.5% year to date.

August usually trends lower than July. We expect to be about 11% higher than last August. We still expect another record setting August. We plan to have 1.3 million enplanements by August.

10. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that July 2024 versus July 2022 is up 26%. 2022 was slightly down compared to 2021 due to the flooding in Yellowstone. We don't need all the terminal for April, but for the June, July and August timeframe we do.

July 2024 compared to 2023 overnight cars were up 7% and month to date up 14%. Concession revenue for July was up 15% and up 21% month to date.

Allegiant's Nashville service is returning February 14, just before President's Day.

Martel opened bids for the Guaranteed Maximum Price (GMP) and they are being evaluated. We expect the bids to come in below budget. The GMP should be completed by August 21st. We could meet for a special meeting Friday, August 23rd. We may have a new board member, but all we need is a quorum. All agreed August 23rd at 2p.m. worked for everyone to have the special meeting.

August 13th is the meeting including the appointment of the next board member.

We have former president Trump arriving tomorrow, August 9th. The events are off airport. We will be assisting with the landing and the motorcade. We expect a 5-minute flight restriction. There should be no ramp stops.

Excavation has begun for the Aircraft Rescue and Fire Fighting (ARFF) building. Part of the project is evaluating access. We are working with the FAA on security of the airfield lighting. There is the possibility to put in a gate and have all inside the fence. There are challenges with the current fencing, particularly snow removal. We have an opportunity to bring all areas inside the fence and give the snow removal a straight shot. Other vehicles could also be stored there. We have already relocated the gate. It will be \$80,000 to build the road to the west side. Everyone agreed the plan makes sense. Mr. Mathis would like a drawing.

Taxiway F should begin the northside connection paving soon. The lighting and wires are in. Taxiway B should be paved in September.

Summit Aviation has relocated to the north side. It has improved access for our operations staff to the main runway.

The new Signature fuel farm should be opening soon and the old one should be decommissioned mid-September.

There is a Pilot, Air Traffic Control, and Big Sky Approach meeting scheduled for next Wednesday at 3p.m. at fire station conference room. The Runway Safety Action Team (RSAT) meeting is not designed for the pilot meetings we have had in the past. Having Big Sky Approach along with Tower representation should be productive.

Snow removal Request For Proposals (RFP) have been issued and will be presented in September.

We have a line of credit RFP. We have a half-million-dollar line of credit we have maintained. We would like to increase that. This is an opportunity to involve our community banks, develop relationships, and make it more competitive.

The Montana Air Service Rendezvous will be held in Billings August 21st & 22nd . 8 airlines will be attending. It is a good program.

11. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Ms. Stelmak moved to approve the bills for payment. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

12. Adjourn

The meeting was adjourned at 2:57 p.m.


Ted Mathis, Board Chairman