

The regular monthly meeting of the Gallatin Airport Authority was held December 12, 2019 at 2:00 p.m. in the Airport Conference Room. Board members present were Kendall Switzer, Karen Stelmak, Kevin Kelleher, Ted Mathis and Carl Lehrkind. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Kendall Switzer, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

1. Review and approve minutes of regular meeting held November 14, 2019

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

MOTION: Mr. Lehrkind moved approval of the minutes of the meeting held November 14, 2019. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider real estate transfer agreement and subsequent short-term lease agreement with Ms. Mary L. Brents for the purchase of property located at 1720 Tubb Road, Belgrade, MT

Mr. Sprenger showed the location of the property on the map. A portion was purchased a couple years ago with the first right of refusal. The property has been appraised. Two mobile homes not on foundations were also appraised.

Ms. Stelmak said the agreement looks thorough. Mr. Sprenger confirmed that we are covered for liability with the tenant staying. Ms. Brents plans to stay on the property for up to 6 months.

MOTION: Mr. Kelleher moved to approve the real estate transfer agreement and subsequent short-term lease agreement with Ms. Mary L. Brents for the purchase of property located at 1720 Tubb Road, Belgrade, MT. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

4. Consider request by Signature Flight Support to relocate and expand their fuel farm and extend their master lease by 10 years

Mr. Sprenger said we had previously discussed the location of this request. They have been working with Kent Foster. Yellowstone Jet Center (YJC)/Signature has put in a request for extension of the lease associated with their investment. This is a 10-year extension to their master lease. The combination of their previous lease extension and this extension is still less than the maximum 40 years allowable by state law. There are still particulars to be settled on for planning and design but thus allows Mr. Foster to move forward with funding.

Mr. Lehrkind asked if there have been thoughts on phasing or limiting the lease. Mr. Sprenger said the board could respond with less time. It remains to be seen if that is acceptable for Signature. This is a lease for the area to include up to the 600,000 square feet of land. The phasing would only be half of that amount at this time.

Ms. Stelmak asked if there were any life safety concerns with this location. Mr. Sprenger said there are no such concerns and that this is an improvement to the area. Ms. Stelmak said she agrees this is a long term but that might be appropriate considering their investment.

MOTION: Ms. Stelmak moved to approve the request by Signature Flight Support to relocate and expand their fuel farm and extend their master lease by 10 years. Mr. Kelleher seconded the motion.

Mr. Switzer said this is an infrastructure consideration and it fits the plans for the airport so he sees it as a good situation.

Mr. Lehrkind asked what happens at the end of the lease term. Mr. Sprenger said it would be similar to other commercial leases. If the Authority desires to continue to lease this plot for the existing use, a good faith effort will be made by the Authority and the Lessee to either extend this Lease Agreement or enter into a new agreement mutually acceptable to both parties within ninety (90) days prior to the expiration of this agreement. If no agreement is reached, the lease shall be terminated.

Upon termination of this agreement by the passage of time or otherwise, the Authority shall have the option to require the removal of all structures, installations or improvements within ninety (90) days after the expiration of the Lease Agreement at Lessee's expense. If the Lessee fails to remove the structures, installations and improvements within ninety (90) days, the Authority shall have the option to take title to such structures, installations and improvements.

Mr. Lehrkind asked about the timeframe. Kent Foster with YJC said it is his hope that they start as soon as they can next year and have the project finished no later than 2021. It is a lot of funding they have to obtain. Approval today will help push that along. Regardless of when it starts, they are still managing the fuel farm.

Mr. Mathis asked Mr. Sprenger if this would start as an option or enter into a lease. Mr. Sprenger said our intention would be to enter into a lease as soon as they agree. We could specify a maximum amount of time for the project to be completed, for example 18 months.

Ms. Stelmak amended her first motion and moved to approve the request by Signature Flight Support to relocate and expand their fuel farm and extend their master lease by 10 years with project completion required within 18 months of lease signing. Mr. Kelleher seconded the motion.

Mr. Lehrkind asked what part of the infrastructure we are responsible for. Mr. Sprenger showed an optional road from the master plan for future access. There are two portions to be completed. Mr. Sprenger showed what portion Signature would be responsible for.

Mr. Switzer asked Mr. Foster if 18 months is feasible. Mr. Foster said he would have to ask corporate and then take it from there.

Mr. Sprenger said if the lease were not signed in 90 days it would come back to the board for review.

All board members voted aye for the amended motion. The motion carried.

5. Consider request by SK Real Estate Holdings to enter into a 10-year lease with a 10-year option upon completion of required upgrades to Hangar 6

Mr. Sprenger reported that Shawn Kelly was present. He has a couple specific requests regarding painting of the exterior and relocation of the fencing and main entrance. He is asking for a 10-year lease with a 10-year option.

Mr. Mathis asked Mr. Kelly about what they have accomplished at the hangar. Mr. Kelly said it has mostly been just cleaning and removing items from the hangar from the previous owner.

Mr. Lehrkind asked Mr. Kelly if he has any concerns. Mr. Kelly's concern is the timing of the asphalt project. Many asphalt projects in the valley have been pushed out due to weather. He is concerned projects will be prioritized in the spring by who wants to pay the most. He has every intention of getting the work done but he wanted to share that.

Mr. Lehrkind asked about the fence line and if there concerns with TSA. Mr. Sprenger said this would be our preferred fence line.

Ms. Stelmak asked if paint for the exterior has been addressed. Mr. Sprenger said staff recommends that if paint is acceptable, there be a provision that at the 10-year mark it be re-painted if it hadn't been. There is the ability within the lease to do that but this is an opportunity to specify that. Ms. Stelmak said it is nice that we can work with them to allow them to paint due to the historical aspect.

Mr. Mathis agreed and said the building has a number of protrusions that would be hard to put siding over. Because of that and the historic nature of the building he recommends painting be allowed.

MOTION: Mr. Lehrkind moved to approve the request by SK Real Estate Holdings to enter into a 10-year lease with a 10-year option upon completion of required upgrades to Hangar 6. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

6. Consider request by 406 Aviation LLC to enter into an operating agreement to operate an Airframe and Power plant Repair Facility at Hangar 6

Mr. Sprenger said Mr. Kelly would like to be able to operate within the hangar. Staff recommends approval of the request. Mr. Mathis asked Mr. Kelly if he was an AI and Mr. Kelly said he is. Mr. Mathis asked if he anticipates employing other mechanics and Mr. Kelly said he does.

Ms. Stelmak asked about parking and controlled access. Mr. Sprenger said this hangar has more than sufficient parking.

MOTION: Mr. Mathis moved to approve the request by 406 Aviation LLC to enter into an operating agreement to operate an Airframe and Power plant Repair Facility at Hangar 6. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

7. Consider request by Bridger Aerospace to enter into an operating agreement to operate a Part 145 Certified Repair Station at their Hangar Complex

Mr. Sprenger said that with Bridger Aerospace beginning to take delivery of their CL-415's, they would need to maintain them and see an opportunity to operate a Part 145 repair station. Their facilities are sufficient, meet the minimum standards and staff recommends approval of the request.

Mr. Lehrkind asked Mr. Sheehy what else he plans to do with the 145. Mr. Sheehy said the 145 is a contract requirement for their Federal contracts. Each certificate needs a different legal entity. For them to be legally above board, they have to be a 145-repair station. Technically this is for them to maintain their own aircraft. That could change in the future. They have a DOD contract for aviation integration support. They may take King Airs and make major structure modifications to them.

MOTION: Ms. Stelmak moved to approve the request by Bridger Aerospace to enter into an operating agreement to operate a Part 145 Certified Repair Station at their Hangar Complex. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

8. Bridger Aerospace/AVT Update – Tim Sheehy

Mr. Sheehy said they have a lot of construction going on now. They are on schedule and budget. They lease 3 other buildings off site of the airport. They would like to consolidate for operational ease. The different locations create unnecessary logistical challenges. Obviously the land across the road doesn't have runway or taxiway access. They could use it for some operations that don't need direct runway access. It seems like an aerospace operation would make sense there. The companies are growing faster than he would like. They are hiring 4 to 5 people a month. MSU has been a great source for talent.

They are completing the build out of the air defense systems they have built. He was in DC with the FAA for UAS mitigation. They will be rolling out their capability to all the TFR's. It is exciting to bring these capabilities domestically.

The 415's start arriving in February. They just acquired Daher Kodiaks and will have 4 stationed here for fire response. They have an air tanker operating. Their UAV crew is doing aerial fire surveillance. They provide real time fire maps for large fire incidents.

There are certain things they have that do not necessarily need to be on the airport such as flight simulators, manufacturing, engineering and corporate offices. They have talked with Morrison-Maierle and airport staff. There are a lot of questions to answer about the infrastructure at that location. They are willing to cover those costs up front for some

consideration with lease rates. They intend to continue with the same color scheme, architecture, and siding.

M. Mathis asked about helicopter operations that had been discussed previously. Mr. Sheehy said they had a preliminary arrangement to buy 4 S-70's. They inspected the aircraft and military maintenance is different than civilian. The logs were not well maintained. It would have been nearly impossible to get them certificated for commercial use. Helicopters are still of interest but not in the plan currently.

Ms. Stelmak said she thinks it is a great use of land adjacent to the airport. All agreed. Mr. Lehrkind asked about the timeframe. Mr. Sprenger said based on some discussions they would like to come back with a more formal proposal next month. Mr. Sheehy agreed and said we can see the full plan and design then. He can't speak to the underground water and sewage. He thinks spring/summer would be a great start. That could slip due to approvals. They might have to go through subdivision approval with the city.

Mr. Mathis asked if they are still on track for the first 415 in February. Mr. Sheehy said yes they are. Mechanics are ready to go. Plane 1 arrives 2nd to 3rd week of February. The FAA is taking a while to approve the import of the aircraft. Plane 2 arrives a month later. They can fit 6 in that hangar but 5 in maintenance configure.

Mr. Switzer asked if the armory is hooked up to the city. Mr. Sprenger said they are. The armory worked on extensions. There may be a better hook up location from the south side expansion. Subdivision review may be required. There is a chance it could not be required since it is aviation related. But it is outside the fence. We appreciate their willingness to work on the infrastructure. We believe this location should be fair market value rates. Any further

development there would be participating in the infrastructure Bridger is putting in. There are many details before final approval. We can start moving toward it.

Mr. Mathis asked about ground support equipment and if it would make sense to move that across the road. Mr. Sheehy said they have vehicle bays for the mobile maintenance vehicles.

Ms. Stelmak asked about evaluating gates and access. Mr. Sprenger said that is already in the plan. They can control access through their building but we control access through the gate per TSA.

All were in favor of moving forward with this.

9. Master Plan Update – Scott Bell

Mr. Bell said they have been working on the Passenger Facility Charge (PFC) application update. The application will be for the terminal expansion, the non-TSA fundable portion of the baggage makeup system, and 5 new passenger-boarding bridges. The project at the west is a \$23.5 million project. \$3 million of that area is non-fundable. We intend to use 2 years worth of AIP funding. \$13.5 million will be included in the PFC application.

It is \$28 million for the baggage system. They have applied for \$10 million. There is the possibility of grant money for that. That leaves \$18 million. That will be included in the PFC 5 application.

5 passenger-loading bridges will be phased in over 2 years. Mr. Sprenger said that schedule could be adjusted based upon need. They are estimating the cost at \$3.25 million.

This application will expand the PFC collection for 10 more years.

Mr. Bell said they had a meeting with Mr. Campbell with the Department of State Lands regarding relocating the VOR. The meeting went well. They talked about swapping some land from the Sandy property. Locally he is supportive of it.

Mr. Mathis asked about the timeframe to finish the master plan update. Mr. Bell said the original schedule is June.

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

Tower operations for November were almost flat at 7,053 versus 7,069. The weather going into Thanksgiving weekend was bad here and elsewhere. Military operations were up 115% mostly due to practicing touch and go's. Our rolling twelve-month operations were at 96,912. Corporate landings were identical. Revenue enplanements were down just under 1% at 41,412 versus 41,730. For 12 months we are at 777,278 total enplanements. Total deplanements were down .5% at 40,559 versus 40,744. Airline landings were up 3.7% percent 511 versus 493. Airline load factor were down for all airlines for a total of 6.5% with an 8% increase in seats. October fuel dispensed was up 13.1%.

December should be up at least into the single digits.

For the summer American announced Philadelphia, La Guardia, and Los Angeles. Alaska is offering additional Seattle flights and there are some indications from Alaska we may see mainline aircraft this summer. Delta announced year round Seattle service and Delta is going to Atlanta daily year round starting July 6. Allegiant will bring back Los Angeles for the summer. Frontier continues at 4 day per week and Sun Country announced Minneapolis/St. Paul.

11. Airport Director's Report – Brian Sprenger

Mr. Sprenger said the Atlanta service is phenomenal. To have that size aircraft linked to an Eastern Time zone hub on a daily year-round basis from Montana is quite surprising. We were just hoping for daily summer or winter service.

Our peak day in the summer is Saturday. We are looking at over 5,000 departing seats. The same time frame last summer was 4,100. It could be more. We are seeing airlines spreading out the day more, which is good. Sun Country departs at 10:30 in the morning. Allegiant is at night. We will be taxing the facility but at least the traffic will be spread out.

We are in the process of accepting credit cards for gate cards. It will be through Intuit/QB for processing. Hopefully this will make it easier.

Projects – We have the Terminal Concourse and Ramp Expansion, Exit lane conversion, 5 passenger-boarding bridges, YJC fuel farm, and preliminary discussions on de-icing. We are working with the rental cars on storage lots. This would be a leased area as done in the past. We have received requests to look at an oil change facility. They do about 40 oil changes per day. We are considering some reallocation of space for rental counters. We are also looking at what we would need to do at the airline ticket counters. We have considered changing from 30” scales to 24” scales. That provides space for 6 to 8 additional counter positions. That would be more cost effective than building more terminal.

The plans for the baggage system on the Master Plan is very preliminary and can always be scaled back and phased as necessary.

There have been preliminary discussions about the east side of the terminal to increase baggage claim.

We had a meeting with the FAA regarding north side development. We are working through some issues on cultural studies. We thought we had it all covered but it was only half. The biggest concern is that we are in line for discretionary funding.

Land acquisition – We will probably close on the Brents and Williams property in January. We are also receiving an appraisal for another property to consider next summer.

The infrastructure for the southeast hangar area is mostly done for the winter. There are a few things we can work on until we resume next spring.

There is a lot of hangar development going on. There has been discussion of another 40,000 square foot hangar. We didn't have any 5 years ago and now we may have 6. Summit should be moving along on the old house location in the spring. We saw a truck hooked up to the old house today, which is hopefully means it will be moved off-airport soon.

The GA ramp reallocation and redevelopment is still being worked out.

Now we will potentially be adding Bridger on the east side of Airport Road.

Mr. Kelleher asked if there have been any changes with customs. Mr. Sprenger said it is status quo. We have good months and bad months. We are at about 130 landings per year.

Ms. Stelmak asked when the re-numbering of the gates would happen. Mr. Sprenger said it is planned for June 1st.

Mr. Mathis asked how many Customs are handled at Great Falls. Mr. Sprenger said a lot more. The last number he saw was 700. The big difference is that Customs is free at Great Falls. We are offsetting with a user fee to cover the cost.

Mr. Switzer asked Mr. Sprenger to pass onto the whole team how much we appreciate all the hard work that has gone on this year. Mr. Sprenger said they have a good team and it couldn't be done without them.

12. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Mr. Lehrkind moved to pay the bills and Ms. Stelmak seconded the motion.

All board members voted aye and the motion carried unopposed.

13. Adjourn

The meeting was adjourned at 3:14 p.m.

Kendall Switzer, Chairman