

The regular monthly meeting of the Gallatin Airport Authority was held November 14, 2024, at 2:00 p.m. in the Conference Room at the Airport Customs and Operations Building. Board members present were Ted Mathis, Karen Stelmak, Kendall Switzer, and Ted Barkley. 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. Mr. Mathis provided some history of the building this meeting is being held in. It was built in 1950, and dedicated June 10, 1951. It served as the airport terminal until 1978 when operations were moved to the new building. This room was the waiting and hold area. Northwest had started 727 service with a 150-person capacity with all passengers waiting in this room. Gate 1 was back behind a wall that wasn't there at the time. Baggage claim was where the first garage bay is at the end of the building. Northwest was the only airline from 1947 to 1967 when Frontier came. The FAA flight service station was upstairs and was a 24-hour facility. Mr. Mathis' first time in this building was in 1970. Mr. Mathis was working for the State Aeronautics Commission, and they had flown the governor to the area. Mr. Mathis babysat their airplane for 6 hours and waited in the terminal. Mr. Mathis commented that the view is just as spectacular today. Bill Merrick served on the board and is currently 97 years old. Mr. Merrick told Mr. Mathis that they never met in this building. Their board meetings were usually held at either The Mint in Belgrade or The Baxter in Bozeman after they had lunch.

1. Review and approve minutes of regular meeting held October 10, 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. Barkley moved approval of the minutes of the regular meeting held October 10, 2024. Mr. Switzer seconded the motion, and all board members voted aye. The motion carried.

2. Public Comment Period

Martin Dowd lives near the airport in the Outlaw Subdivision. Mr. Dowd gave public comments last meeting about the noise caused by Summit Aviation's flight school operations and returned regarding the same issue. Mr. Dowd related a bad experience he had with one of the Summit employees over the phone in which Mr. Dowd believes they were not being honest about who directs their flight patterns and then was hung up on. Mr. Dowd was upset with his treatment by the employee and said he will not be letting the noise issue go.

Mr. Sprenger said we have a meeting with the flight schools within the next 2 weeks, so these comments are timely. They will be addressing the fact that there is flexibility in flight patterns. Mr. Dowd requested to be updated about what is happening. Mr. Dowd said that the flight school should fly over other areas, not just their subdivision.

The next public comments were from Bryan Rogan in the Outlaw South subdivision. Mr. Rogan echoed the comments of Mr. Dowd and said the impact he is experiencing and his passion for what is happening is shared. Mr. Rogan has been meeting with Mr. Sprenger and his team for over a year. They feel like they are getting the run around. Everyone is shifting the blame. Mr. Rogan said the FAA is responsible for safety and the local jurisdiction that is responsible for noise is the Airport Authority. Mr. Sprenger said that Gallatin County is the jurisdiction with the ability to zone. Mr. Rogan asked what the Gallatin County's noise policy was and Mr. Sprenger said there is not one.

Mr. Switzer said we don't manage the airspace; we manage the airport. The airspace is owned by the FAA. We are sensitive to the noise complaints, but at the end of the day, we are limited in what we can accomplish.

Mr. Rogan said he understands where our authority begins and ends. Mr. Rogan said they are getting conflicting information on who directs the flight patterns. Summit says the tower tells them where to fly and the tower says Summit tells us where they are going to fly. Mr. Rogan said he was on a tour flight with the flight school, and they did not communicate with the tower on where to fly.

Mr. Switzer said this meeting with Summit will be happening. Mr. Sprenger said the conversation Mr. Dowd had with Summit will be foremost among their discussions.

3. Consider Audit Report -Matt Cope

Mr. Cope, an audit shareholder at Holmes and Turner in Bozeman, gave a brief overview of the audit results for fiscal year 2024. It was a successful audit this year as they have had in past years. The document is prepared in house by airport staff. Holmes and Turner prepare 4 audit reports that are also included. An unmodified and clean opinion was issued on the basic financials. The other 3 reports are related to non-compliance with state and federal laws. There were no instances found of non-compliance. There were no recommendations for improvement to internal controls. There were no recommendations for financial adjustments and no disagreements with management.

Ms. Stelmak said the report is well organized and shows good results.

Mr. Sprenger said Mr. Watling and his team do an excellent job. Mr. Switzer thanked Mr. Cope, Mr. Watling and the staff. Mr. Switzer said it is our charge to manage the airport and make it financially and operationally stable to serve the public.

Mr. Barkley said he has seen similar reports over the last 40 years, and it is rare to see one so clean and without a letter to management with recommendations. Mr. Barkley said that as a lay person, you need an interpreter to read the schedules. Mr. Barkley requested a smaller report that you could hand to people with essentially the same numbers but is easy to read. Mr. Barkley said he is impressed with the management's efforts.

MOTION: Mr. Barkley moved to approve the FY 2024 audit report. Ms. Stelmak seconded the motion. Mr. Mathis said he agrees with the comments that the report is great. All board members voted aye. The motion carried.

4. Consider request by Peak Aviation, LLC to enter into a new 10-year non-commercial land lease on hangar 63

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

MOTION: Mr. Switzer moved to approve the request by Peak Aviation, LLC to enter into a new 10-year non-commercial land lease on hangar 63. Ms. Stelmak seconded the motion. Mr. Mathis agrees the hangar is in nice shape and has a beautiful Skylane aircraft in it. All board members voted aye. The motion carried.

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

Mr. Humphrey said there were 11,003 total tower operations in October which is up 2.4% compared to October 2023. Rolling 12-month operations are 122,619. Corporate landings over 12,500 lbs. were 593 and 645 corporate landings over 9,000 lbs. There were 16

custom clearances this October. Total revenue enplanements were up 1.9% with 98,676 passengers. That brings the total past 12-month enplanements to 1,315,942. Total deplanements were up 2.3% at 90,874 versus 88,793. Landings were up 5.5% at 786 versus 745. The overall airline load factor was at 90.1% versus 90.5% with 5,000 more seats in the market. Fuel dispensed was up 6.6% for September.

We have 5,000 less seats this November. Last November's load factor was 75% so there is room to grow. We have an 85% load factor for the first 15 days of November. Mr. Humphrey expects us to be up slightly in November. Just before this meeting Mr. Humphrey had an interesting conversation with Robert Land, the most senior (in longevity) executive at JetBlue and is the head of government affairs. Mr. Land is just visiting airports to share JetBlue's story and where they are with their turnaround plan. Mr. Land started with JetBlue in 1998. Mr. Land said JetBlue hasn't turned a profit since 2019. The pandemic was tough on them and the Spirit merger has been tough on the balance sheet. Their new turnaround plan is called JetBlue Forward. We discussed how Bozeman fits into the market and its uniqueness. The Mint product is coming on board, and we are the only ski destination that has it. Mr. Land's advice to us off the record is to visit with JetBlue and show community support for Mint. If it performs well this year, it will be back. If it does not perform well, the planes will be redeployed somewhere else. They discussed the cost per enplanement. They have no issues with our cost of \$3.17 per enplanement. They pay the New York airports \$43/enplanement on a \$69 ticket. Mr. Land said to keep our costs low and visit with their network team.

6. Airport CEO Report – Brian Sprenger

Mr. Sprenger said a full report was submitted prior to the meeting and he offered to answer any questions.

Mr. Sprenger reported that overnight cars in October 2024 were 97% of October 2023. The parking price adjustment has been successful in shifting the lots to 50-50 and is positive on revenues. Month to date overnight cars are down at 89% of last November. Overnight cars are a big indication of local traffic. Thanksgiving is late in the month this year. So, there is an extra week of the slowest part of the year impacting that. Concession revenue is 102% of last October and 102% month to date compared to last November. Going into the winter we will see additional seats from some of our carriers. We may see growth in the load factor.

Tower staffing is a continual challenge. They have hired an additional controller. They have a controller in training, but they are not fully certified. They have another controller here that cannot be utilized fully. We lost 2 controllers. Mr. Sprenger spoke with the Serco director. They are aware of the issue. They are working on the backside with the FAA to be able to hire directly from the schools. That may not help us immediately since they are not sure they want new people in our environment. We have spoken with our Congressional Delegation, and they are doing what they can. This is a national problem.

We will be losing our de-icing facility when we expand the terminal building to the west. We tried to work with the airlines for the last 1.5 years to build one. We prefer that because we are building this big facility. We could do something short term like building a pad and they put in equipment but that would shift the problem down the road. Our airlines are going through a lot of deicing fluid. This is a heads-up that we may become more involved. The cost will be passed onto the airlines.

We have a similar challenge for ground equipment maintenance. The current vendor is trying to find a place to perform equipment maintenance. They found a non-commercial hangar to use and that is a violation of the use of that hangar. We worked with them to find an alternate hangar and it will be in place in a few weeks. We have been talking to Menzies about building a ground equipment maintenance facility for two years. It may be worth exploring a building for deicing and maintenance that we would lease out. The advantage of owning the buildings is that we won't have issues as vendors change. Mr. Mathis asked if there are other airports that do this. Mr. Sprenger said it is very common at other airports our size and larger.

Mr. Mathis asked about a pilot program to potentially make us an FAA tower. Mr. Sprenger said that was in the reauthorization bill and is still being appropriated. Mr. Sprenger spoke with Daines' office about pushing that as the ultimate solution to get us out of the contract tower situation.

7. 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. Switzer seconded the motion. All board members voted aye. The motion carried.

8. Adjourn

The meeting was adjourned at 3:01 p.m.



Carl Lehrkind, IV, Board Vice-Chairman