

The regular monthly meeting of the Gallatin Airport Authority was held August 9, 2007 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, John McKenna, Steve Williamson, and Kevin Kelleher. Greg Metzger was unable to attend. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

As the new Chairman of the Board, Richard Roehm thanked John McKenna for serving as chairman for the last two years. He said the board members usually serve in the same offices for two years at a time and they cycle through the different positions. As Greg Metzger had said he wasn't able to serve as chairman this year, Mr. Roehm is serving.

The first agenda item was to welcome new board member Kevin Kelleher. Mr. Roehm informed everyone that Mr. Kelleher was delayed by a train in Belgrade and announced that Steve Williamson has been appointed to a fourth 5-year term by the County Commissioners.

The second agenda item was to review and approve the minutes of the regular meeting held July 9, 2007. John McKenna moved to accept the minutes as mailed, Steve Williamson seconded the motion and it passed unopposed.

Mr. Roehm introduced Kevin Kelleher as our new board member, who was appointed to the board to replace Deborah Dietz. Mr. Kelleher is a real estate broker in Big Sky.

The third agenda item was the public comment period. Tom O'Connor presented a picture of the Blue Angels on behalf of the Bozeman Area Chamber of Commerce and the Air Show Committee. Mr. Roehm asked how the air show went and Mr. O'Connor said it went very well and that Ted Mathis and Brian Sprenger did a lot to make it happen. He said Mr. Sprenger worked magic with the airlines and there was great cooperation with all the

entities involved. He thanked Mr. Mathis and the Board for the use of the airfield. There were no reports of heat exhaustion and only 3 people in the crowd had minor injuries.

The fourth agenda item was to consider the request by PC Development regarding the proposed water line easement for Ryen Glenn and Meadowlark Ranch subdivisions. Mr. Roehm said that Epic Development Company, developers of the Ryen Glenn subdivision, first approached the board for a water line easement in July of 2006. At that time, their request was taken under advisement pending review by our engineer. They came back to the board on August 10, 2006 and agreed to pay the Airport Authority \$561,881 for an easement to install their water line entirely on airport property. Following that meeting, our engineer and our attorney worked extensively for several months with theirs in drafting plans and an easement document for the project. The developers never moved forward with the project. No easement was signed and no payment was ever received.

On May 10, 2007, their attorney, Joby Sabol, was back seeking a reduced price for the easement. At that time, the board advised him to meet with our engineer to go over the numbers to see if there were any discrepancies or conditions not previously considered.

Now Potter Clinton, developer of the Meadowlark Subdivision, is back. Their request arrived too late to be placed on the July agenda and they were so advised.

Jason Leep, on behalf of the Meadowlark Subdivision, said their attorney, Joby Sabol, and Clint Litle, Ryen Glenn's engineer, were present. Mr. Leep said he welcomed the opportunity to review the information and demonstrate why they believe there is an overstatement of savings for the project. He said it is clear a mistake was made in 2006. The valuation of the easement was based on the dollar amount the projects would save by placing the water line on airport property. He said they believe the value of \$561,000 is an overstatement and they would like to finalize the agreement.

Mr. Leep said they did not move forward on the project last year because the County would not give them an easement. Their engineers also recommended that they not do construction in the wet spring so as not to damage the county roads that don't have a hard base. It is pretty late in the summer now and they would like to finalize this agreement and begin constructing the water line.

Mr. Leep said that when the original value was determined, the assumption was that the water line would be on airport property the whole distance. It is feasible to go under the highway and place the pipe south of the road. They need to only be on airport property for 1800', where the borrow pit exists. They believe having the water line on airport property the whole distance benefits the airport because the Airport can access the water line for future use and also control the additional non-airport connections. They are also being paid for the easement.

He said all they are asking is that the board consider the true cost. If the board prefers, the water line can be moved to the other side of the road. They believe \$181,000 would be fairer and represents the savings the projects will experience by placing the water line on airport property where it is needed to avoid the deep gravel pits south of the road. Mr. Leep said they used the Montana Department of Transportation (MDOT) straight line averages and actual bid prices from Williams Contracting for computing the savings.

Mr. Roehm asked how you can determine a value for this based on our Master Plan, the position of Belgrade and how far they have acquiesced.

Joby Sabol, counsel for Ryen Glenn, thanked the board for their patience and said they don't like to keep coming back. He said that when the parties agreed to the agreement last year, they were agreeing in haste because they were hoping to strike and strike fast on the construction. He said that contributed to their acceptance of the suggested price.

Mr. Roehm said his opinion was that it was in the best interest of both parties with the time constraints. He said it was too bad that there wasn't a time factor in the agreement, that it would be consummated or would become void.

Mr. Roehm asked our engineer, Scott Bell of Morrison-Maierle, how construction is computed. Mr. Bell showed a diagram and said there were 2 different alignments. One of the alignments is the easement as it is written today. The other one is by HKM Engineering with the water line going in Highway 10 in the railroad area, south along Highway 10, 16' from the edge of the road. He said they would have to stack the spoils on Highway 10 or work with the railroad. Mr. Bell can see the viability of this plan. He said the cost estimate of \$561,000 is if the entire project is on airport property. He said the estimate of \$106 per linear foot is pretty close.

Mr. Bell also said they are comparing apples to oranges because there are other things to consider. The current easement has the least impact on the interchange.

Mr. Roehm asked how we can compute if we don't know what Belgrade will say. Mr. Bell said we would need to know the cost differential between going under Highway 10 or not. They would need to submit their development plans to the City of Belgrade and to the DEQ and get their other alignment approved. Then they would know the difference.

Mr. McKenna asked if the easements are done and everything approved except for figuring the costs savings. They could sign this agreement and start work. Mr. Bell said everything else is done.

Mr. McKenna asked if this is better or worse for the public and Mr. Bell said it is better because Federal and local funds are available for the interchange and lowering the road base. The Airport Authority wouldn't have to use its funds. Mr. McKenna said the true savings to the airport is just a number. He said the water line has more value to them than to

us, but he would like to come to an agreement. He doesn't understand where we made a mistake last year. He said maybe \$561,000 is too much but that the savings are more than \$181,000.

Mr. Williamson said this is not an aviation related project. He asked how much justifies going ahead. Mr. Kelleher said he isn't interested at \$181,000. Mr. Sabol said the desperation of last year isn't present this year.

Mr. Williamson asked how much savings there would be to the airport by having this put in. Mr. Roehm said the Master Plan calls for us to put in a loop that is estimated to cost us \$100,000. Mr. Sabol said to let them know where we want the tees.

Mr. Leep said they would go ahead if they can get some relief.

Mr. McKenna said we don't need to put in the loop today but this would eliminate costs down the road. Mr. Mathis said there is potential value to the airport. He doesn't know when the loop would be needed either. There is an inconvenience and hassle to us by having the construction take place on our property.

Mr. McKenna moved to leave the existing agreed upon location in place, reduce the cost by \$100,000 and in return the airport may tie in to the water lines. This agreement is to be consummated and paid for in 60 days or it will be declared null and void. All additional expenses will be paid by the developers. Mr. Kelleher seconded the motion and it carried unopposed.

The fifth agenda item was to consider the request by Stan Monger to transfer his non-commercial hangar ground lease on Hangar #54 to Chris Boyer. Mr. Mathis said the hangar is in good condition and the rent is current. Mr. Williamson moved to approve the request and Mr. McKenna seconded the motion, which passed without opposition.

The sixth agenda item was to consider the request by Enterprise Rent-A-Car Company of MT/WY to construct an automated car wash facility at Gallatin Field. Mr. Mathis said that Enterprise is one of our tenants and currently leases the car wash facility owned by Avis. They have a need for more throughput and we have the space. It would be a car wash facility only Enterprise could use and the Master Plan does not specify a different use for this land. If they don't get the bid at the airport, they would have to sell or lease to the successful bidder or remove the building.

Mr. McKenna moved to give approval to Enterprise; Mr. Kelleher seconded the motion and it passed unopposed.

The seventh agenda item was to consider the draft policy regarding use of the new pilot shelter. Mr. McKenna said the building goes to the airport. He said that 1% of people abuse privileges and therefore there is a need for an overarching policy. Mr. McKenna thanked everyone for contributing, including this board and Mr. Bell. He said it is a building we can all be proud of. Mr. McKenna said the Big Sky Journal, Pilot Getaways, and AOPA all want to do an article on the shelter.

Mr. McKenna said he looked at the draft policy and his only request is that we can change it if we see something that is not working.

Mr. Mathis said the shelter is to accommodate the people the shelter was built for; itinerant pilots and their families, MPA, Recreation Foundation and other aviation groups and local pilots. He said it isn't for someone who owns a plane and wants to have a company picnic. Our employees will be responsible for maintaining the facility so those who use it should clean up after themselves so it is ready for the next group.

Mr. McKenna asked that the policy be posted at the shelter. He said 99% of the people will follow the policy. Mr. McKenna moved to accept the guidelines and publish it in the usual way, as well as signage. Mr. Williamson seconded the motion and all voted aye.

The eighth agenda item was the Master Plan project update – Scott Bell. Mr. Bell said that he wanted to explain a little bit about the future terminal expansion before the board members review their copies of Chapter 5, the financial plan. He showed a diagram of the terminal as proposed in Chapter 4 and explained how breaking the terminal expansion into phases could be accomplished. Mr. Bell said that rather than expanding to 250,000 square feet, we could initially start with 170,000 sq. ft. The larger expansion would cost about \$40 million; the smaller is estimated at \$18 million. Later there may be a \$22 million phase.

If order to fund \$40 million, we would need to issue a \$25 million bond. Mr. Bell mentioned other means of generating revenues and other grants available to the airport. He said some of the advantages of the \$18 million phase is that we wouldn't need to issue the \$25 million bond now and we would be able to issue it later if need be. If we grow slower than we anticipate, we won't be over expanded. Mr. Mathis said he believes it is a better option.

Mr. Bell said there will be one more chapter, which deals with land use around the airport. There will be one public hearing and then the board can adopt the Master Plan. Mr. Roehm thanked Mr. Bell.

The ninth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in July there were 812 air carrier operations, 1,088 air taxi, 4,277 general aviation (GA) itinerant and 354 military, for a total of 6,531 itinerant operations. Local GA operations were 2,658, for a total of 9,189 tower operations,

up 2.2% from July a year ago. This is an all time record. There were 356 landings of aircraft over 12,500 pounds, up just 6, for a 1.57% increase from July 2006.

Mr. Sprenger said that these figures are a little different from the ones he sends the board because air carriers have 60 seats or more. The air taxi count can include freight haulers and air carriers with 60 seats or less.

Mr. Williamson asked if there was an increase in tower operations because of the air show. Mr. Sprenger said it helped some but also hurt some because the air space was closed to all but the air show part of the time.

Mr. Sprenger said that Delta plans to resume non-stop service to Atlanta for the winter season. He said the 3 weekly flights to Atlanta and the twice daily flights to Chicago have had load factors near 90%. The San Francisco flights have been a little weaker but have improved in July and August to a 75%– 80% load factor.

Mr. Sprenger reported that passenger boardings were 37,603, up 2.1% from last July. Year to date of 196,249 passenger enplanements is up 4.9% compared to the same period in 2006. Mr. Williamson asked how we were impacted by the Northwest pilot shortage. Mr. Sprenger said we only had one cancellation in June. Other Montana airports were impacted about the same.

The tenth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that the air show has come and gone. This is the 9th air show that has taken place while he has been here. He said we couldn't have done it without Tom O'Connor. Mr. Mathis said that overall it went very well, but several factors made the production very difficult to organize. He said that most of the committee members believe it should be our last. Mr. Mathis thanked Mr. O'Connor for his efforts.

Mr. Mathis said that the Airport Authority paid about \$5,000 in overtime to our staff. He said the office and maintenance staff directed traffic and contributed in many ways. He said the airport contributed \$9,000 to \$10,000 and generated a lot of good will in the community.

Mr. McKenna said it is very good for the community and asked how air shows can take place in the future. Mr. Mathis said people may have to go to places like Great Falls because there isn't as much flight activity at an air base.

Mr. Mathis said that the TSA worked with us. He said having the air show here stretched everyone involved. Mr. McKenna thanked Mr. Mathis for contributing to a great air show.

Mr. Mathis reported that Northwest Airlines paid their pre-petition bankruptcy fees with a check. We thought we might receive bonds. Their balance is current.

Mr. Mathis also reported that construction is moving forward. JTL has moved some of its employees to other projects, but it is still pretty much on schedule. Duneman Construction is still on schedule.

Mr. Mathis said we should be receiving a draft agreement regarding the radar display at the tower. He said the last MEMO we had from the FAA said we would have to purchase the display, train the controllers, have our people trained to maintain it, maintain it and pay a fee to the FAA to have it here. He said that Senator Baucus' office has been the most helpful and is working for us so we would pay for the unit and pay the FAA a nominal fee and they would own and maintain it. He said the earliest we would have the display would be next spring sometime.

Mr. Mathis also reported that Tim Linn, our maintenance supervisor, is planning on retiring by or before the end of the year. We will be posting the job description soon.

Mr. Roehm and Mr. Mathis will draft a resolution thanking Deborah Dietz for serving as a board member here.

The eleventh agenda item was to consider the bills and approve for payment. Mr. Roehm explained to Mr. Kelleher that the administrative staff writes the checks and the board members review the bills and sign the checks. They hope it will avoid any problems, such as what happened at the Missoula airport. Mr. Roehm said it has been their custom. Mr. McKenna said it is beneficial to him to see who we do business with and how much. After review and discussion of the bills, Mr. McKenna moved to pay the bills and Mr. Kelleher seconded the motion. The motion carried without opposition.

The meeting was adjourned at 4:45 p.m.

Richard R. Roehm, Chairman