

The regular monthly meeting of the Gallatin Airport Authority was held November 8, 2007 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, John McKenna, Steve Williamson, Greg Metzger and Kevin Kelleher. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

The first agenda item was to open bids for the new airfield sweeper truck. Airport Director Ted Mathis said that Western Plains Machinery of 1728 Old Hardin Road in Billings, Montana was the only company that submitted a bid. Airport Engineer Scott Bell said the bid was for a 4 x 4 high speed broom sweeper, which is a Passenger Facility Charge (FPC) project at the airport. The bid of \$456,800 was a lump sum bid with no addendums. The bid bond for 10% was attached; the bid was signed by Myron Heupel and appeared to be filled out properly. Mr. Mathis recommended the board take the bid under advisement and if it is satisfactory, they award the contract to Western Plains for that amount. Greg Metzger made a motion to that effect and John McKenna seconded the motion. All board members voted aye and the motion carried unanimously.

The second agenda item was to review and approve the minutes of the regular meeting held October 11, 2007. Steve Williamson moved to accept the minutes as mailed, Kevin Kelleher seconded the motion and it passed unopposed.

The third agenda item was the public comment period. Board Chairman Richard Roehm said there were no public comments on the sheet and that people could make comments on each agenda item as it comes up. Mr. Roehm asked Mr. McKenna to review action on the pilot shelter.

Mr. McKenna said the pilot shelter is complete and there are almost too many people to thank publicly for the time and effort they have donated. He said there are three invoices

totaling about \$5,100 that are outstanding for supplies that Phil Egbert used for electrical parts, and he asked the board if they would be willing to pay the invoices. He said that the pilot shelter belongs to the airport and that a lot of time and \$105,000 in cash had been donated to build it.

Mr. Mathis said that the construction season is over, that he has reviewed our projects and the Airport Authority has sufficient capital funds remaining in the budget to cover these invoices. He said the costs were a good value and he recommended approval.

Mr. Kelleher said the shelter is an asset to the airport and he is in favor of paying the invoices. Mr. Metzger asked if it needs to be an agenda item and Mr. Williamson said that Mr. Mathis has approval to spend up to \$20,000 without board approval, and this falls under that authorization. He said the pilot shelter is a real tribute to Mr. McKenna and the others who ramrodded the project. He said that what is left isn't a big deal.

Mr. Mathis said the Airport Authority initially paid \$30,000 toward the project and Mr. Roehm said the airport is assuming the maintenance. He was also in agreement to pay the invoices. Mr. Williamson moved to pay these Phil Egbert bills, which fall under the amount specified under Ted's spending authorization, which is about \$5,100.00. Mr. Kelleher seconded the motion, which carried without opposition.

The fourth agenda item was to consider the request by Yellowstone Jetcenter to sublet office space in their building at 305 Aviation Lane to ACM Aviation. Mr. Mathis said that ACM has a Falcon corporate jet based here, has hired Jeff Kern as their aircraft manager/mechanic and need office space for him. He said the requested area is on the east ramp in the building previously owned by Central Copters. Central Copters is leasing space there until they finish their new building.

Mr. McKenna asked if the Airport Authority should be looking at providing office space for aviation related situations similar to this. Mr. Mathis said most people put an office in the corner of their hangar if they need one.

Mr. McKenna moved to approve the request by Yellowstone Jetcenter to sublet office space to ACM Aviation. Mr. Williamson seconded the motion, which carried unopposed.

The fifth agenda item was to consider moving forward with preliminary plans for terminal expansion. Mr. Roehm said there are a lot of wild cards, such as higher gas prices and higher airline fares, which may lower passenger involvement. But passenger numbers are growing so we need to do something.

Mr. Mathis said we are at the point we need to move forward and he asked the board to allow them to task Morrison-Maierle to negotiate with RS&H to proceed with preliminary plans, perhaps 30% of the project. One part of the engineer selection process specified that the engineering firm serves as project manager for the terminal expansion. Morrison-Maierle was selected as the airport engineering firm. They chose the architectural firm of RS&H to help with the Master Plan.

If the board allows RS&H to move forward with the preliminary plans, the board would then be poised to continue to complete the plans and get the terminal expansion done or put the plans on the shelf until they are ready to proceed.

Mr. Sprenger said that for a day like today the terminal is fine, but when we have days like the 22nd of December when we have a 757, an Airbus, a Dash 8, a 70-seat Regional Jet (RJ), a 50-seat RJ and a Beech 1900 all leaving within 45 minutes of each other, we are taxing the facilities of the airport. We may get by but the checkpoint and baggage claim areas will be stretched and some of the flights may be delayed, which may potentially impact passenger connections. If we start on the design phase now, we will lose two summers. By

the third summer, if growth continues as it has, we will be beyond our capabilities. If we have 30% of the project complete, we will have points where we can stop the process.

Mr. Sprenger said we had a record number of passengers in October and have a record number of seats this winter. Because fuel prices affect the airlines nationwide, we typically get more seats when the national economy declines because the airlines are charging more per mile for Bozeman flights than they are charging for seats to markets where there is more competition.

Mr. Bell explained the design/bid/ build, design/build and contractor at risk concepts a little. He said it would take RS&H about 5 or 6 months for the 30% design phase. If that much is done, there is more detail and the price will be more competitive for the next phase. He said RS&H have aviation architectural experience and he believes that is beneficial in the baggage makeup, baggage handling and security areas.

All the board members said they would be more comfortable if local firms were given the opportunity to submit a Request for Qualifications (RFQ). They believe local firms may be as qualified as national firms and they would like to give them the opportunity to compete. They discussed the fact that they would be selecting the team for the entire project and allowing for break points. The board members want to select the architects rather than have Morrison-Maierle select them. They are picking a partner to work with.

Mr. Sprenger said that if that was the route the board wished to take, Mr. Bell, Mr. Mathis and he could have an RFQ ready in about 30 days and the selection could be completed in about 90 days. The board asked them to go that route and Mr. Mathis said they would keep the board members posted. Mr. Roehm said we would proceed at the December meeting. Mr. Metzger asked for a glossary of terms and said the more information they have up front, the more it will save later.

The sixth agenda item was to consider participation in the Transportation Security Administration (TSA) Screening Partnership Program to privatize airline passenger security screening at Gallatin Field. Mr. Mathis said that in August we were approached by some representatives from the TSA. They were told they had to put screeners in Montana's seven essential air service airports; Glendive, Sidney, Wolf Point, etc. If they went that direction, they were considering having the same company provide the security screening for those airports as well as the ones where the TSA is currently working. Some airports that have switched to the program have major or minor companies doing the screening and some airports do their own screening.

Mr. Mathis said we did some research. At the Sioux Falls and San Francisco airports, customer service is great, turnover is lower and there are fewer worker compensation claims. Missoula and Kalispell are interested as well. A couple of weeks ago, the folks in Washington decided that these contracts may be more expensive than they originally thought. Mr. Mathis said he doesn't think we should move forward until we hear more from the people in Washington, DC. He said we don't want to give up, but his recommendation was to table the item until we hear more from the folks in Washington, DC.

Gary Wedan, the lead TSA officer at Gallatin Field, said he has been here for five years and wants to know if the airport plans to go private. He said he has only 5 years in Federal service, all with the TSA, but there are others who have worked for the government for 15 years. They would like to know if they would get similar benefits, seniority, what the pay scale would be if the Airport Authority goes private. He thanked the board for the opportunity to sit in.

Mr. Roehm said the recommendation from the Airport Director is to table the request until we know more and that we have questions for the TSA before we agree. He said he is inclined to take Mr. Mathis' recommendation until the TSA recommends that we go private.

Mr. Mathis said that if we pursue going private, we put in an application with the TSA, which they can approve or disapprove. We can ask for specific services, such as them paying for a person at the exit door. The TSA does it now because of the close proximity to the screening check point. When we expand, that will change. The Missoula airport has to pay for someone at their exit door. If the TSA says we can put our request into the application and they approve the request, they would select the contractor, make sure they fulfill the requirements of the contract and also pay them. The TSA's concern is if there is a cost savings for privatizing.

The board agreed to table the request until we have more information from the TSA.

The seventh agenda item was the Master Plan project – Scott Bell. Mr. Bell said he has gone over the first review of the Land Use Planning chapter with Mr. Mathis and Mr. Sprenger and has the draft ready for a second review. After they approve it, he will get copies to the board members next week. He said it is an interesting chapter that the board will probably take a lengthy look at and he is looking forward to the discussion.

He said the airport has been involved in land use planning since the mid 70s and is in pretty good shape, but we need to continue our efforts. He said this chapter summarizes land use planning on and off the airport, Federal laws and grant assurances we need to adhere to and gives a recommendation for the future. After the board reviews and approves this chapter, Mr. Bell will set up meetings with the City/County Planning Board, the City of Belgrade, and Gallatin County.

The eighth agenda item was the report on passenger boardings and flight operations — Brian Sprenger. Mr. Sprenger reported that in October there were 747 air carrier operations, 800 air taxi, 2,888 general aviation (GA) itinerant and 6 military, for a total of 4,441 itinerant operations. Local GA operations were 3,019, for a total of 7,460 tower operations. This is up almost 1.0% and it was a record October. There were 180 landings of aircraft weighing 12,500 pounds or more, up 10.4% from last October, and that also was a record.

Mr. Sprenger reported that passenger boardings were 25,581, up 7.5% from October a year ago, and also over the previous record set in 2005. Year to date of 289,816 passengers enplaned was up 5.5% in comparison to the same period in 2006.

Mr. Sprenger said United Airlines will begin mainline 737 service into Gallatin Field on a seasonal basis beginning February 13th through March 29th, and in the summer from June 5th through September 1st. That will augment existing United Express service as they will replace some of the service with larger aircraft. It may add just a few additional seats but Mr. Sprenger said that they may substitute 130 seat 737s for the 102 seat ones when they see the bookings. Mr. Sprenger said this is a big deal and that a lot of airports are paying a lot to have new mainline service. Our United Express service has seen a 25% growth for over a year and United has stepped up to the plate for us. 737s are more efficient than the aircraft they are currently flying in here.

The ninth agenda item was the Director's Report — Ted Mathis. Mr. Mathis reported that we have hired a new maintenance supervisor, Tim Garton, to take Tim Linn's place. He will start work on the 13th and we look forward to having him on board. We are not looking forward to losing Mr. Linn, and Mr. Garton will have some huge shoes to fill. As part of the package, we would like to offer him the house on the airport property. We have prepared an agreement that he and our attorney have reviewed. One of the conditions is that he will

respond to emergencies, staff and airport needs when he is in residence and he is accepting of that. He would pay utilities, keep up the inside and the outside, and he may use the house as long as he is an employee of the airport. Either party may give a 30 day written notice at any time to cancel the agreement, and if he is no longer with us he will have to move out within 30 days. He will go to Aircraft Rescue Fire Fighting (ARFF) training in Salt Lake City on the 19th. Mr. Roehm said it was a good use of the house and the board had no objections.

Mr. Mathis also reported that our summer Airport Improvement Project (AIP) is almost done. The paving and concrete work is done and the finish work is being completed. The electrical work should be done within two weeks. Mr. Mathis said that the design and oversight by Scott Bell, Mark Maierle and the rest of the Morrison-Maierle crew has made for a great project. JTL and their subs have done a great job too. Morrison-Maierle staff has been working days and nights. They are looking forward to that being done.

The tenth agenda item was to consider the bills and approve for payment. After review and discussion, Mr. McKenna moved to pay the bills and Mr. Kelleher seconded the motion, which carried unopposed.

The meeting was adjourned at 4:31 p.m.

Richard R. Roehm, Chairman