

The regular monthly meeting of the Gallatin Airport Authority was held November 9, 2006 at 3:00 p.m. in the Airport Conference Room. Board members present were John McKenna, Richard Roehm, Greg Metzger and Steve Williamson. Deborah Dietz was not able to attend. Airport Director Ted Mathis, Assistant Airport Director Brian Sprenger, and Administrative Assistant Cherie Ferguson were also present.

The first agenda item was to open bids for a new two wheel drive tractor with twenty-foot mower. The first envelope opened was from Western Plains of Billings but they did not submit a bid. Churchill Equipment Company of Manhattan submitted a bid of \$49,900.00 for a model MF 6475 Massey Ferguson tractor and a bid of \$19,900.00 for a Rhino mower. They also included a bid of \$17,500.00 as an option for a different model mower. Their total bid was \$69,800.00.

Kamp Implement Company of Belgrade submitted a bid of \$48,993.00 for a Case IH tractor, model MXU130. Their bid for a Bush Hog mower was \$15,980.00 for a bid total of \$64,973.00.

Belgrade Equipment of Belgrade submitted a bid of \$57,906.00 for a model 6715 model John Deere tractor with an exception noted regarding the left and right degree seat swivel. They included a bid of \$17,894.00 for a John Deere HX20 mower. Their total bid was \$75,800.00.

Churchill Equipment did not enclose a 10% bid bond but the other two companies did. All bidders submitted the addendum.

Ted Mathis said that the board could ignore irregularities in the bid and recommended that the bids be taken under advisement and the contract be awarded to the lowest qualified bidder. Richard Roehm made a motion to that effect and Greg Metzger seconded the motion, which passed unopposed.

Mr. Roehm asked about the time frame and Mr. Mathis said the contract would be reviewed and awarded within 14 days.

John McKenna, board chair, thanked all the people who put in their time and effort on the bids and attended the meeting.

The second agenda item was to review and approve the minutes of the regular meeting held October 12, 2006. Mr. Metzger moved to accept the minutes as mailed, Mr. Roehm seconded the motion and it carried unopposed.

The third agenda item was to the public comment period. There were no public comments.

The fourth agenda item was to review the annual audit. Terry Alborn from the accounting firm of Junkermier, Clark, Campanella and Stevens PC addressed the board. He said there are changes in the government auditing standards and because of that he recommends that the board appoint an audit committee to meet with the auditor before and after the audit so they are familiar with the audit process and oversee the selection of an auditor. He said that another of the new Statements of Auditing Standards deals with the definition of internal control deficiencies. If the auditor prepares the financial statements and footnotes, it may be a reportable significant deficiency in the auditors' control report. He said he believes this is overboard but doesn't want there to be any surprises next year. He said that he will keep the Airport Authority staff informed.

Steve Williamson asked if there is any solution other than having one set of accountants prepare the statements and another to audit them. Mr. McKenna said that someone on the staff would have to understand GASB. Mr. Alborn said we should wait until we find out how significant a deficiency it would be for the auditor to prepare the statements.

There was some discussion regarding having an audit committee. Mr. Metzger suggested that the board could talk to the auditor for a half hour at the end of a board meeting. The other board members and Mr. Alborn said that was a good idea and they plan to meet in April or May.

Mr. McKenna said the board was in receipt of a clean audit and Mr. Roehm thanked Cherie for her diligence. Mr. Alborn said the board should congratulate all the management. He said they have a good attitude and want to do things right.

The fifth agenda item was to consider Employer Resolution for Voluntary Employees' Beneficiary Association (VEBA) Health Reimbursement Account. Mr. Mathis said that the legislature allows Montana public employees and employers to enter into a VEBA health reimbursement account. When Airport Authority employees retire, they are eligible to receive 25% of their sick leave. VEBA allows them to ask the employer to write a check to the company that manages the VEBA account, in this case, a bank in Washington. It is a good thing for employees as they can use it on a tax-free basis for qualified health care expense reimbursement. Mr. Mathis said he would appreciate it if the Board would approve the VEBA account and resolution. Mr. Roehm asked what prompted the request and Mr. Mathis said some of the employees indicated an interest and VEBA representative John Wing made a presentation to the employees. An overwhelming majority of employees indicated that they would like to pursue the opportunity. Mr. Roehm said he wanted to make sure people didn't think it was being forced upon them, which it isn't. He moved approval of the request and Mr. Williamson seconded the motion. In discussion, Mr. Metzger asked if the employees know there is a fee and Mr. Mathis said they do. The motion carried with no opposition.

The sixth agenda item was the Master Plan project update – Scott Bell. Mr. Bell said that at the last meeting he passed out a preliminary draft of Chapter 3. Today he brought additional information for the airside facility requirements. He brought a replacement page of the draft page for deicing solvents and five more replacement pages for other airside developments and alternatives.

He said that Chapter 3 is getting fairly close and he is having a technical writer come in to improve the verbiage. Chapter 4 is terminal requirements and Chapter 5 is financial requirements. He said that Chapters 3, 4 and 5 include planning past the 20 years to protect areas included in future planning and to have preliminary cost estimates for some of the projects. Total proposed and recommended developments come to \$43 million and he wants the board to realize that all those projects probably won't be completed within the next 20 years.

He said that Mr. Sprenger and he have met with all the tenants. The next scheduled meeting is with the general aviation public December 12<sup>th</sup> at 7:00 p.m. in the Airport Safety Building.

He also said they had a charrette with three architects from RS&H, sub consultants to Morrison-Maierle. RS&H is a firm from Florida. They went through terminal operations and alternatives with Mr. Sprenger and Mr. Bell and hope to make a presentation to the board at the December meeting and bring the number of alternatives down to 2. He said they may make a recommendation for the #1 preferred alternative at the January meeting.

The board members and Mr. Bell discussed future meetings and whether to have a special meeting with the Gallatin County Commissioners or invite them to a meeting with the Belgrade City Planning Board. Mr. Metzger said he thinks it would be good to have a smaller meeting with the commissioners and Mr. Roehm agreed.

The board said that the Master Plan should be a guideline and not a technical manual so projects can be done when they are needed and not just because they are scheduled. They like the fact that there are options for different problems that may arise. Mr. Williamson said the information in the draft shows the benefits of having radar. He said he hadn't realized the difference it will make and believes it was money well spent. Mr. Bell said that Mr. Mathis has put a lot of time and effort into getting radar at Gallatin Field and that having radar definitely increases capacity.

The board thanked Mr. Bell for his update.

The seventh agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in October there were 359 air carrier operations, 1,063 air taxi, 2,600 general aviation (GA) itinerant and 25 military, for a total of 4,047 itinerant operations. Local GA operations were 3,350, for a total of 7,397 tower operations, up 13.3% from October a year ago. There were 163 landings of aircraft over 12,500 pounds, down 9.4% from October 2005.

Mr. Sprenger reported that passenger boardings were 23,709, down 3.8%. Year-to-date enplanements of 274,799 are down 4.9% compared to the same period in 2005. Mr. Sprenger said that October load factors performance was the strongest it has been for an October in over a decade. He said that we are starting to hear of service enhancements and hopes to be in an upward trend by February. That is not in time for the holiday season unfortunately. Mr. Roehm asked if there is anything we can do to make baggage handling faster and easier and Mr. Sprenger said we are constantly reviewing technology to help the airlines provide better service.

Mr. Sprenger also reported that all weekend operations for January through February by Delta will be 757s. He said that United will begin daily nonstop flights to Chicago O'Hare starting February 14<sup>th</sup> with no planned discontinuation.

Mr. Roehm expressed concern that the Airport Authority has no control over control tower operators or the Transportation Security Administration (TSA) at Gallatin Field. Mr. Sprenger said that Mr. Mathis and he continually work with Serco, the control tower contractor, and the TSA. Mr. Mathis said that if there are problems, they let us know. The flying public contacts us as well.

The eighth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that he and Mr. Williamson attended funeral services for Zales Ecton, Jr., a past long time board member. Mr. Mathis said that Mr. Ecton was a wonderful person and one of the finest board members he has ever worked with. He said the service was well attended.

Mr. Mathis also reported that the FAA has identified another program regarding maintenance and ownership of the control tower radar display and the project is still moving forward.

Mr. Mathis said the environmental assessment for the interchange is almost done but the Federal Highway Administration won't sign off on it until the funding sources have been identified and a memorandum of agreement entered into between Gallatin County, Gallatin Airport Authority, Montana Department of Transportation and City of Belgrade. He said there had been no prior indication from them that they would withhold approval for that reason. Mr. Mathis said they don't know how much federal participation they will receive. He said the committee, headed by county commissioner Bill Murdock, is continuing to determine what portions the current funding sources will pay. More private sector parties need to participate and congressional help will be required to generate the necessary funding.