

The regular monthly meeting of the Gallatin Airport Authority was held July 9, 2007 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Steve Williamson, John McKenna, and Greg Metzger. Deborah Dietz has resigned as a board member. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

The first agenda item was to review and approve the minutes of the regular meeting held June 7, 2007. Richard Roehm moved to accept the minutes as mailed, Steve Williamson seconded the motion and it passed unopposed. The minutes have been read, reviewed and approved.

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

The third agenda item was to continue consideration of Interlocal Agreement for I-90 interchange. Ted Mathis, Airport Director, said that the board has reviewed the proposed agreement, the County and the City of Belgrade have signed it and the Gallatin County Commissioners are seeking our final approval and signatures as well. Commissioner Bill Murdock, speaking on behalf of the commissioners, said they have made the revisions and addressed the concerns that were expressed with the draft agreement. He said the \$3 million the Airport Authority was contributing would be solely for the east side bypass on airport property. In addition, if for some reason the partners don't get the \$10 million we are short, even after the preliminary engineering is done, we don't have to refund the state. Also, on page 3, in the general section, the partners can opt out if we don't agree with the funding schemes.

Mr. Murdock said the airport's exposure is more limited than the city or county as their funding is somewhat dependent on growth. He also said that if our Congressional delegation isn't able to get the \$10 million federal participation, he doesn't see how the project would be funded. The Interlocal agreement was the final step for the three local agencies. The next is for the county to sign an agreement with the state, and the final step is the federal funding.

He said he met with our three delegates and they all assured him this is their top priority. He said that Senator Baucus was totally on board, Senator Tester was on board and Representative Rehberg was too, although he expressed concern where the money would come from. Mr. Murdock said the appropriation had made it through Markup but that doesn't mean it will pass. He said it might be less than the \$10 million they are requesting and the county is aware they might have to make up the difference.

Mr. Williamson said this Interlocal Agreement spells out the Airport Authority's obligations and he hopes the costs don't soar. Scott Bell, the airport engineer, said that once the agreement is signed they can start on the engineering and have more accurate figures. He said he hopes the figures are lower because the estimates are based on last year's higher prices.

Greg Metzger moved that we, the Gallatin Airport Authority, enter into the contract with the county, contract # 2007CV212, as presented, and authorize the chairman to sign on their behalf. Mr. Roehm seconded the motion and it carried unopposed.

Mr. Roehm told Mr. Murdock that his staff who worked on this were very professional, accommodating and helpful.

Mr. Murdock said the County Commissioners have interviewed two of the three people they are considering for filling the vacancy on our board and that we should have a new member soon.

The fourth agenda item was to consider proposals for airport insurance. Mr. Mathis said we have three proposals for the next three years; one from Central Insurance of Belgrade, Montana, one from First West Insurance of Bozeman, Montana and one from Alliant of California. Alliant was so enthused they flew some representatives up to meet with us personally. Mr. Mathis said our current carriers, Central Insurance and First West, submitted the best proposals totaling \$55,826 with a savings of \$4,414 over our last contract, and he recommended staying with them. Central Insurance submitted a proposal for Property coverage and First West submitted a proposal for General Liability, Director's/Officers and Commercial Crime. Alliant submitted a proposal for all areas, except they didn't include auto liability insurance. Mr. Metzger noticed that a couple of the numbers in the total were current figures and not the proposed figures. The proposed quote was actually \$55,061.00.

Both Central Insurance and First West have been very responsive to our requests. Mr. Roehm moved approval of the proposal as suggested by the Airport Director. Mr. Metzger seconded the motion and it carried without opposition.

The fifth agenda item was to consider the request by Nathan Lea to transfer his interest in Hangar #85 to Les Waldow. Mr. Mathis said the unit is in the Eagle Nest condominium hangar and that Nathan Lee is selling his hangar to Les Waldow. Mr. Waldow is planning to widen the ramp in front of the hangar to the width of the building and wants to put a French drain in to address a drainage problem that has existed for some time. We have

a number of French drains throughout the general aviation (GA) area. Mr. Roehm moved approval, Mr. Metzger seconded the motion and it carried unopposed.

The sixth agenda item was to consider the request by Greg Van Noy to construct an 80' x 100' non-commercial hangar. Mr. Mathis said he has a Cessna and is planning on renting space to some other people. There is space to accommodate the hangar next to hangar #128. Mr. Williamson said we are running short of space on this side and would like to see hangars approved for the east side. This is the site Arlin's Aircraft Service requested last month, but Mr. Mathis said there is still space for a 100' x 120' hangar or at least a 100' x 100' hangar. The board members discussed how to handle the remaining area and planning for the east side. Since there is only one site available west of the crosswind runway, it is too late to establish a policy. John McKenna said we have done a good job and have not wasted space.

Mr. Roehm moved approval and Mr. Metzger seconded the motion. The motion passed unopposed.

The seventh agenda item was to consider the request by Lanero, LLC to transfer their non-commercial hangar ground lease on Hangar #114 to Aircraft Shelter, LLC. Mr. Mathis said Lanero sold their hangar to Bruce Ruefer and his company, Aircraft Shelter, LLC has another hangar at the airport. This hangar has the potential to be used for commercial purposes but Mr. Ruefer is requesting a non-commercial lease. Mr. Metzger moved approval and Mr. Roehm seconded the motion, which passed unopposed.

The eighth agenda item was to consider the request by Evert Wierda to transfer his interest in Hangar #10 to Ken Flikkema. Mr. Mathis said Evert Wierda is a ½ owner in the red Quonset hangar and his partner is Tim Linn. Mr. Wierda has purchased another hangar

and would like to sell his interest in this hangar to Ken Flikkema. Mr. Roehm asked if the Quonset hangars can be painted. Mr. Mathis said they have color-locked siding on them and cannot be painted. Mr. Metzger moved approval. Mr. Roehm seconded the motion which carried without opposition.

The ninth agenda item was the Master Plan project update – Scott Bell. Mr. Bell said that progress is being made on Chapter 6, the financial section. He said that last week Brian Sprenger had come up with an idea to separate the terminal expansion into at least three phases. Initially the expansion was planned as a \$45 million project with a \$25 million bond issue. Mr. Sprenger suggested breaking out the security screening and concourse expansion, with expenditures for phase I at \$15 million to \$20 million. Mr. Bell plans to have the draft of the financial plan for the next meeting.

Mr. Roehm said he welcomes the phasing concept and asked Mr. Bell to comment on the possibility of cost overruns. Mr. Bell said the numbers they are using for the terminal expansion in the Master Plan is \$350 per square foot. He said that locally we are seeing a little bit of a slow down and that two years from now it might be a better price than it is this summer. Mr. Williamson asked if the reality is that we will be working on the terminal expansion in two years and Mr. Bell said the security screening area is pretty tight and they might work to improve baggage handling somewhat, although a lot of that is dictated by the airlines. He said ticketing is pretty tight too, but there might be some ways they can revamp and buy some time.

Mr. Williamson asked if they will have to expand the terminal or if they can use existing square footage. Mr. Bell said they would need to expand the terminal as most of the existing area is already in use. Mr. Williamson said he had hoped they would have more

time before having to start the project and Mr. Bell said it is beneficial to have smaller phases that they can adjust along the way. He said it will still be a fairly large project even though it is roughly half the original plan. The board thanked Mr. Bell.

The tenth agenda item was the election of officers. Mr. Williamson said that normally Mr. Metzger would be next in succession to be chairman but he asked for his nomination to be postponed for at least a year. Mr. Roehm said the board had adopted the policy of passing the chairmanship every two years in order to bring in fresh blood. He said it takes extra time to be the chairman. Mr. McKenna said that he would be willing to continue or defer. Mr. Williamson nominated Mr. Roehm as chairman, Mr. Metzger to continue as vice-chairman and Mr. McKenna as secretary. Mr. Metzger seconded the motion. Mr. McKenna asked Mr. Roehm if he would be willing to be the chairman and he said he would be honored. All members voted aye and Mr. Roehm will assume the responsibilities after this board meeting.

The eleventh agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in June there were 686 air carrier operations, 944 air taxi, 3,069 GA itinerant and 10 military, for a total of 4,709 itinerant operations. Local GA operations were 2,676, for a total of 7,385 tower operations in June, down 3.6% from last June. There were 247 landings of aircraft over 12,500 pounds, up 15.4% from June 2006.

Mr. Sprenger reported that passenger boardings were 28,926, up 6.7% over June a year ago. Year-to-date boardings of 158,646 are up 5.6% compared to the same period in 2006. Mr. Roehm said airlines are cutting back flights and increasing their load factors. He said the airlines make money when they are 100% full but it aggravates the public because

they are cramped and there is no flexibility if there are delays or cancellations. Mr. Roehm asked Mr. Sprenger to comment on how he thinks the public feels about air travel.

Mr. Sprenger said that airports, the FAA, TSA and internal challenges airlines have to deal with all impact the system. He said that things are alright as long as everything goes well but we're reaching a critical point as all the systems are maxed out. Record numbers of people are flying. The corporate sector is moving away from commercial air carriers to corporate aircraft, and is finding it can be more efficient and cost effective. So the commercial carriers are becoming a transportation system for the masses. Airports are trying to anticipate growth, different airlines are doing things to distinguish themselves and the government is upgrading the air traffic control system. Mr. Sprenger said he hopes that soon we will see improvements that will accommodate more people. If growth outpaces accommodations, it won't get better and passengers will see the impact very quickly and very negatively.

The board thanked Mr. Sprenger.

The twelfth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that we issued a Notice to Proceed to JTL Group about a week and a half ago and they started the very next day. The ramp expansion, service road and runup area are being constructed at a rapid pace and Mr. Mathis is pleased with the progress. He said the water and sewer lines being installed on the east side by Duneman Construction are nearing completion. Mr. Mathis said they stepped right up and are doing a nice job as well.

Mr. Mathis also said the air show plans are progressing quite well. He said there is a good group of volunteers and it should be a good show. Travelers will be inconvenienced on the 27th, 28th, and 29th. On the 28th and 29th, the airport will be closed from 10:00 a.m. until

5:00 p.m. except for the air show aircraft and the airlines. He doesn't believe people will be too inconvenienced because of the advance notification.

Mr. Mathis said that is the same weekend the Yellowstone Club has their Camp Yellowstone. He said the expected 30 corporate jets will be able to land in Bozeman, Livingston and West Yellowstone.

Mr. Roehm asked how many people are expected at the air show and Mr. Mathis said 30,000 on Saturday and a lower number on Sunday. After the air show, part of the traffic will be routed through the field and out to Dry Creek. People going east will be routed to Penwell Bridge. The 4-way stop in Belgrade is always a bottleneck and we are trying to find ways to keep the traffic moving. Mr. Mathis said the air show ends at 5:00 p.m. and the last car should leave the lot at 7:00 or 7:30 p.m.

Mr. Roehm wanted it noted that the Airport Authority does not receive any money for putting on the air show. In fact, it costs money for overtime and additional work for the staff. He said the Airport Authority does not set the price for admission. Mr. Metzger said the Chamber of Commerce doesn't make much money either. He said they almost lost money last time. He said we just have the air shows to create interest and provide a service. A little money went to charity but most goes for expenses.

Mr. Williamson said he would like it communicated to the public that it costs money to put on an air show and encourage people to pay rather than watching from a different place. Mr. Mathis said a lot of people pay so they can see the static displays.

Mr. Mathis said that there isn't much new to report on radar at Gallatin Field. He said that Salt Lake Center will be up to date in October and we hope to have better service

after that. He also said the FAA has promised a new agreement for our consideration regarding the display in our tower, which we really need.

Delta Air Lines paid the Airport Authority the full amount of their pre-petition bankruptcy charges with a check. Some other airports received stock. Mr. Mathis said he believes Northwest Airlines will write us a check for their pre-petition bankruptcy charges as well.

The thirteenth agenda item was to consider the bills and approve for payment. After review and discussion, Mr. Williamson moved to pay the bills and Mr. Roehm seconded the motion, which carried.

The meeting was adjourned at 3:57 p.m.

Richard R. Roehm, Chairman