

The regular monthly meeting of the Gallatin Airport Authority was held April 10, 2008 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, John McKenna, Greg Metzger, Kevin Kelleher and Steve Williamson. 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 March 11, 2008. John McKenna moved to accept the minutes of the March meeting; Greg Metzger seconded the motion and it passed unopposed.

The second agenda item was the public comment period. There were no public comments. Chairman Richard Roehm said that anyone wanting to make comments about an agenda item could do so during discussion on that item.

The third agenda item was the terminal expansion project – Jamie Lenon. Mr. Lenon said that Michael Spitzer and a programming person from RS&H came up two weeks ago and met with Brian Sprenger to come up with a synopsis of the program. He showed drawings for the ground floor, concourse area and upper level and said that they, along with Ted Mathis, have an interim plan to move the car rental companies to the area currently occupied by the airlines on the east end of the main floor. The existing employee lot would be used for their ready lot. Mr. Roehm asked how many offices could be accommodated and Brian Sprenger said there would be space for more concessionaires if the board chooses to allocate more concessionaires the next time bids are granted.

A parking garage will be constructed sometime in the future and the ground transportation offices can be moved there. Mr. Lenon said they plan to remove the second stairway so they can utilize that area for potential concessions or a business center since there will be a new area for TSA screening and passenger check-in. After the airlines and ground

transportation move to their new locations, the area currently occupied by the airlines will be used to support security. Mr. Lenon said that the character of the terminal will be continued in all the public areas by having the beams, columns and rock work every 20' in a grid running east to west. Mr. Roehm asked if the interference to the flying public would be kept to a minimum and Mr. Lenon said they are working to do that. He said having a contractor on board will help to ascertain if they can leave the baggage stripping area and boarding bridge on the west end during most of the phase I construction. Mr. Lenon said they would like to build from east to west starting in the spring, connect the two basements to move services back and forth for a short term solution, move the rental cars out in September and demolish and rework that area and leave the bag stripping area and boarding bridge intact until the last moment. The rest of the existing building would operate as is. The only interruption would be to the airlines in this one corner.

Mr. Roehm asked about the restaurant and Mr. Lenon said it would remain where it is during construction because the building will go through several phases and the transition will be easier. There will be additional facilities in the new building, including in the secure area. Mr. Lenon said they will present some phasing plans at the May meeting.

Michael Spitzer, with RS&H, said he has gone through the terminal building program with staff and has adjusted estimates to what they all believe is a better fit for the model. He used the increase of aircraft parking, check-in and passenger screening to show how they plan to incrementally increase the numbers of positions as the need arises. There is a need for the third baggage claim area to be added immediately and a fourth one will be added in the future. He said they are right sizing the building now and have a planning area of 180,000 square feet. He said we will have a little larger building than we need because we will be utilizing so much of the existing building, but we will grow into it. Mr. Metzger

asked why we are doubling the building size before the number of passengers and Mr. Spitzer said our existing building is too small to provide the best service for the numbers of passengers we currently have. Mr. Metzger asked if they had a cost per square foot number and if phase I would be more expensive than phase II because of putting in electrical/mechanical equipment and support. Mr. Lenon said that there are three different types of building construction and it is difficult to have the numbers, plus we don't have a contractor yet. Mr. Spitzer said there were figures in the Master Plan and those are valid for conceptual, overall planning. Mr. Lenon said the plan makes it possible to phase in the electrical/mechanical equipment. He said that in May they would have a more concrete site plan and there would be another opportunity for an exchange on the plan.

Mr. Roehm asked if they will build anything structurally in case the TSA finds a bomb in a bag at check-in. Mr. Spitzer said they won't because TSA has a protocol for handling that kind of occurrence. Mr. Roehm said he just wanted to make sure the issue was being addressed. Mr. Lenon said they are considering moving the bag makeup area away from the view of the passengers so the TSA employees can do their jobs more efficiently.

Mr. Roehm thanked Mr. Lenon and Mr. Spitzer for their update.

The fourth agenda item was to consider the general contractor / construction manager (GCCM) for the terminal expansion project. Mr. Mathis said they sent out an RFP for a GCCM and received six very good proposals. Mr. Mathis, Mr. Sprenger and Mr. Lenon reviewed them and using evaluation criteria, selected the two that scored the highest and were equal, Swank Enterprises of Kalispell and Martel Construction of Bozeman. Mr. Mathis said they both have local and airport experience, have very qualified people plus the ability to bond this large of a project. He would like to select a contractor and negotiate with them for the preliminary design coordination. They would work with us and our architect to

get to that point. He wouldn't hire them to construct the building right away. Mr. Roehm said the criteria that was used for the selection was: experience with similar projects, financial health, committed staff or work force, cost control, approach to the project, special qualifications and energy standard.

Mr. Roehm said he roomed with Dean Swank and knew him and his wife before they were married. The company has been turned over to their son. Mr. Roehm said he is also familiar with Martel Construction because he had been on the hospital board and the Board of Regents and they had projects with Martel.

Mr. Metzger said he has done five projects with Martel Construction and has been very pleased. He said he doesn't know Swank Enterprises, and that he is a proponent of Martel Construction. He said the main reason is because they are local since the qualifications for both companies were equal.

Kevin Kelleher said he watched Martel at Big Sky for thirty years and heard comments from the owners that they were satisfied with the work and completed most of their projects on time. He said he worked for Martel as a subcontractor in 1976, but that is the only contact he has had. He said he is leaning toward Martel because they are local and contribute to the area. He said their work is exemplary.

Steve Williamson said he doesn't know anything about Swank Enterprises, but Martel Construction built his office building and there were no problems. He said that the Airport Authority had a good experience with Martel when they built the terminal building.

Mr. McKenna said he is familiar with Swank and that owners who he has built for were more than satisfied. Mr. McKenna said we are very fortunate to have two contractors this qualified, and that one of them, Martel, is local. Mr. Roehm said Swank Enterprises has very exemplary experience in airports and that the airport managers in Billings and Great

Falls are very pleased with their experiences with them. He said that counts for a lot. He doesn't know anything bad about them but he would come down on the side of local, everything else being equal, which it is. He said he knows Bill Martel to be a very honorable man and very responsive.

Mr. Mathis concurred with the board members and would like to move ahead with negotiating a contract with Martel Construction for the preliminary design phase of the project.

Mr. Metzger moved to have Ted and Brian move forward with formulating a contract for Martel Construction of Bozeman, Montana for the terminal expansion project and Mr. Kelleher seconded the motion. All board members voted aye, so it was a unanimous decision. Mr. Roehm thanked all the contractors for their submissions and said we were very fortunate that they were all quality contractors.

The fifth agenda item was to consider the extension of Overland Express, Inc. Food and Beverage Agreement. Mr. Mathis said that at this time last year their contract period ran out. The contract allows for three additional one-year extensions and the board granted one of those extensions and asked Mr. Mathis to work with the tenant to improve service and conditions in the facility. Mr. Mathis inspected the facility and talked about the operations quarterly with Jim Schneider. The improvements have taken place after each visit and have stayed in place. Mr. Mathis is happy to recommend an additional one-year extension with an increase of the Minimum Annual Guarantee (MAG) from the current MAG of \$67,500 to \$70,000. In the last 12 months, the Overland Express has remitted close to \$79,000 and should be able to meet the MAG.

Mr. Metzger moved to grant the extension of the Overland Express, Inc. Food and Beverage Agreement for one more year with the minimum increased to \$70,000. Mr.

McKenna seconded the motion. In discussion, he said he appreciated the Overland Express management for working through the issues to make the improvement and the other board members agreed. The motion carried with all ayes.

The sixth agenda item was to consider the request by Yellowstone Jetcenter to sublet space in building #305 to Aero Flight School, LLC. Mr. Mathis said Aero Flight School is currently in the Gallatin Flying Service building and would like to relocate to the east ramp in the nice building that Central Copters has just vacated.

Mr. Roehm asked about protecting the space on the flight line if the flight school isn't able to operate. Mr. Mathis said it is always a possibility that a building could change from a charter to a full-fledged fixed base operator (FBO), aircraft storage area, flight school, aircraft maintenance shop or radio shop, which are all facets of commercial aviation. The only thing we can do is protect the usage through the lease as best we can. Mr. McKenna said it would be too bad if we had a good quality operator not come here because someone was storing an aircraft in a frontline hangar. The board members were in agreement that they aren't concerned with this situation but Mr. Roehm believed it was an appropriate time to bring up the issue.

Mr. McKenna moved to approve the request by Yellowstone Jetcenter to sublet space in building #305 to Aero Flight School. Mr. Metzger seconded the motion. In discussion, Kent Foster, Yellowstone Jetcenter's General Manager, said his understanding is that when they lease or sublease a prime frontline spot, they are to protect the interest as aviation and it wouldn't be proper to use it for storage.

The vote was unanimous to approve the motion.

The seventh agenda item was to consider the request by Sarpy Creek Land Company, LLC to sublet Hanger #91/113 to Sunbird Aviation, Inc. for use as a base for their aircraft

charter operation. Mr. Mathis said he has inspected the building and it could be set up for a commercial operation with a few modifications. It was built with that intention.

Gregg Fuller, representing Sunbird Aviation, thanked the board for the opportunity to make the request and said the hangar is small but will get them by until their larger one is built. He said they need to build a partition wall inside the hangar to bring it up to TSA security standards and the owner approved the construction. The hangar has public access, restrooms, corporate offices upstairs and a parking lot with ten plus parking spaces so it meets the requirements to be used for a commercial operation.

Mr. Fuller said their decision is driven largely by the fact that the FAA requires them to have a director of operations, director of maintenance and a chief pilot by June 1st or they will have to shut down their 135 operation. The hangar has two numbers because it has two doors, one facing north and one facing south.

Mr. Metzger moved to approve the request by Sarpy Creek Land Company, LLC to sublet Hangar #91/113 to Sunbird Aviation and John McKenna seconded the motion. All members voted aye and the motion carried.

The eighth agenda item was to consider the request by David G. Sullivan, d.b.a. ZANUS Corporation to transfer his non-commercial hangar ground lease for Hangar #70 to David G. Sullivan as Trustee of the David G. Sullivan Revocable Trust Dated December 6, 1999. Mr. Mathis said Mr. Sullivan would like to transfer the lease to a revocable trust and he is still the responsible person.

Mr. McKenna moved to approve the request as requested by David Sullivan. Mr. Metzger seconded the motion, which carried unanimously.

The ninth agenda item was to consider the request by the City of Belgrade for two Water Main Repair Easements near the intersection of Airport Road and Tubb Road. Mr.

Mathis said that these easements were discussed last month. The easements are by the FedEx building and the ditch on the corner by Tubb Road. He said the waterline encroaches on 5' of airport land and he recommended approving the easements.

Mr. McKenna said it doesn't feel good to him and that the engineers should have done a better job. He said this wouldn't happen in the private sector. He said maybe they should move the water line.

Mr. Metzger moved to approve the Belgrade Water Main Easements at the intersection of Airport and Tubb Road. The motion died due to lack of a second.

Mr. Roehm asked Mr. Mathis to explain how it happened and Mr. Mathis deferred to Clint Litle, an engineer for HKM Engineering. Mr. Litle said that it is an interesting situation and that HKM believes it is an 80' easement as documented by the County Roads Office and the Clerk and Recorder's Office. He doesn't believe it is HKM's issue. He said the waterline was designed to stay within the 60' location but when the contractor came to a culvert, he swung out too far and came back as quickly as he could. He said they are cooperating with the airport and want to build a product that works well.

Mr. Roehm asked Mr. Mathis if we should suggest that they move the line or pay us to have it moved. Mr. Mathis said the only reason he isn't asking is because the request is being made by another municipality and a partner we work with closely. He said we have had an excellent cooperative effort with the city and he believes it has been fair on both sides.

Mr. Roehm asked Mr. Litle if there had been any oversight from his office and Mr. Litle said there had been but he didn't want to point fingers. He said they have tried to be very cooperative in working with the airport to solve this problem and he appreciates their cooperation.

Mr. Metzger said there were two issues; one is to collect fees and the other is to work with another municipality. He doesn't want to make more of this than it is. He said it is for the betterment of the county. It is not appropriate but it is insignificant in light of building terminals and runways.

Mr. McKenna said he wouldn't stand in the way but it bothers him that the City of Belgrade is making the request on behalf of the developer. He said he feels that we are always the giver when it comes to the City of Belgrade and that is why it has worked. He said we wrote the check for the interchange, the environmental assessment and the water tank. He knows they have cooperated but he doesn't believe we can be faulted for our cooperation. He appreciates Mr. Litle saying he would like to cooperate but he wished someone would have checked with us when it happened. He doesn't like being the bad guy because someone else made a mistake.

Mr. Roehm asked Mr. Mathis if there is a list of items showing how we have cooperated with the City of Belgrade. Mr. Mathis said it is in the preamble of the agreement between the city and the airport for the lease of the water tower site and the provision of water to the airport. We paid to build the water storage tank and they reimbursed half; we worked with them on water and sewer lines throughout the city that run through the airport for city services, we sublet space and work with them on the sewer lagoons and infiltration beds. We've worked with them with the effluent sprinkler system, which benefits our turf runway. In return, they have guaranteed to provide us up to three million gallons of water a month and take care of all our sewage, which is no small matter. We also have a reciprocal rent agreement for the property where their shop and water tower are located.

Mr. Mathis said he knows of airports that have to operate their own sewer and water systems and he is very thankful we don't have to do that. He is appreciative of the services they provide us and knows they are appreciative of what we do for them.

Mr. Williamson said he agrees with both Mr. McKenna and Mr. Metzger. He thinks we have been very cooperative with the city, at least during his tenure, and he asked Mr. Mathis if he feels we've received equal cooperation from them. Mr. Mathis said he believes we have. Mr. Williamson moved to grant the request by the City of Belgrade for the two Water Main Repair Easements at the intersection of Airport Road and Tubb Road. Mr. Metzger seconded the motion and all the board members voted aye. The motion carried.

The tenth agenda item was to consider the request by the City of Belgrade to transfer the Airport Authority's 50% interest in Water Right #41 H 60867-00 to the City of Belgrade. Mr. Mathis said this well is on airport property by the water tower. In 1984, Jack Lundt, the mayor of Belgrade at that time, worked with him to share this water right with the airport. Since then other wells have been drilled and are under the city's purview. This is the only municipal well that has the Airport Authority's name on it. Mr. Mathis said this is not a water right we need because of the agreement we have with the City of Belgrade. Mr. Mathis recommended approving this request.

All the board members were reluctant to release the airport's water rights. Steve Klotz, the Belgrade Public Works Director, said the city has to prove its historical use for a right when they expand. Whenever the city expands its water service area, it has to justify why part of the water right isn't theirs. He said the city isn't trying to get something of value. The water the city provides the airport is looked at as a system of wells but one combined water service. He said the city can only retain the water if it provides water to that area.

Mr. Roehm expressed a concern that Belgrade could grow so much and severely restrict the water it grants the airport. Mr. Litle said that in 1985 Belgrade obtained a good water reservation and that the airport water right within the airport would be preserved.

Mr. Litle said the DNRC would like just one name on this water right and several board members said they would like to hear from the DNRC before they approved the request. Mr. McKenna said we have a hand in this water right. In the Master Plan we have a hand in controlling growth and possibly could use this right as one means of control. He said we should let the City bring this up again.

Mr. Williamson moved to deny the request by the City of Belgrade to transfer the Airport Authority's 50% interest in Water Right #41 H 60867-00 to the City of Belgrade. Mr. Kelleher seconded the motion and all members voted aye. The motion was denied.

The eleventh agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in March there were 786 air carrier operations, 938 air taxi, 2,257 general aviation (GA) itinerant and 18 military, for a total of 3,999 itinerant operations. Local GA operations were 2,100, for a total of 6,099 tower operations, down 12.0% from March a year ago. There were 370 landings of aircraft weighing 12,500 pounds or more, up 17.8% from last March.

The board members asked Mr. Sprenger to check on landing fees, based aircraft and numbers of GA landings at other airports similar to Gallatin Field. They believe GA activity is an indicator of our needs, the number of FBOS we need and front line activity. Mr. Sprenger said we have a much better idea of what happens at our airport than most other airports.

Mr. Williamson asked what is happening with American Airlines with all their cancellations. Mr. Sprenger said the wiring has to be secured every inch and a quarter and

they have some that are secured every inch and a half. Delta and Alaska are checking their aircraft also. Mr. Williamson said that would be devastating if something like that happened at our airport. Mr. Roehm said that when Southwest had their problems, Congress found that the FAA had overlooked a few things. There are probably overtones from the Congressional level.

Mr. Roehm said it is difficult staying in a terminal that is designed just for people passing through and you wind up in a long line waiting to get some way to get downtown. Mr. Spitzer said that some airports in the hurricane areas have cots they can provide to passengers, and other airports with recurring issues have found ways to help their people.

Mr. McKenna said the most unpleasant part for passengers is the screening process and asked how we can make that more pleasant. It is one of the biggest functions at the airport that we can't change. He asked if we can somehow make the surroundings more pleasant with queuing or soft music. Mr. Sprenger said we have asked the architects that same question and that we are not skimping on space in those areas. He said people's blood pressure goes up in more compact areas, and that is true for the TSA employees as well as the passengers.

Mr. Sprenger reported that passenger boardings were 33,181, up 5.5% from March a year ago and is an all-time record high.

The twelfth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that we are moving forward with hiring our law enforcement staff. We had a good response from our request for applicants and have hired two people so far, Bill Dove and Kerry Bickle. Mr. Dove is our new supervisor and has 22 years law enforcement experience. He started at the Bozeman Police Department and became the Deputy Chief. Most recently he has worked for the Gambling Investigation Bureau of Montana. Mr. Bickle has 30 years

of law enforcement experience with the Bozeman Police Department and the Gallatin County Sheriff's Department. He has been the deputy who has been assigned to the airport for several years. Mr. Bickle has been both a Patrol Captain and an Undersheriff. Mr. Mathis said we have two very qualified individuals and plan to hire four more by mid May. We received quite a few applications with over a dozen being post-certified.

Mr. Mathis said the board has approved several hangars recently and that Creston Stewart and Dennis Forhart will be building hangars on the last two sites near the entrance to the airport. Lane Wraith and Todd Berg have let their approvals lapse.

Mr. Mathis said that we were promised we would receive a Memo of Agreement from the FAA for the radar display screen before this meeting but we haven't received it yet.

Mr. Kelleher said he has been asked why we don't have a recyclable bin at the airport and Mr. Mathis said we used to recycle paper and cardboard but that he is not aware of any company that picks it up anymore. Discussion followed regarding the possibility of recycling and where the items could be stored until they were picked up. There is a cost to recycling rather than it generating money but we could be a leader in the community in this area. Mr. Mathis said he will look into it further.

Mr. Lenon said the terminal is being planned with all the energy saving issues in a LEEDs building but it might not have some of the items that give points. He said the architects will look at handling recyclable materials and that it will be beneficial to have Martel Construction involved.

Having a structure where people can go to smoke was also brought up. Currently, they generally smoke outside by the doorways.

The thirteenth agenda item was to consider the bills and approve for payment. After reviewing and discussing the bills, Mr. McKenna moved to pay them and Mr. Metzger seconded the motion. The motion carried unopposed.

The meeting was adjourned at 4:52 p.m.

Richard R. Roehm, Chairman