

The regular monthly meeting of the Gallatin Airport Authority was held April 14, 2005 at 3:00 p.m. in the Airport Conference Room. Board members present were Eric Hastings, Yvonne Jarrett, John McKenna, Richard Roehm 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 open bids for terminal ramp and employee parking expansion projects. The three bidders were TMC, Inc. of Belgrade, JTL Group of Belgrade and Big Sky Asphalt Inc. of Bozeman.

Co. Name	Mont. Ctr. #	Schedule 1	Schedule 2	Total	Signed by	Its
TMC, Inc.	7893	\$301,135.55	\$123,339.55	\$424,475.10	Keith Duneman	Gen Mgr
JTL Group	10089	\$361,874.50	\$154,173.00	\$516,047.50	Rich Allison	V.P.
Big SkyAsphalt Inc.	7581	\$364,941.78	\$163,311.76	\$528,253.54	Dan Sabena	V.P.

All met the expected DBE goals and attached their bid bond of 10%.

Richard Roehm moved to take the bids under advisement and award the bid to the lowest qualified bidder. John McKenna seconded the motion and it carried unopposed.

The second agenda item was to review and approve the minutes of the regular meeting held March 10, 2005. Mr. Roehm moved to accept the minutes as mailed, Yvonne Jarrett seconded the motion and it passed without opposition.

The third agenda item was the public comment period. Ted Mathis introduced Todd Johnson, the new control tower manager. Mr. Johnson was the air traffic manager at Oxford, Connecticut. We are happy to have him here.

Mr. Roehm said he has been approached to have sketches of the six Montanans who have given their lives in the recent war displayed at the airport. An artist in Seattle is doing the sketches for their survivors who would like to donate the 1 ½' x 2' sketches to the airport, if the Board is willing. Mr. Roehm would like it put on the agenda for the next meeting

unless the other Board members are opposed to the idea. The Board members were receptive and would like to see a representation from the artist and have possible locations suggested at the next Board meeting.

The fourth agenda item was to continue consideration of the request by Central Copters Inc. to transfer their Lease and Operating Agreement to Mark and Pam Duffy. Steve Williamson asked why the Airport Authority Board would want to approve that when there is already a lease signed at this time. Mr. Morgan said the Duffys are outstanding citizens at this airport and have contributed a great deal to aviation and flight in this area. He also said the Duffys made a mistake when they originally set up the lease through the corporation because if they sell the lease with other parts of the business, they will have to pay corporate taxes plus personal taxes on the distribution from the corporation. He said the Board could question their business reasons, but it's their business. If the business isn't freely transferable, it doesn't say so in the lease and it is something the Board needs to tell them.

Mr. Roehm said he had read and heard that one of the reasons they want to transfer the lease is so they can continue their claim of religious discrimination, which they can't as a corporation but can as individuals. Mr. Roehm asked Mr. Morgan if there is something to that.

Mr. Morgan said there is something to that, but that they need to transfer the lease for business reasons. If they didn't think it was a good business decision, they wouldn't do it. It is not the sole reason but it raises the issue. They feel they have been discriminated against. The two things are connected but that is not the reason for the transfer.

Mr. Roehm said the Airport Authority has a long history and precedent of having FBOs operating as corporations rather than as individuals. It is not in the rules but has been a practice.

Mr. Morgan said there are certain things the airport needs and the Duffys are willing to provide them. They have a substantial investment and there is no doubt they have been good citizens at the airport. He said the underlying issue was in the letter the Board sent the Duffys. He said the Duffys answered all the questions directly. If the Board isn't satisfied with the questions, they will have to do what they have to do.

Mr. Roehm said he would like to stipulate that there is no question of the Duffys being good citizens of the airport. Mark Duffy recently used extensive flying skills for the rescue operation and probably saved a person's life. He made us all proud. A helicopter rescue at night is not easy and there is no question of our admiration for Mr. Duffy and his skills.

Mr. Morgan asked if they have business reasons for denying the request. Mr. Williamson said we are comfortable with the lease and operating agreement as they are currently signed.

Ms. Jarrett said the Board is gun shy because the Duffys knew the rules before signing the agreements; the rules were discussed thoroughly and the Duffys signed the agreement and then came back requesting a change. She said it puts the Board in the position of questioning how to work with the Duffys. She said it would have been better if they had come back and asked if the rules could be revisited and possibly changed. She said it has now become a trust issue.

Mr. Morgan said that if they would have been required to challenge the constitutionality of the regulations at the time, they wouldn't have been able to enter into the lease because of constitutional rights; the violation of free exercise of religion.

Mr. McKenna said there is an underlying degree of trust. He believes that if the Board approves the request, it will be setting the Board up for greater litigation expense. He

said the Board has spent all the money they are going to spend. He said he believes he knows where we're heading if the agreements are changed, but doesn't know what the outcome is going to be. He said trust is being tested.

Mr. Hastings said this has become an emotional issue and it is very unfortunate that we have come to this point. He doesn't want to muddy the water by changing who signs the lease and operating agreements. He said he doesn't believe that anyone has been fundamentally trying to make a problem for the other side, even though that may be what has taken place.

He said he read in the paper the rescue of the snow boarder in the Livingston area. He said Mr. Duffy did a magnificent job of flying and he wanted Mr. Duffy to be commended for it.

Mr. Morgan asked, for the record, if anybody had a compelling business reason for Central Copters to be open 7 days a week, other than that the rules require it. The Board members said that wasn't the issue and they declined to answer the question. Mr. Morgan wanted it noted that the question was not answered.

Mr. Roehm moved to deny the request to transfer the existing Lease and Operating Agreement from Central Copters to the individuals Mark and Pam Duffy. Mr. McKenna seconded the motion. The motion carried without opposition.

The fifth agenda item was to consider adoption of bylaw changes – Richard Roehm. Mr. Roehm moved the adoption of the bylaw changes as presented by Richard Roehm; Ms. Jarrett seconded the motion and it carried unopposed.

The sixth agenda item was a presentation by Gallatin Meadows Development Corporation. Clint Litle, an engineer with HKM Engineering, presented 4 maps. The first one showed the project location northeast of the airport. It is an existing transportation grid.

The second one had the current master plan road alignments for the City of Belgrade and within the Airport Master Plan to extend 12/30. The third one showed their preferred alignment for access and utilities to Ryen Glenn Estates. The fourth one showed the alignment for access and utilities to Ryen Glenn Estates using the current Airport Master Plan and the City of Belgrade Master Plan, which works for people in the new subdivision to bypass downtown Belgrade by using Penwell Bridge Road.

Gallatin Meadows Development Corporation is asking for two easements from the Airport Authority. The first one is an extension of Tubb Road from Baseline to the old railroad grade. That easement is 2.4 acres, a 60' wide access and utility easement. The second is 1.71 acres; a 30' wide easement on the old railroad grade. By getting those two easements they could make the bypass happen and develop a strong access corridor.

The benefits as they see them are (1) no cost to the airport – Ryen Glenn would pay all engineering and improvements; (2) it could improve security for the airport; (3) it could open the door for improvement of the Sande property; (4) it would increase the value of the Sande property by having utilities available; (5) irrigation-Ryen Glenn Development has relinquished all water rights and road improvements would be integrated into managing irrigation overflow; and (6) they believe the airport would be a good community member by helping facilitate the Belgrade Master Plan. Without this alignment, he doesn't believe this bypass will ever happen.

The Board members asked Scott Bell, the Airport Engineer, to review the information so he can report to them at their next Board meeting. Mr. Bell said he would.

David Penwell, a representative of the corporation, said that the airport would gain easements of 5.56 acres from them to facilitate use of the airport's property if they approve

this. He said they looked at it from the perspective of what is in the best interest of the airport.

Ms. Jarrett asked where they are in the planning process and what kind of time constraints they have. Mr. Penwell said the City of Belgrade has annexed the subdivision, the corporation is hoping to submit a preliminary plat within the next 4 to 5 weeks, or less. Mr. Williamson asked if the county is involved and Mr. Litle said the county wants to pull everyone together.

Mr. Roehm said even though a number of these things are in our Master Plan, such as the extension of 3/21, they are not priorities for us now. We will probably first need to address the boardings and growth of the airport.

He expressed concerns regarding the usage of the water and culpability for providing for residential property. And he asked what happens if we need it for ourselves. He said the traffic study didn't include the Meadow Lark subdivision or the new FedEx building.

Mr. Hastings said that what they see as advantages and making us a good community member may actually make us a bad community member. What they see as advantages to us, we may not see the same way.

In response to any implications that the airport may not be a good neighbor, Mr. Roehm said that the Airport Authority has paid \$94,000 for a right of way to make the sewer lagoon a reality; they provided 42 acres of land to the City of Belgrade for that effect; they paid for and put up a 500,000 gallon elevated water storage reservoir on airport property at a cost of \$483,000 for the benefit of the City of Belgrade; they paid \$50,000 toward the purchase of aeration equipment for the additional sewer lagoons extended on airport leased property; and installed a new water well and pump, which is part of the water the Development for joint city and airport use, at a cost of \$279,000. Mr. Roehm said that to

imply that we are not good community members and not beneficial to the City of Belgrade is in error and if that is what they are inferring, he takes offence. Mr. Little and Mr. Penwell said they were not implying that the airport was not a good neighbor.

Mr. Bell will make a report at the next meeting.

The seventh agenda item was to consider hosting a continuing education training session – Tom Nagorski. Tom Nagorski said that the agenda item did not say what his request was. His request was to consider hosting a continuing education training session for the Authority covering Montana's Freedom of Information and Open Meeting Law, identical to the seminar conducted by J. M. Shontz & Associates for Gallatin County Commission.

He said that without that being fully in the notice of the meeting, the public wouldn't know what we are talking about. He believes the Airport Authority should err on the side of being open. Mr. Williamson said that if anyone was interested, they could find out from Mr. Mathis what the agenda item was about.

Ms. Jarrett said she would welcome the continuing education on the open meeting law and said it was too bad we weren't invited to the seminar held by the county. She believes the Board could benefit from it and it is something they should do. She asked if Mr. Mathis could get some information from the County Commissioners from the meeting they held.

Mr. Roehm and Mr. Hastings said Mr. Mathis had sent the Board information and they believe it was sufficient so they could comply with the law.

Doug Chapman said when he considered how this item was put on the agenda, he thought the public would not know what this is regarding. He said the subject was the open meeting law and that was not mentioned in the agenda item. He said Ms. Jarrett had made a productive statement regarding getting information from the county.

Mr. Roehm moved for the Airport Director to keep this as a continuing item of interest on record to be used in the future. Mr. McKenna seconded the motion.

Mr. Roehm, Mr. McKenna, and Ms. Jarrett voted for the motion; Mr. Hastings was opposed. The motion carried.

The eighth agenda item was to consider a new 10 year lease for Manhattan Flying Tigers Hangar #38. Mr. Mathis said the Flying Tigers have two aircraft, they are good tenants and their account is current. Mr. Roehm moved to approve the new 10-year lease for Manhattan Flying Tigers. The motion was seconded and passed unopposed.

The ninth agenda item was to consider a 5 year lease extension for Car Park Condominium #IV. Mr. Mathis said when we have approved the car condominium leases, we have raised the rates from 20¢ to 25¢ per square foot per year. This lease expires at the end of April. The building is in good condition and the rent is current. Mr. McKenna moved to extend the lease on Car Park Condominium #IV for 5 years with the rent increase to 25¢ per square foot per year. Mr. Hastings seconded the motion and it carried without opposition.

Mr. McKenna asked if there was a location for more car park condominiums. Mr. Mathis said that there is no more space where the current ones are located but that we would consider some further away from the terminal.

The tenth agenda item was to consider the request by Peter Vogt to construct a new 48' x 48' non-commercial hangar. Mr. Mathis said it would be hangar #131 and that it could be built behind the Shropshire hangar. Mr. Roehm moved approval of the request by Peter Vogt to construct a new 48' x 48' non-commercial hangar in the recommended location. The motion was seconded and passed.

The eleventh agenda item was to consider the request by Gallatin County Search and Rescue for donation of 600 yards of asphalt millings. After ascertaining that the airport has sufficient millings to donate, Mr. Roehm moved to approve the request to donate 600 yards of asphalt millings to the Gallatin County Search and Rescue. The motion was seconded and carried unopposed.

The twelfth agenda item was to consider the request by Scannell Properties to construct a new facility for FedEx Express. Mr. Mathis reminded the Board that FedEx Express is currently subleasing from Yellowstone Jetcenter. We won't renew the sublease for them. The Airport Authority built the east ramp with the plan of eventually relocating the express companies and freight haulers there. We have chosen a location near Airport Road that is good for them and the airport. They will have two entrances and it will help with the airport traffic as it will move some of the traffic from Gallatin Field Road to Airport Road.

Mr. Mathis said he had a concern that the facility will remain aviation related and Scannell Properties is accepting of having a clause in the lease to that effect. If the use doesn't remain aviation related, then the rent will be raised to equal that of off-airport facilities. Mr. Williamson asked what kind of entity Scannell Properties is. Mr. Mathis will check on the business status of Scannell Properties.

Mr. Roehm moved approval for Scannell Properties to construct a new facility for FedEx Express with the stipulation that Scannell Properties is a legal entity separate from an individual. Mr. McKenna seconded the motion.

During discussion, Mr. Hastings said that the traffic change would impact the study done by Penwell & Group for the Frontage Road/Airport Road intersection and he would like them to know of the Board's decision on this item.

The motion passed unopposed.

The thirteenth agenda item was to consider proposals to construct a second 15' x 30' sand storage shed near the airport maintenance building. Mr. Mathis said that Tim Linn, the airport maintenance supervisor, got quotes for building the shed. The lower of the two bidders was Metal Roofing Solutions, which is a reputable company. Their proposal was \$19,976.00. Mr. Mathis said that \$40,000 was in the budget this year for this shed. Mr. Roehm moved to approve approval of the request; Mr. Hastings seconded the motion, which carried unopposed.

The fourteenth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in March there were 515 air carrier operations, 1,088 air taxi, 1,688 general aviation (GA) itinerant and 42 military, for a total of 3,333 itinerant operations. Local GA operations were 2,134, for a total of 5,467 tower operations, down 3.26% from March a year ago. There were 212 landings of aircraft over 12,500 pounds, up 8.16% from March 2004. Year to date is up 20%. While not a record, March tower operations were still very strong.

Mr. Sprenger reported that passenger boardings were 31,902, up 10.6% from March a year ago. March was the 4th busiest month in Gallatin Field history and the first time a winter month surpassed the 30,000 mark. Delta/Delta Connection (DL/DLC) enplaned 13,437, up over 40% from 2004. It was the 2nd highest boarding month ever for DL/DLC. Gallatin Field had an increase of 7,225 passengers in the first quarter, equivalent to an average of 80 additional passengers per day. Mr. Sprenger said April is looking strong as well.

Mr. Sprenger said the anticipated summer schedule includes 8 daily flights to Salt Lake City, 5 daily flights to Denver, 4 daily flights to Minneapolis/St. Paul, 3 daily flights to

Seattle, plus Sunday morning service to Detroit. Including one nightly flight to Butte, there will be 21 departures from Gallatin Field per day.

Mr. Roehm said we probably provide the best offering of connecting flights for an airport and community this size within the United States. Mr. Sprenger agreed.

The fifteenth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that earlier this week he met with representatives from the FAA regarding preliminary site work for the radar. The project is moving along and construction may begin in August.

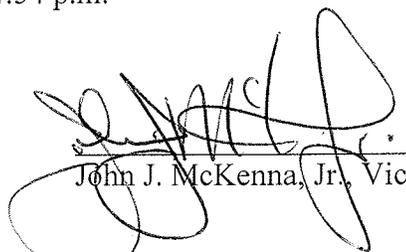
He also reported that he is working with the other public agencies concerning the interchange project. The County Commissioners and the City of Belgrade have received a draft of the interlocal agreement regarding the \$300,000 environmental assessment and their responsibility to pay back up to two thirds of that if the project does not go forward. They said they will be placing the matter on their agendas in the near future.

Mr. Mathis said he had recently met with members of Senator Baucus' staff, who said that in the new highway bill, the state will receive more money than in the last bill.

He reported that Brian Sprenger is the new president of the Montana Airport Management Association and will serve for two years.

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

The meeting was adjourned at 4:54 p.m.


John J. McKenna, Jr., Vice-Chairman