

The regular monthly meeting of the Gallatin Airport Authority was held August 11, 2005 at 3:00 p.m. in the Airport Conference Room. Board members present were John McKenna, Richard Roehm, Eric Hastings and Steve Williamson. Greg Metzger arrived late. 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 July 14, 2005. Steve Williamson moved to accept the minutes as mailed, Richard Roehm seconded the motion and it passed unopposed.

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

The third agenda item was to consider the request by Tricia McKenna to cancel her Non-Commercial Hangar Ground Lease Agreement. Mr. Mathis said that Tricia McKenna found a hangar to purchase. She paid her deposit, utility connection fee and annual land rent. Mr. Mathis said she is asking us to cancel her lease and refund her money. The board members chose to consider the fourth agenda item, which was to consider the request by Clint Schwalm to transfer his Non-Commercial Hangar Ground Lease Agreement #78 to Tricia McKenna, with the third agenda item. Mr. Roehm moved approval of both items 3 & 4; Mr. Hastings seconded the motion, which carried. Mr. McKenna recused himself.

The fifth agenda item was to consider the request by Northwestern Energy Company to construct a natural gas regulator facility on airport property. Mr. Mathis said he met with their representatives. Northwestern Energy is willing to move to the back of the Gallatin Airport Authority property by the FAA facilities. They are also willing to talk to the National Guard about installing the facility on their property. Northwestern Energy said that putting the facility underground is not an option.

Mr. Roehm asked how much noise would be generated by the facility and Mr. Mathis said it would barely be noticeable. Mr. Roehm said that if it is going to be on our property, he would like to know what the decibel level would be. Mr. Roehm said he would like to defer consideration until the noise and location are determined.

Mr. Roehm moved deferral until the next meeting. Mr. Williamson seconded the motion, which carried.

Greg Metzger arrived at the meeting and Chairman McKenna introduced him. Mr. Metzger, the owner of Montana Furniture Galleries, said he spent 7 years in the Navy as a weather forecaster and spent a lot of time on airfields, which he enjoys. He said he believes the airport is vital to our valley and to our growth and he would like to be a part of that. He said this is a wonderful facility and well run.

The sixth agenda item was the presentation by Mr. Jimmy Pepper regarding the proposed Ryen Glenn Subdivision/PUD. Before Jimmy Pepper made his presentation, Mr. Roehm said that the Airport Authority has no jurisdiction over Ryen Glenn and would defer arguments to the City of Belgrade.

Jimmy Pepper said he was asked to attend this meeting and make comments. He has been retained by Goetz, Gallik and Baldwin to give a professional judgment on the proposed Ryen Glenn Subdivision/PUD. He did so in a letter to the City of Belgrade, copies of which have been distributed to the Airport Authority board members.

He said that neighbors to the north of the airport, except Ryen Glenn and the Tubb project, are concerned about expansion of Belgrade and infrastructure problems. Mr. Pepper believes that concerns for the airport are that these subdivisions will take all the remaining capacity out of the Belgrade wastewater treatment facility, cause problems with traffic

loading into Belgrade, which will affect the airport as well, and may preclude expansion of the airport to the northeast of the airport.

Mr. Pepper said there is a public meeting of the City Planning Board the 29th of this month. He said the landowners who hired them are-not opposed to subdivisions but are opposed to disregard for perimeters. Development needs to be thoughtful and consider neighbor interests and broader public interests, which includes the future of the airport.

The board members thanked Mr. Pepper for his comments and Mr. Williamson said that this was a very informative presentation.

The seventh agenda item was to consider the request by Evert Wierda and Bob Green to construct a 140' x 140' non-commercial hangar on the east ramp. Mr. Mathis said the size is identical to Dolittle's hangar on the east ramp. They are requesting a non-commercial hangar lease but will build it to commercial standards with the required parking and landscaping for that area. Mr. Mathis said they will do run-ups on the deicing pad next to the hangar. Mr. Roehm and Mr. Hastings expressed concerns about noise from this type of aircraft and also believe they will need a tie down facility for maintenance.

The board asked Mr. Green and Mr. Wierda to let them know their long-term plans. Mr. Green said right now they're not sure what their plans are. They want to get a plane airworthy and may go to air shows across the US.

Mr. Hastings said if they purchase other military aircraft, they have the potential to operate a business from the airport, which we encourage. It can have implications for the east ramp.

Mr. Roehm said we have no interest in their proprietary concerns as businessmen but are interested in the things that impact the airport, such as noise and maintenance activities. If there will be requirements for a blast fence behind an engine run up area and requirements

for restraints, Mr. Mathis needs to know so we can start planning for them. We will need to know when maintenance hours are so we can answer questions.

Mr. Green said they will keep Mr. Mathis informed and keep the board in the loop.

Mr. Roehm moved approval of item 7 as requested. Mr. Metzger seconded the motion and it passed unopposed.

The eighth agenda item was to consider the request by S & S Construction to trade 4.5 acres in the East Gallatin Commercial Center for a like amount of airport property in the same area. Mr. Mathis said S & S Construction representatives approached him last week to inquire about the easement we have on property they would like to develop just off the racetrack. The Airport Authority purchased the easement in 1997 for over \$15,000 to protect the approach path for the extension of Runway 3/21. The easement area can only be used for agricultural purposes. S & S Construction would like to build a parking lot. They would trade us for property that we have no use for. Mr. Mathis said he doesn't have a clear recommendation.

Mr. Roehm asked if we have had problems with enforcing easements and Mr. Mathis said we have not. Mr. Roehm also asked if they have clear title to land they want to trade. Mr. Mathis said that is a valid question. Mr. Roehm also said he would like to postpone this item until they provide exactly what they wish to trade or intend brought forward in a formal proposal.

Mr. Roehm moved to defer consideration until the next meeting or until it is brought forth in a firm proposal. Mr. Hastings seconded the motion.

Mr. Williamson said that we probably aren't much better off one way or the other so they need to convince us. The motion carried without opposition.

The ninth agenda item was the review of infrastructure requirements needed for future airport expansion, and to explore additional methods whereby the Airport Authority may continue to work collaboratively with affected municipalities and agencies.

Mr. Roehm asked that this be included on the agenda because there are factors that affect us for keeping up with expansion. Gallatin Field is probably the fastest growing airport in the state. Belgrade is the fastest growing city. The airport and Belgrade are not mutually exclusive. Both are expanding. Resources are finite. Mr. Roehm asked Mr. Mathis to discuss water, sewer, traffic and zoning. We will be asked to make comments to the Belgrade Planning Board on occasion and we want to be in agreement.

After Mr. Mathis introduced Jason Karp, the Belgrade City Planner, he said that in 2002, the airport and the City signed a new agreement, which begins by listing how we have assisted the City of Belgrade over the years and visa versa. In 1974 the airport built a water tower and the City reimbursed the airport for ½ the cost. The City built a shop and there are two wells on airport property. Mr. Mathis explained where the 10" mainline and loop systems run. There are valves along the way so the water can be fed from the other direction in case there is a break or work needs to be done on a section. There are an adequate number of fire hydrants and the fire codes have been met.

When building began at the east ramp, we needed to install another well to meet fire codes for that area. We paid half and the National Guard paid half. We then turned it over to the City and they maintain and operate it. The water system provides water for the City of Belgrade, the airport and the National Guard.

The City of Belgrade has plans and funding to build another storage tank east of the old Gallatin Equipment building. We just received an estimate from the City and, excluding National Guard usage, we used 338,000 gallons of water last month. According to our

agreement, the City is to provide us up to 3 million gallons per month. As the east hangar area is developed, the water system there will be looped as well.

Mr. Mathis also explained where the Spain Ferris ditch runs. We have a water right of over 500 inches, which we don't usually use much of. We may need to put in a ditch this spring to go around the Ryen property and over to the Sande property.

Mr. McKenna said it sounds like the big issue for us is to make sure we will have adequate water when we need it, as we currently use only about 1/10th of what the City is required to provide to us.

Mr. Mathis said that in our agreement with the City of Belgrade, we have helped with the costs of the sprinkler systems, aeration system, IP beds and lagoons. They will provide all our sewer needs. We're in good shape but need to continue to cooperate with them.

Mr. Roehm asked what the next step will be, if the City will need to put in a solid waste treatment plant and how it will be paid for.

Mr. Karp said his understanding is that when the City's population reaches 10,500, they will have to go to the next level. They can't go to that level until they reach that population because it won't be viable. Last time, they funded the project with SIDs, federal funding and airport funding, so they will probably do the same thing for the next level.

Mr. McKenna asked how close they will be to that population after Ryen Glenn is developed. Mr. Karp said they will have to see after it and other subdivisions are zoned. The City didn't annex from 1997 to 2004 because of sewer capacity issues, and that may happen again.

Mr. Mathis then talked about road infrastructure. The latest drawing was done in 2002 and is still pretty valid. There is a conservation easement where one road would have gone. The work on the east Belgrade interchange is going well. Mr. Mathis just heard that

federal funding of \$8 million has been approved for the interchange. The Board, Mr. Mathis, Mr. Karp and Mr. Bell discussed the impact of the interchange on the City of Belgrade and the airport, if it goes through and the options where it may go. The County will be negotiating with an engineering firm regarding the environmental assessment this month.

Mr. Roehm asked Mr. Mathis to comment on zoning. Mr. Mathis said that in 1979 the county adopted the current airport influence area and noise contours. Within the airport influence area is protection similar to our aviation easement, which protects the airport and doesn't allow complaints about aircraft noise or overflight. The aviation easement is more explicit and will protect us even more. We own all the property within the 75 LDN zone. We have purchased most of the property within the 65 LDN zone. We have good easements close to the airport and are asking the City of Belgrade and the County Commission to require the placement of aviation easements on sales of all property within a 5-mile radius of the airport.

The board members discussed the impact of high-density populations near the airport and the possibility of encroachment on the airport. We affect Belgrade and they affect us. There will be a zoning request hearing in Belgrade the 29th of this month.

At this point, Mr. Metzger (our newest board member) interrupted Mr. Mathis' presentation and announced that he had an appointment and would have to leave the meeting. He went on to say that the present discussion seemed irrelevant to him and a waste of time. Mr. Roehm pointed out that the discussion was at his request and it had been agreed by the other board members at last month's meeting that such a discussion would be useful to help new board members better understand the workings of the airport. Mr. Metzger responded that this type of discussion was not necessary for him to be able to vote on any items to come

before this board. Chairman McKenna then excused Mr. Metzger from the meeting and called a short recess.

The tenth agenda item was to consider the request by Tom Nagorski to review US flag etiquette to determine whether boardroom flags are displayed respectfully. Mr. Nagorski had no comment. The flags have been moved to the front of the meeting room.

The eleventh agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in July there were 573 air carrier operations, 1,399 air taxi, 3,302 general aviation itinerant and 5 military, for a total of 5,279 itinerant operations. Local GA operations were 2,410, for a total of 7,689 tower operations in July, down .4% from July a year ago. There were 259 landings of aircraft over 12,500 pounds, up 11.16% from July 2004. This July, the control tower had 31 fewer operations than last July.

Mr. Sprenger reported that passenger boardings were 38,807, up 12.8% from July a year ago. Year to date is up 10.9% compared to the same period in 2004. This was an extremely strong month and August is expected to be strong as well. The potential Northwest strike may affect the latter part of the month.

Mr. Sprenger also reported that Big Sky's flight to Boise is off to a successful start with load factors over 50% in the first week of service. He also reported that Delta will have a Saturday-only non-stop flight to Atlanta, Georgia from December 17th through April 4th. 50% of the passengers flying out of Bozeman go east of the Mississippi, with Atlanta being our #5 destination airport.

The twelfth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that Melissa Thompson, our office assistant, will be leaving us and going back to college. We will miss her. She was a valuable asset for the short time she was here.

Mr. Mathis also reported that we have received a signed lease and rent from Scannell Properties for the FedEx site and that construction on their new facility has begun. They are moving dirt and installing sewer and water lines. We expect to start on the new taxiway to accommodate the airside of their facility within two weeks.

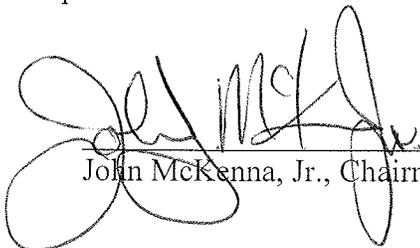
The interchange subcommittee chose the combination of HKM of Helena and Morrison-Maierle of Bozeman to do the environmental impact study for the interchange. The next step is for the county to negotiate a contract with them. Also, federal funding of \$8 million has been approved for the interchange in the current transportation bill.

Mr. Hastings said the Airport Authority paid for him to go to the conference for airport directors and board members. He said he received a lot of personal information and learned a great deal.

Mr. McKenna thanked everyone who shows up regularly for board meetings and said he hopes they will continue to attend.

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

The meeting was adjourned at 5:07 p.m.



John McKenna, Jr., Chairman