

The regular monthly meeting of the Gallatin Airport Authority was held November 10, 2005 at 3:00 p.m. in the Airport Conference Room. Board members present were John McKenna, Richard Roehm, Greg Metzger, Steve Williamson and Eric Hastings. 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 October 13, 2005. Steve Williamson moved to accept the minutes as mailed; Greg Metzger seconded the motion and it passed unopposed.

The second agenda item was the public comment period. Andy Ferguson said that he is with the Real Life Christian church, but he came on his own behalf. He said that the church has purchased lots 30 and 31 of the Belgrade North Business Park, which is covered by a clear zone easement from the airport. The easement allows commercial, industrial and agricultural use, which would include a bowling alley or eating establishment. The easement would not prohibit the type of building they want to put on the property as it would be a 70' x 132' building with a 14' ceiling. It would be built as an industrial facility, not a church building. The objection is who goes in the front door. Mr. Ferguson asked if there is a way to resolve the problem.

He said he didn't want to pursue the question after today. He said they asked the City of Belgrade for a conditional use permit and were told they could build a church building. They knew that there was an easement on the property but thought the clear zone was the land behind the property line. They realized they were in the noise corridor where no residential development is allowed. It was a shock to receive the phone call from Mr. Mathis telling them a church was not allowed. He asked why they can't meet there as a

church. He said the building could be used for any other business but not for an assembly of persons or anything that would invite an assembly of persons.

Mr. Mathis said the easement is delineated on the policy and he is sorry they didn't contact us before they purchased the property. He said their legal counsel had questions that our attorney has answered.

Mr. Mathis said that the Airport Authority used federal funds to buy the easement. The FAA considers noise sensitive uses such as churches, schools, hospitals, nursing homes and libraries an incompatible land use. The primary reason is noise concerns. A bowling alley or restaurant is noisy in general.

Mr. Mathis also said because we used federal funds, we need to abide with and enforce their restrictions.

Eric Hastings thanked Mr. Mathis for his comments and Mr. Ferguson for coming to the meeting and being so articulate. He wanted the minutes to reflect close to a verbatim record so it can be part of the review process. Because this is not an agenda item, the board cannot take formal action.

Mr. Williamson said it is too bad that it happened and that the board is bound by FAA restrictions. He said the board will review the objection if they can.

Mr. Hastings said that if Mr. Ferguson wants the board to address the question formally, he needs to write a letter to get the item on the agenda.

Mr. Ferguson said that in the City of Belgrade zoning ordinances, a church is defined as an industrial use. He believes there is room for another interpretation by the airport board.

Mr. Roehm asked Mr. Mathis if the Authority should make a representation to the real estate community and possibly the City of Belgrade. We get frequent calls from citizens

because realtors misrepresent or don't mention the easements, the property's proximity to the airport, noise or traffic near the airport.

Mr. Ferguson said the easement ends right at the center of Jackrabbit Lane and that they could solve their problem by purchasing land on the other side of Jackrabbit Lane, which is only 150' to 200' away. It would cost thousands of dollars more. He asked if the board would consider any leniency.

Mr. McKenna told him to write a letter if he wants the board to take this as a formal request. He said the board is taking his comments seriously and thanked Mr. Ferguson for his time.

Doug Chapman said that he heard that the Bozeman Exchange Club wants to raise funds to place one or more freedom shrines in the valley. They would be 4' x 20' accurate copies of 31 historical documents of the founding of our nation and keys to our freedom. Mr. Chapman said that to him aviation exemplifies the freedom we enjoy in this country as much as anything does. He said that in a discussion he heard, the airline terminal is being considered. Mr. Chapman encouraged the board to be proactive and contact them.

Mr. Hastings asked if they would be internal or external displays. Mr. Chapman said they would be internal and he asked if there is a focal point in the terminal where they could be viewed by the greatest number of people.

The board members indicated they would be interested and Mr. Mathis said he would have to look into a location. Mr. Chapman asked that one board member look into it and the board asked him to let someone from the club know they would consider the possibility if they were presented with more information at a meeting.

Tony Kolnik said he is coming to the airport because it is a water right holder on the West Gallatin River. Mr. Kolnik said that yesterday he filed a water user complaint at the

local Montana Department of Natural Resources and Conservation (DNRC). He said he filed the complaint against the Gallatin Airport Authority and the City of Belgrade because Belgrade has annexed subdivisions and promised water and sewer services outside the airport's and city's places of use. He turned in copies of a number of documents to the DNRC because the airport is listed as the owner of the water rights and Belgrade is the lessee. He gave copies to the Airport Authority and asked that we give copies to the City of Belgrade, as they are our lessee.

One of the documents he filed was a Clerk and Record Ordinance 204-11 "ANNEXING CERTAIN REAL PROPERTY INTO THE CITY OF BELGRADE". Mr. Kolnik says his understanding is that water cannot be supplied to Section 31 and Section 32 unless the City of Belgrade can adequately prove that it can provide water and sewer services to the Tubb and Meadowlark subdivisions without it adversely affecting the adjoining neighbors upstream (Gallatin Airport Authority) and adjoining neighbors downstream.

Mr. Kolnik said that the Airport Authority and City of Belgrade are joint owners of water permits on the Spain Ferris Ditch and he encouraged the board to hire someone or have one of the airport directors attend their meetings and show the agricultural community that the Airport Authority is interested in protecting their water rights and the water rights of other uses on the ditch.

Mr. Hastings said that this is clearly a serious issue to Mr. Kolnik and if he wants formal action from the airport board he needs to send a letter and have the item put on the agenda. He thanked him for being articulate and told him to send the letter at least a week prior to the meeting because we have to advertise the agenda.

Mr. Roehm asked him to make it very clear in the letter what action he would like the board to take.

Mr. Kolnik said he asked the City of Belgrade to invalidate the annexation and go through the process to prove they can provide water and sewer services without affecting the rights of neighbors on the ditch.

Mr. McKenna told him the more information they receive, the better they can understand the issue and act appropriately. The board thanked Mr. Kolnik for his comments.

The third agenda item was to review the annual audit. Mr. Mathis said that we had another good audit due to Cherie Ferguson, Brian Sprenger and our staff.

Mr. Roehm said it is a shame that what happened in Missoula was in the news but we have a squeaky clean audit and nothing is said. He appreciates having a squeaky clean audit and having a series of them.

Mr. Williamson said that he thinks having a squeaky clean audit is good and indicates there aren't any problems. He said he really likes the Management Discussion and Analysis (MD&A) because there is historical information about the airport that's not part of the financials and it adds a lot. He thanked Mr. Mathis and the staff for their work.

Mr. Metzger said we should be proud, and he and Mr. Hastings said it is well done.

Mr. Sprenger said that he put the MD&A on the website last year and could do that again this year.

Mr. McKenna said the board wants to acknowledge the audit being clean and appreciates all the effort put into it.

The fourth agenda item was to consider a new lease agreement for Arlin's Aircraft Service Hangar #9. Mr. Mathis said that there were three Quonset hangars relocated to their present location in 1974. The three hangars were sold when Flightline Inc. went bankrupt. Arlin's Aircraft Service latter purchased one of them. When the leases were drawn up, the ramp space wasn't included. Mr. Mathis said that these three hangars are the only ones that

aren't charged for the distance to the taxiway in front of the hangar. He recommended that the board approve the new lease with the 100' distance in front of the building, following the repair of some maintenance items that Arlin Wass is aware of. Mr. Mathis said the other two leases will expire soon and he will recommend including the ramp space on them as well.

He said it will change Arlin's Aircraft Service's land rental area for this hangar from 588 sq. ft. to 1,078 and raise the rent from \$49 per month to \$89.83 per month. The rate per square foot has stayed at 7¢ for the last 9 years.

Arlin Wass, owner of Arlin's Aircraft Service, said that including the ramp space would almost double the amount he is paying for this hangar and that he wasn't aware he would have to pay for the ramp space until Mr. Mathis brought the new lease to him. He said that he pays about \$15,000 for taxes on property at the airport. He asked the board to only charge for 50' in front of the hangar.

Bob Green, one of the other hangar owners who would be affected by this decision, said it would almost double the rent he pays as well and that he thinks going 100' is extreme.

Mr. Hastings said that the board is caught in a time warp. He appreciates the fact that the taxes are going up and that the cost of the ramp is born by the people who do business at Arlin's.

Mr. McKenna said that the board has to consider having a consistent rate. He said he struggles with the fact that the rate for commercial use is the same as for personal use.

Mr. Wass said that Arlin's is paying 5¢ per gallon for fuel flowage, collecting tie-down fees, of which it keeps half, plus it pays land rental fees to the airport. He thinks they are paying a lot of money in taxes. They also employ 17 people, who pay taxes.

Doug Chapman said the airport could accept the 2-mill levy from the county.

Mr. Williamson said the board has been down this road before. He said they should look past the fact that it is Mr. Wass who wants to renew. The board should treat the situation as if it were a new person applying for the lease.

Mr. Wass said he is wondering if the airport needs the money. He wasn't aware that the 100' would be included until Mr. Mathis brought the lease to him.

Mr. McKenna said that the board is trying to get to an end where they are consistent, notwithstanding who it is. They need to feel they've made a good decision.

Mr. Wass asked if they could undo what they've done and go 50' instead of 100'.

Mr. Roehm said that all the hangar leases need to be consistent. He said the airport had a lot of land when the Quonsets were put in with 100' ramps. Since that time the board has become more efficient and is leasing land more economically.

He said that if Mr. Wass only wanted to pay for 50', there might be room to put another hangar in. If all three of these hangar owners were accepting of the idea, two new hangars could be built. They would be ideal for a flying club.

Mr. Mathis said that when they proposed placing additional hangars between the existing buildings, the owners objected claiming that they needed the entire ramp area in front of their buildings.

Mr. Metzger and Mr. Hastings said they want this to be resolved fairly. Mr. Metzger said that if Mr. Wass was gone and the Authority rented to someone new, the new renter probably would not complain. Mr. Hastings said that going with Mr. Mathis' recommendation would be consistent. He would like to try to insure that it is mutually acceptable to both the Authority and Mr. Wass.

Mr. Wass said he sent a letter to Mr. Sprenger regarding the ramp fees.

The board thanked Mr. Wass for his comments and closed the discussion from the public.

The board members discussed ways of reducing Mr. Wass' costs by allowing another hangar to be built and how to handle the situation if they did.

Mr. Hastings moved to offer the new lease agreement to Arlin's Aircraft Service Hangar #9 for 10 years, and to include the 100' in front of the building. Mr. Metzger seconded the motion. Mr. Hastings and Mr. Metzger voted aye, Mr. Williamson and Mr. Roehm voted no. Mr. McKenna voted no as a tie-breaking vote.

Mr. Williamson moved to make it a 50' 10-year lease as Mr. Wass said he would accept. Mr. Roehm seconded the motion. Mr. Mathis asked what would happen if all the other hangar owners who pay for 100' want to renegotiate.

Mr. Williamson withdrew his motion.

Mr. Hastings moved to offer Mr. Wass a 10-year lease with 100' so it is consistent with other leases. Mr. Metzger seconded the motion.

The board members discussed the fact that they are hamstringing themselves and that they could draw a plan and a hangar could be built, which would reduce Arlin's costs. Mr. Roehm said that Mr. Wass doesn't like a hangar that has doors on the sides.

Mr. Hastings and Mr. Metzger voted aye; Mr. Roehm and Mr. Williamson voted no. Mr. McKenna voted no, as a tiebreaker. Mr. McKenna asked if they could extend the item by a month so they could look at other alternatives. He said it's less about the money and more about the friend.

Mr. Roehm moved to continue the lease until next month's meeting at the same terms and conditions as the current lease. Mr. Williamson seconded the motion. The motion carried unopposed.

The fifth agenda item was to consider the scope of work for the master plan update. Scott Bell, the airport engineer, said this is just an update on the work schedule and inform them what has been done to date. He said that he is still developing the scope of work and defining the process that must be gone through. There are seven chapters that deal with the existing airside and landside use plans. Off-airport as well as on-airport land use plans will be included as well for forecasting the scope of the work.

Mr. Roehm asked if water, sewer, land, gas and electricity; the fundamentals will be taken into consideration. Mr. Bell told him they won't but that there will be a lot of public meetings that will address these issues.

Mr. Roehm asked if traffic will be addressed for subdivisions and Mr. Bell informed him that it will be for roads through airport property. They will take a strong look at 03/21 and address where the roads are going.

Mr. Williamson asked if the Authority needs to hire a consultant after the scope of work is completed. Mr. Mathis said that there is a requirement to take the scope of work and have a peer review and give their estimate of the costs.

Mr. McKenna said that because we have outgrown our current Master Plan, there was no work done regarding the lands to the north and east. The area has outgrown the plan.

Mr. Williamson said the Master Plan was supposed to last 20 years and we're only in the 12th year. Mr. McKenna said that if growth rates had been "normal", we probably would have made it close to 20 years.

Mr. Williamson said he likes the direction the board is taking. He said it is nice to have some guidance.

Mr. Metzger asked if the master plan would give us guidance for growth. Mr. Bell said that they will be using and incorporating other plans. Mr. Metzger asked if their conclusions differed from ours, would we ask other boards to change their conclusions.

Mr. Roehm said that we probably benefit from having Mr. Bell representing the City of Belgrade and the airport, and he asked Mr. Bell to respond regarding conflict of interest.

Mr. Bell said that as a professional engineer, he is to protect the public. He gives a professional opinion for the public and there is therefore no conflict of interest.

Mr. McKenna said we need to press forward. We are already at conflict with other agencies and they use our documents against us. He asked when the board could expect the finished product. Mr. Bell said it takes 1½ to 2 years from the time the contract is signed.

This was just an informational item so there was no action for the board to take. The board thanked Mr. Bell.

The sixth agenda item was to consider the purchase of a 4.5 acre parcel from S & S Construction. Mr. Mathis said the board gave him permission to pursue purchasing the property. He and Mr. Bell met with the owner who agreed to realign the common boundary so it is not part of the subdivision. They are asking \$250,000 for 6.504 acres. Mr. Mathis recommended purchasing the property for \$250,000.

Mr. Bell said that the price is similar to other commercial property sales in this area and that based on the appraisal, the FAA will probably approve 95% reimbursement. We have to have our own appraisal done. The owner agreed to put the avigation easement on the rest of the subdivision.

Mr. McKenna said that we could have purchased the property around the racetrack for \$1 million about 18 months ago. Now we are paying \$250,000 for a little piece. He said

we should make an attempt to purchase the Ryen-Glenn and Tubb subdivisions. He doesn't agree with paying the \$250,000 for this piece of property.

Mr. Williamson said we embarked on this because they came to us and that buying this property makes sense with what we are doing.

Mr. Hastings said he believes that Mr. McKenna's comments are valid. His view is that the Ryen-Glenn and Tubb subdivisions will be an issue and he is totally sympathetic with Mr. McKenna.

Mr. Metzger said we control what we own. He moved to purchase the 6.504 acres for \$250,000. Mr. Roehm seconded the motion and it passed without opposition.

The seventh agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in October there were 453 air carrier operations, 1,028 air taxi, 2,284 general aviation (GA) itinerant and 24 military, for a total of 3,789 itinerant operations. Local GA operations were 2,741, for a total of 6,530 tower operations up 31.87% from October a year ago. There were 180 landings of aircraft over 12,500 pounds, up 56.52% from October 2004. This was a strong October, but only 78 over the previous October record set in 2001. Local GA had a strong showing. Year-to-date GA landings over 12,500 lbs. are up 53% over the same period in 2000. He said this is only 2 more landings per day. Over the past 5 years, the tower has averaged between 9 and 12 operations per hour during the month of October. Three operations is the difference between what we consider a busy or a non-busy October.

Mr. Sprenger reported that passenger boardings were 24,741, up 7.1% from October a year ago. October came in better than expected, partially due to 295 passengers on football/casino charters.

Mr. Sprenger also reported that Delta and Delta Connection came in with a load factor of only 52%. Northwest, Horizon and United Express were all over 80% full. Had Delta been operating using their December schedule, they would have been over 76% full. Inbound traffic was up 3.5%. November numbers are showing about even with last year but we may see another record month.

Mr. Roehm said that Arlin Wass had brought up the issue of tie downs and asked what is happening with that. He said we depend on the veracity of the Fixed Base Operators' (FBOs). Mr. Sprenger said we can do some things to check compliance. He said that tie down fees are up substantially. Last year we collected between \$7,000 and \$10,000. This year they will be about \$24,000. Mr. Sprenger said that Arlin's was questioning if Yellowstone Jetcenter was collecting their tie-down fees. So far this year, their submitted fees are up substantially. We can start auditing their figures by having them submit a report of all the aircraft for which they collect tie-downs fees.

Mr. Roehm said he is interested in trust and verifying information. We don't want to be taken as patsies.

Mr. Sprenger said he will discuss the collection of fees with the FBOs.

The eighth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that the interchange committee met with the Montana Transportation Commission on November 1st. They allocated an additional \$10 million plus the required match for the project. That brings the total state and federal pledge to \$18 million, \$11 million short of the goal of \$29 million. There is a scoping meeting on November 15th at 7:00 p.m. at the Belgrade Middle School. HKM Engineering is preparing an environmental assessment addressing potential social, economic and environmental impacts.

Mr. Mathis also reported that he is still working on the avigation easement with the county and the City of Belgrade. The wording for entering property with avigation easements and moving trees or fixing other violations of the easement has been changed to require 15 days after notice of the violation and after a board hearing. There was also a question on the height of structures. Mr. Bell came up with a map that will make it easy for developers to know if they need to file federal forms. It will be part of the legal document if the county and city approve the easement.

Mr. Mathis also reported that a radar pre-bid meeting will be held at the airport on December 13th.

The ninth agenda item was to consider the bills and approve for payment. After review and discussion, Mr. Roehm moved to pay the bills; Mr. Metzger seconded the motion and it carried unopposed.

Mr. Hastings addressed the board and said that for the first time in his professional life he failed and that he was regretfully submitting a letter of resignation due to health reasons. He gave each of the Board members and Mr. Mathis a copy of the book Two Souls Indivisible by James S. Hirsch. He said it is a very moving book about moral courage and physical courage, which he believes we are very short of.

He said he submitted a letter of resignation to the County Commissioners and recommended retired Navy Captain Tom O'Connor and Lew Zimmer as possible replacements. He said he will retain his position until a replacement has been selected.

He encouraged the board and Mr. Mathis to study the issue enough to see the vision and, most importantly, identify the objective. He told them to ask if it will accomplish the mission, be on time and if it is affordable. He said that the objective must be feasible, executable and acceptable. He also told them to consider alternatives.

His vision is to keep this an absolute generator of economic success in the region that will not be choked by the community of Belgrade. He recommended that the board consider a parallel runway 3,500' to 6,500' north of the current runway that needs to de-conflict with the City of Belgrade. He doesn't want the airport to fall in a "seam" between public leadership of Belgrade, Bozeman and Gallatin County.

He said that it will take at least 18 to 24 months to have a new Master Plan and if the board waits for that to procure land, they will have waited too long. He said that land procurement needs to be separate from the Master Plan and that he is sorry he won't be here to help.

He also said that he has unbounded respect for the other board members and that never in his professional life has he worked with better people.

Mr. McKenna said that the board regretfully accepts his resignation. He said that Mr. Hastings can look at a problem, assess the situation and come up with a solution. He said that he disagreed that Mr. Hastings failed to fulfill his mission. He pointed the board in the direction they need to go. He said that length of time has nothing to do with quality and he thanked him for the time he spent on the board.

Mr. Roehm said he worked hard to get Mr. Hastings on the board and has never felt let down. He said Mr. Hastings has integrity and was totally committed. He doesn't see him as a failure and wishes him the best of luck.

Mr. Williamson said he was disappointed to see Mr. Hastings leave the board and that he helped him. He said he appreciated Mr. Hastings efforts.

Mr. Metzger said that part of the reason he wanted to be on the airport board was to work with leaders in the community. He is sorry Mr. Hastings is leaving the board.

Mr. Mathis said he appreciated Mr. Hastings' counsel and has the utmost respect for his guidance.

The meeting was adjourned at 6:03 p.m.



John McKenna, Jr., Chairman