

The regular monthly meeting of the Gallatin Airport Authority was held October 9, 2008 at 3:00 p.m. in the Airport Conference Room. Board members present were Greg Metzger, John McKenna, Steve Williamson and Kevin Kelleher. Richard Roehm was unable to attend the meeting so Vice Chair Greg Metzger presided. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Office Manager.

The first agenda item was to review and approve the minutes of the regular meeting held September 11, 2008. John McKenna moved to accept the minutes of the previous meeting; Steve Williamson seconded the motion and it was a unanimous decision to approve the minutes.

The second agenda item was the public comment period. Tim Linn said his comments were on behalf of general aviation (GA) and the changing of the guard. He said that Gallatin Field has been very fortunate for many years as it has had many board members who have been pilots, and the airport director is a GA pilot. He said they have kept the commercial and GA in good balance. Mr. Linn said as you travel to other air carrier airports in Montana and across America, GA is not quite as fortunate as it is here at Gallatin Field. He asked the board to encourage the airport director search committee to find someone who not only understands but appreciates GA to keep Gallatin Field's commercial and GA in a good balance in these drastically changing economic times and upcoming years.

The board thanked Mr. Linn.

Tom Nagorski said he had a handout and a question for clarification. He said he had sent a letter that said: "The clarification I would like as well is that that whole subject covers open meeting compliance. As I continue to look at Montana open meeting laws, the airport continues to seem to operate out of the spirit of the law of Montana open meeting laws." He

said that according to the Montana Freedom of Information hotline, there seems to be a prevalent misconception out there that if a quorum convenes and takes no actions, that it is not covered by open meeting laws, and this is not true. He said he was referencing the meeting of the quorum up at Missoula in late August that was a non referenced meeting and he hasn't been able to find any minutes of that meeting and likewise any of the activities of the hiring committee that was formed. He said he couldn't find any notices to the meeting of that particular government body.

Mr. Nagorski said that in 2001, the Deputy Gallatin County Attorney General mentioned that meeting law violations of the open meeting laws can be interpreted as official misconduct and the attorney general's opinions leave compliance very clear. He also said that during an August 2001 board meeting, one member mentioned that as a body they aren't supposed to meet socially as a group, which is a correct interpretation of Montana meeting laws. Mr. Nagorski believes that in spite of this, "we continue to see quorums and meetings conducted without proper references." Mr. Nagorski said "Well, here we are again with a question with regards to state compliance and so my basic question, in addition to whether or not that is indeed an official letter from the Airport Authority, is how is the board monitoring compliance to insure liberal interpretation of Montana's open meeting laws?"

Mr. Metzger said he couldn't speak for Mr. Roehm but he would personally ask if the letter requires a signature. He said it was a reasonable request.

The third agenda item was the terminal expansion project – Jamie Lenon. Mr. Lenon said the planned schedule would be that they would make a formal presentation of the schematic design at the November meeting. He said they would need some approval from the board so they could move on to the design and development stage. He said the changes

to the design have been pretty minimal and he believes it will be pretty easy for the board to give their approval. At this point, he doesn't see a need to be on the December agenda.

He said in January they would present some phasing scenarios along with cost estimates for them. He said they would need an indication from the board what they would be building for the first phase of the project so they could start working on Work Order (WO) #3, which takes them into the construction documents. If they could get a draft put together, they would present it at the February meeting for approval so everyone would be in agreement which scheme they are pursuing and know the coinciding cost estimate. He said they could then get a peer review and at the March meeting get approval for that WO. Mr. Lenon said that unless the board wanted to delay the project at that point, they could go into the construction documents without losing any time. They could have a bid document out in summer for the foundations, excavation, structural and steel. In response to a question from Mr. Metzger regarding how long construction would take, Tony Martel said he envisions a two year construction project.

Michael Spitzer of RS& H gave an update from last month about the technical side of the architecture. He said that a month and a half ago, the board gave the notice to proceed with schematics. Connie Turner from Jacksonville, Florida came up so she could start selecting finishes, carpets and addressing other elements of interiors. She will be back in November. Mr. Spitzer said, if there is time at the November meeting, it would be interesting to have her present her ideas. They will be maintaining the stone and wood colors but will be stepping up to the next generation.

Mr. Spitzer said they met with Cage Inc., which is a baggage consultant group, and they will provide the layout for the baggage system. He said they are reviewing the volumetrics from last year's forecasts to make sure the systems they are implementing have

the capacity to support the future. He said they will provide the basis of design, documentation and drawings. They will submit it to the local TSA FSD and will probably take it to the TSA in Washington, DC. He said we need to have Cage's information now so we will know how better to proceed in January. He said this fits into the curbside check-in, which is one of the items Mr. Lenon wants to discuss.

Mr. Lenon said Paula Burden was here when we met with the airlines regarding the new PFC project. He said the airlines were all very much on board. Mr. Lenon said the handout had a small scale schedule of where we are. He said they are working out the baggage handling from the ticket counters to the makeup level and curbside check-in. He said another area for discussion is the center lobby space, stairs and the escalators. He said, with help from Brian Sprenger, they believe they have revised that area so it will handle the load.

He also gave them a schematic basement floor plan showing the baggage equipment from the curbside check-in to the basement, to the TSA screening area and through tunnels to the makeup carousel and outside. He said they would present this at the November meeting and the board could decide to move forward with this or decide it is not worth it. For the building side, the cost would be in the magnitude of one million dollars. In current dollars, the cost to purchase and install the equipment in the future is \$1.7 million. The board needs to consider that this may reduce costs down the road.

Brian Sprenger said this would be an investment for the future and said we need to decide if it is actually something we would use. The design allows us to increase our baggage screening capacity by 50% by utilizing the existing carousels on the backside for baggage make up and adding two more Explosive Detection Systems (EDS) machines in the basement to process luggage quicker, if we put this in. This allows us to potentially forestall

constructing additional building to put in more baggage screening systems. He said this is an investment of \$500,000 to reserve space for the potential of putting in curbside check-in and a baggage screening system in the future. He said the board doesn't need to make this decision today but will have to make it in the near future as they are deciding what parts they want to keep and what parts they want to cut. This would be a quick \$500,000 cut but it would be nearly impossible to add in the future without adding an addition to the building.

Mr. Sprenger said there are a lot of ambiguities to consider because we don't know how the additional bag charges imposed by the airlines will affect travelers or if the airlines will reduce the charges. He said at this point it will cost about \$500,000 to reserve the space and the architects will need some direction in the not too distant future.

Mr. McKenna said he has a one-time observation. He said he stood in line the other day and there was a seemingly noticeable difference in luggage. Most people had only one bag. He said there were a handful of people who had been through the drill. He asked if there was any way to predict luggage for the future and what could we do with the space if we don't use it for the baggage system.

Mr. Sprenger said there was no way to know how to predict what will happen with luggage. He said at some point we will have to add capacity, but it may be ten years from now or it might be forty years. It may save several millions of dollars in the future, but the board will need to decide if they want to invest \$500,000 now for something that might not be used until forty years from now. In answer to the second question, he said there is really nothing else that part of the basement could be used for.

Mr. Lenon said the system is rather involved to make work as the luggage would go on a belt at curbside and go under the floor. It would even go under the basement floor for a short distance so both sides of the basement would be accessible and then go back up. He

said it would even be a detriment if they didn't put the system in because there would be a 5' pit in the basement floor they would have to cover.

Mr. Sprenger said there are a number of people who would prefer curbside check-in but there are also a number of airlines that won't use curbside check-in.

A couple of questions were asked looking for a solution if the basement was built and wasn't used for the baggage system. Mr. Lenon said he had considered those options already and they weren't viable. He said they would have to revisit the project in November.

Mr. Linn, who was the airport maintenance supervisor for 19 years, said he was glad there were two basements under the existing building because it made maintenance much easier. He said if there hadn't been, they would have had to cut out floors and spend a lot more money for maintenance.

Mr. Lenon said Tony Martel would discuss estimating costs. Mr. Martel said that in November Mr. Lenon would present the schematic design estimates and he would present the schematic design costs for options B & C that were presented in July. He said that in the coming month he would be validating the numbers. In November the board would get schematic design estimates, cost estimates and the construction schedule. Every time the board has a design and development schedule milestone of design, he will provide a budget.

Mr. Lenon said in March they will have several scenarios to decide how far they want to go with finishing. Mr. Martel said the design today is a building approximately 180,000 square feet and their decision will be how much to shell. He said it is still a good building climate for an owner, good time for public works and that owners are in the best times if they have the funds to build.

Mr. Williamson said that having the numbers will be helpful to him.

The fourth agenda item was to consider the request by Travis Buck and Justin Tribbitt to transfer the non-commercial hangar ground lease agreement held by Redbird Properties, LLC to Travis Buck. Ted Mathis said they dissolved the LLC and want to transfer the lease to Mr. Buck. He believes we will be visiting this topic next month as they have a potential buyer. Mr. McKenna moved to approve the request by Travis Buck and Justin Tribbitt to transfer the non-commercial hangar ground lease agreement held by Redbird Properties, LLC to Travis Buck individually. Kevin Kelleher seconded the motion, which carried with all board members voting aye.

The fifth agenda item was the update on the airport director selection process - John McKenna. Mr. McKenna said Richard Roehm and he have been discussing this on a regular basis. He told Mr. Linn that his comments are much appreciated and said GA was very important to them in their search for a new director as well. Mr. McKenna said, whether it is right or not, they have been saying that commercial aviation and its associated activities are the body of the airport and GA is the heart.

They have interviewed the first of two outside search firms and found them to be very professional. He said he would reserve his comments until they interview the second firm. He said Dr. George Watson, who has a clinic and is a business psychologist, sat in on the first interview and made comments that Mr. McKenna felt were beneficial. They will meet with the second firm next week. He said there are numerous people in the job market at this time.

Mr. Williamson asked how they came up with having a psychologist at the interview and Mr. McKenna said Dr. Watson was involved with the background and selection of our law enforcement officers and Gallatin County's. He said Dr. Watson had volunteered to be present at the interviews for the search firms and offer his expertise at no cost to the airport.

If the board feels his expertise is beneficial for finding a director, he will let them know the cost and they can hire him if they choose to.

Mr. McKenna said he was somewhat skeptical about having him involved, but after Dr. Watson made his comments, he found him to be very beneficial. Mr. McKenna said he made bullet points of what you might know, but he quantified characteristics that might or might not show depending on how the questions were asked.

Dr. Watson is not a member of the search committee. He's willing to sit in with the next executive search firm interview. If the board doesn't hire him after that, he will consider it as his service to the community. Mr. McKenna believes his services are valuable.

The sixth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in September there were 595 air carrier operations, 624 air taxi, 2,971 GA itinerant and 27 military, for a total of 4,217 itinerant operations. Local GA operations were 2,824, and the overall count for tower operations was 7,041, down 6.9% from September 2007. Landings of aircraft weighing 12,500 pounds and above were 200 in September compared to 253 in September 2007. This was down just under 21%.

Mr. Sprenger reported that for boardings, we enplaned 28,917 passengers during the month of September, a record for September by 65 or 70 passengers. That was up 0.2% over the previous September record in 2007. Year-to-date boardings are up 6.0% this year at 280,174.

Mr. McKenna asked how the GA figures compare to our peer group and Mr. Sprenger said the corporate is less than at bigger airports, which are showing a 10-14% downward trend. Part of the difference here is the business corporate versus leisure corporate travel.

Local GA is doing pretty well, partially because of the flight schools. Itinerants are down but not as much as some areas.

Mr. McKenna asked about our commercial traffic and Mr. Sprenger said nationwide the airline side is down 7 to 9%. Ours is flat. Going into October, we are projecting an increase. We are fortunate to have the low cost carriers to help us through. Advance schedules for the winter right now are at or above last year's levels. Only a few airports across the country are able to say that.

The seventh agenda item was the Director's Report – Ted Mathis. Mr. Mathis said that one thing in Mr. Sprenger's report that wasn't mentioned is that in February and March, during the ski season, there are more overnight aircraft. He said the schedule shows eleven aircraft overnight on Saturday nights, which is pretty amazing.

He reported that, on the GA side, Sirius Design Corporation has an open house tomorrow and is giving demo rides in a new Sirius aircraft. The open house will be held at Yellowstone Jetcenter.

Mr. Mathis also said that the parking lot is near completion and Knife River finished the striping yesterday. There were about 40 cars in the lot this morning. Martel is finishing the canopy.

Mr. Mathis also reported that there is bad news regarding the radar display screen because the FAA pushed it back until spring. He said the FAA told him that the people in Washington, D.C. didn't transfer the funds between interagency groups before the end of the fiscal year and that has pushed it back. They also said the design and engineering people out of Seattle were required to put in two new radar screens in SeaTac to accommodate the third runway and they weren't planning on that. Mr. Mathis said we were planning on having the screen for our busy winter schedule. Mr. Mathis asked Mr. McKenna to help with contacting

our Congressional delegation and if anyone else has ideas or contacts, he would appreciate that as well. Mr. Mathis said he doesn't know how the FAA keeps planes flying because they are the most inept organization.

Mr. Kelleher asked if there was any progress on the wind shear warning equipment and Mr. Mathis said Todd Johnson, the control tower manager, has written to that division of the FAA to see if we qualify or can purchase the equipment, but he hasn't heard from them.

The eighth agenda item was to consider the bills and approve for payment. Mr. Mathis provided the board members information showing the difference in our energy bills from September last year compared to this year. Mr. McKenna said he went to an energy seminar and asked if we should consider alternative energy sources. Mr. Lenon said it probably wouldn't pay unless our energy charges more than quadruple. He said there are heavily subsidized demo projects and that we should be doing that as a society. He said the mechanical and lighting systems in the new building are as state of the art as they can be. He said the chillers will be on top of the new building because air cooled chillers are more efficient than water cooled chillers, which would be in the building.

Mr. McKenna asked if a ground source would be viable in a building this size and Mr. Martell said there probably wouldn't be a payback in less than twenty years. He said there are grants available and he thinks they should be explored. Mr. McKenna said he would hate to dismiss the idea without looking into it.

After reviewing and discussing the bills, Mr. McKenna moved to pay the bills and Mr. Williamson seconded the motion, which carried unopposed.

Mr. Metzger asked if there was any other commentary for the good of the airport and Mr. Mathis said we had our first Allegiant flight to Las Vegas this morning. There were 146 passengers on a 150 passenger plane. Gallatin Field now has six scheduled airlines.

The meeting was adjourned at 3:56 p.m.

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Greg Metzger, Vice Chair