

The regular monthly meeting of the Gallatin Airport Authority was held September 11, 2008 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Kevin Kelleher, Steve Williamson, John McKenna and Greg Metzger. 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 August 14, 2008. Kevin Kelleher moved to accept the minutes of the August 14th meeting and Greg Metzger seconded the motion. The decision was unanimous to approve the minutes.

The second agenda item was the public comment period. Board Chair Richard Roehm said that anyone wanting to make a comment could do so now or wait until the agenda item is brought up. There were no public comments.

The third agenda item was the terminal expansion project – Jamie Lennon. Mr. Roehm said that last month the board passed a motion to proceed with Work Order #2 with a deadline of the March meeting and now Mr. Lennon will be talking about Work Order #1.

Mr. Lennon said that approval of Work Order #2 last month allowed them to proceed with the schematic design and design development phase. The board had not given final approval for Work Order #1 because it wasn't completed before the last meeting. At this meeting, he is asking for approval of Work Order #1, which outlines the whole concept plan with the entire build out to 2025. He said the work order is broken down into different sections, including sections for the contractors, so they all have the same booklet to work from. He said the estimate for the whole project comes to just under \$80 million in 2008/2009 dollars. At this time, we are not contemplating doing that magnitude of work.

Mr. Lenon said that they will need approval of the schematic design packet, which will include an estimate for that part of the project, at the November meeting. Mr. Metzger and John McKenna asked if the board would be notified if there was something larger than a standard deviation as Prugh and Lenon continue with the schematic design and design development phase. Mr. Lenon said he will be reporting to them almost every month but he doesn't anticipate major changes as they are working within the building parameters to refine what happens inside that. Everyone has agreed upon how much of the shell will be designed in the overall concept plan.

The board members had no objections to Work Order #1.

Mr. Lenon said the board approved Work Order #2 last month, which allows them to work on the schematic design in August through December. He will present the schematic design at the November meeting. Last week, Mr. Sprenger, Michael Spitzer of RS&H and he met with the local TSA people who were pleased with the design. The week after next, they will meet with the TSA and the airlines regarding the screening bag makeup area. In October they will have a meeting and conference call with the local, regional and national TSA.

Mr. Metzger said he didn't want the TSA driving up costs without the board knowing about it. Mr. Lenon said the TSA is leasing space from us and wants some changes. Mr. Sprenger said that we make suggestions to the local TSA and if they approve it, then we go to the next level.

Mr. Lenon said he has had a number of meetings with the local engineers and electrical mechanical people. They are determining where equipment is going and are working very closely with Mr. Sprenger. Martel Construction will be looking at unit costs and they will have a lot better idea of costs at the November meeting. One area in the building that is not well designed is the ticket counter, baggage screening and bag makeup

area. The week after next RS&H will bring in a baggage consultant and interior consultant to meet with the TSA and regional airlines people to discuss how the baggage screening and bag makeup areas work for these entities. Mr. Lenon expects it to be a very beneficial meeting.

At the next meeting he will report on the results of the discussions with the airlines, Mr. Sprenger and the TSA on plan reformation and cost estimates. At the November meeting he will present the schematic design. He doesn't believe he will have anything for the December meeting. In January, he will present some phasing scenarios and would like to zero in on one between January and February so they will know what the scope of the phase is before March. They will seek approval for that at the March meeting, as well as the final design.

At the November meeting, he will be asking the board's approval of the schematic design; in January, he will be asking for direction for Work Order #3 and the construction documents; and in March the approval of the schematic design and project phase. That will allow them to stay on schedule beyond March and work on the construction documents and actual drawings the contractors will use.

Mr. Williamson asked how the board would be able to be in control of the finances. Mr. Lenon said that Martel Construction will be giving them cost estimates throughout the process and by March they should have an accurate cost. The project will be bid out after that and the bid will not be tied to the cost estimate. Mr. Lenon said the only time there might be some uneasiness is during the excavation because not all of the documents will be finished at that time.

Mr. Williamson said it might take some time for them to get the financing in order and Mr. Lenon said they would have that discussion in January. He said they slowed the

project down so they could see where the boardings are. Mr. Metzger asked if any prices have come down and Mr. Lenon said that labor costs have decreased about 10%. Labor costs are about 50% of the cost of the project.

Mr. Lenon said he also found where he can get stone to match the materials in the public areas.

The board thanked Mr. Lenon for his presentation.

The fourth agenda item was to consider the letter to the FAA regarding airspace use – John McKenna. Mr. McKenna said the FAA wrote a letter to Klein Gilhousen saying he couldn't renew the place where he had his aerobatic box because of housing developments to the north of the airport. Mr. McKenna wrote a draft letter saying he would like to point out that there are other reasons for recommending denial, but he doesn't like them using growth in the valley as the reason.

Mr. Roehm asked Mr. Mathis to comment on the FAA's legal concerns. Mr. Mathis said the FAA doesn't allow an aerobatic box over a housing area but this is primarily commercial property. The FAA's letter said they did talk to Mr. Mathis and Todd Johnson, the control tower manager.

Mr. Williamson said he read Mr. McKenna's letter and asked if it wouldn't be an issue if the FAA had used a different reason. Mr. McKenna said he is trying to nicely say that the development they used as their primary concern doesn't exist yet. He's concerned that encroachment will cause heartburn with future use of the airport and that this concern of the FAA will cause a problem 15 years from now. He doesn't want the letter to haunt them sometime in the future.

Mr. Metzger said he thinks it's outside his purview to lecture the FAA and he believes Mr. McKenna misinterpreted their intent. He said he is uncomfortable sending the letter.

Mr. McKenna said he wanted to go on record that he is concerned that this letter will be used against the airport in the future and someone would wave this letter in some board member's face and say that the FAA didn't even like aviation activity back then.

Mr. Roehm asked if the FAA would rescind their letter or if it would change the legal standing of their decision if the board sent a letter and Mr. Mathis said he didn't believe the letter would make a difference.

Mr. Williamson said that he could go either way. He said the person who wrote the letter would probably agree the language was inappropriate. He doesn't believe sending the letter would make a difference to the FAA.

Mr. McKenna said he doesn't either, but he wants to go on record as being opposed to the FAA using significant development in the valley as their reason to deny the request. He thinks it's letting the camel get its nose under the tent. He said everyone knows how he feels and how he would vote.

No one made a motion to send the letter so the agenda item was closed.

Mr. Roehm said he won't be at the October board meeting as his son is getting married.

The fifth agenda item was to consider hiring methodology – Richard Roehm. Mr. Roehm said that the board has received word from Mr. Mathis stating he plans to retire on or before June 1st. Mr. Roehm wrote a letter to the other board members stating a possible course of action. He suggested three options but is open to suggestions from the other board members.

He said three board members went to Missoula and the board there heavily suggested using an outside search firm. They did and were happy with their search consultant. Mr. Roehm suggested that our board consider him and Doug Kuelpmann of ADK Consultants, who was recommended by AAAE. He said the board could interview both of them and select one.

Another suggestion was to severely limit who they invite to send resumes. The third option was to just consider the Assistant Airport Director. He said right now they are just considering the process.

Mr. McKenna said he went to Missoula with the idea that they could do it themselves by advertising locally and possibly in a few trade magazines. After meeting with the Missoula board, he understands there will probably be quite a few resumes and he doesn't feel he has the time or qualifications to make the selection. He said they owe it to themselves to have somebody help with the process who does this as their profession. He doesn't believe working through this themselves is realistic. The process will help them identify clearly what they are looking for, it will be fair to all and it won't look like they are playing favorites.

He thinks it is one of the most important decisions they will make as a board and he wants to do it as right as they can.

Mr. Williamson said he went to Missoula not sure what to do. He doesn't have the expertise and he believes they need someone who has experience. He also believes this is one of the most important decisions they will make and he wants it to stand the test of time. He said he is leaning toward hiring a consultant.

Mr. Roehm said that the board hasn't determined a starting salary yet but it will probably be around \$100,000. The consultant would get one third of the starting salary plus

expenses. There would also be the expense of bringing in final candidates and their spouses and putting them up in a hotel for a couple of days so they could meet personnel, the public and the board. Expenses would be significant and he asked Mr. Mathis if we have sufficient funds for all this. Mr. Mathis said we do.

Mr. Metzger said he believes the process is important. He suggested that the consulting firm give them resumes for ten applicants because it would give them a pretty good idea of the market. He said the board could narrow it down to three applicants who they could bring in. He suggested not bringing in their families the first time because it is harder dealing with a family. He said then you're trying to sell to the family.

He also said they should create a budget so they are on track. He is okay with doing that after they select a consultant. He said Mr. Sprenger may not meet the qualifications.

Mr. Kelleher said his only experience was with county government. They brought in people from other areas. The wage wasn't high enough and they passed over qualified local applicants. He said they had to teach the people a lot about local regulations. He said we don't have a lot of problems in house and believes that they will have a higher learning curve than Mr. Sprenger will. He said he has watched Mr. Sprenger in his dealings with Big Sky and the airlines and it will take a lot to get him to consider someone other than Mr. Sprenger. He said there will be a lot of expenses paid with tax dollars.

Mr. Metzger moved to select at least two candidates for search consultants and Mr. Williamson seconded the motion, which carried with all ayes.

Mr. Kelleher moved that Mr. Roehm and Mr. McKenna select the search consultant. Mr. Metzger seconded the motion, which carried unopposed.

Mr. Roehm said that for the past 27 years Mr. Mathis has had a tremendous impact on radar, the tower, land acquisition, the development of general aviation hangars and many

other areas at the airport. He said whoever is chosen will have extremely big shoes to fill. He said Mr. Mathis is the best airport director in the northwest and possibly the whole United States for an airport this size. He said we are in an excellent position and thanked Mr. Mathis.

Mr. Metzger said he expects Mr. Sprenger to be one of the applicants they select and he doesn't want anyone to misconstrue what he said. He said one of the criteria might be having run an airport and Mr. Sprenger has not done that.

Mr. Williamson said Mr. Sprenger is very well thought of throughout the state and several people in Missoula suggested just hiring Mr. Sprenger. He doesn't think they will have to move Mr. Sprenger up.

Mr. Roehm said they should discuss this with the consultant. He said it is a touchy situation because other applicants may know we have a very strong candidate and they won't even apply. He said he has the highest respect for Mr. Sprenger. He said that the board members in Missoula said they should go through the search consultant and if Mr. Sprenger comes out on top, it increases his credibility.

Mr. Sprenger said he believes they are doing the right thing. He thinks they need to go through the search consultant and thinks it's best for the board. He said he knows it is awkward for them having him in the room. He said what they need to look for is what is best for the airport. Mr. McKenna thanked Mr. Sprenger for that latitude. He said that Mr. Lenon feels better about being selected because they went through the process. He said he appreciates Mr. Sprenger's efforts and comments.

The sixth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in August there were 873 air carrier operations, 887 air taxi, 3,635 GA itinerant and 7 military, for a total of 5,402 itinerant operations. Local

GA operations were 2,822, for a total of 8,224 tower operations, down 6.7% from August 2007. There were 351 landings of aircraft weighing 12,500 pounds or more, down 10% from August 2007.

Mr. Sprenger reported that we boarded 42,295 passengers during the month of August. That was up 8.1% over the previous August in 2007. Year-to-date boardings are 251,257.

Mr. Williamson said he flew out on September 2nd and the security line went all the way to the restaurant. The line at the ticket counter was very long. He said that won't change until after the terminal expansion. He said he was shocked.

Mr. Sprenger said this summer our July was 95 to 96% of what Billings does during their busiest month of the year. We are handling about the same number of passengers during our peak time as Billings handles with 40 to 50% of the size of building. If growth continues, we can build. If growth doesn't continue, we can slow down the process. There is always the concern with fuel prices. Mr. Sprenger said the third screening lane took all of our queuing space.

Mr. Mathis said that the TSA stepped up by increasing equipment and personnel to help us out with the third lane.

Mr. McKenna asked if we could improve the signage for telling passengers where they should go. The third lane is not the easiest to work through. Mr. Sprenger said that 90% of the time the third lane isn't used. He said the signage is adjustable but we are learning how to make it better.

Mr. Williamson asked if there could be a line for experienced travelers, medium experienced travelers and a third line for inexperienced travelers and Mr. Sprenger said that is in the plans. He said they are looking at having segregation for employees and crew

members. It affects peoples' perception that the crew members are getting ahead of them in line.

The seventh agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that the main parking area in the parking lot expansion should be paved today. The light poles and fixtures were installed this week and one of the ticket booths was relocated. Martel has the steel on site for the canopy and that should be installed soon and up and running before the snow flies.

Mr. Mathis has been working with Mr. Johnson at the tower regarding wind shear warning equipment. Mr. Johnson sent the request to the western division of the FAA and they are looking at the possibility of providing some wind shear equipment.

Three new hangars are under construction and Doug Hartheim's is near completion. Dennis Forhart's and Dean Hatten's are framed up and the roofs are being put on.

Dolittle sold hangar ER3 to SkyRiver and that transaction is complete.

Mr. Mathis said we have had a number of verbal compliments about our new law enforcement staff. We also received a very nice letter from a lady in New Jersey complimenting Jody Boyd and one of our new law enforcement officers regarding sending a lost item to her.

Mr. Roehm asked about the FAA certification inspection. Mr. Mathis said it happened this week. We don't have results but all indications are that it went very well.

Mr. Mathis said Mr. Johnson heard from the FAA and they will be doing the site survey within the next two weeks for the radar display screen. The system should be up and running by December 2nd. Mr. McKenna asked how that will work with Salt Lake Center. Mr. Mathis said they are the biggest disappointment regarding radar. Salt Lake Center in a union environment is still providing the same service as before we got the radar. Our new

radar screen will not speed up IFR traffic. Since our tower is a VFR tower, our controllers can only use the system like binoculars to help locate and separate aircraft in the valley. It is definitely a safety enhancement. We still need an approach control function to transition from Salt Lake Center to our tower. There is a cost benefit analysis in progress at this time. We have to prove we have significant delays that make this necessary. The Great Falls and Billings approach control facilities are anxious to handle that traffic for us.

Mr. McKenna said that for the last three summers he has given Scott Bell grief about the turf runway. Now he lands there every chance he gets and he said it is a great addition. He receives compliments for it.

Mr. Mathis said we have a new problem on the turf runway. There are some brown spots from the heat from helicopters doing touch and goes. Mr. Mathis said we are working on them having a different place for their touch and goes.

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

The meeting was adjourned at 4:32 p.m.

Greg Metzger, Vice Chair