

The regular monthly meeting of the Gallatin Airport Authority was held May 14, 2009 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, John McKenna, Steve Williamson, Kevin Kelleher 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 the public hearing regarding a proposed terminal expansion project and the possible issuance of airport revenue bonds. Brian Sprenger, Assistant Airport Director, said this public hearing is on a proposed project consisting of financing a portion of the costs of expanding, improving, furnishing and equipping the airline terminal building at the Airport and related site improvements, which, among other things, is expected to more than double the square footage available in the existing airline terminal building and include enlarging the lobby and waiting areas and other terminal space to accommodate future needs of the Airport, relocating certain services and concessions, expanding airline operating areas, concourse, baggage claim, rental car areas, and other improvements and the potential for the Airport Authority to issue airport revenue bonds in one or more series to finance a portion of the costs of the Project and all or a portion of the costs of issuance of the Bonds and the debt service reserve for the Bonds, and, if appropriate, pay interest during construction, pursuant to Title 67, Chapter 11, Parts 1 through 3, Montana Code Annotated.

The Authority proposes to issue and sell the Bonds in the estimated maximum aggregate principal amount of \$16,000,000. The Bonds will be payable from and secured by the revenues of the Airport available to the Authority, including, without limitation, and as to one or more series of the Bonds, passenger facility charges; as appropriate, general Airport revenues; and a debt service reserve established therefore. The Bonds will not be general

obligations of the Authority, and the general credit and taxing powers of the Authority or Gallatin County will not be pledged to the payment thereof.

Mr. Sprenger said that was the official statement from our bond counsel and he said it could be opened up to anyone interested in stating their views of this project. He asked that they would give their full name before making their statement.

Chair Richard Roehm asked if everybody understood what we are talking about. He said this is a requirement by law, prior to getting the bonds or proceeding with the bonds.

He asked that anybody who was interested in commenting on the proposed terminal expansion and the issuance of these bonds to please step forward. There were no public comments. He asked again for anybody interested in commenting to please step forward to the podium.

Board Member Steve Williamson asked why bond counsel would recommend that these not be general obligation bonds, and Mr. Sprenger said we worked with the bond counsel on that and it was actually our recommendation that they not be general obligation for several reasons, primarily because they are to be repaid through passenger facility charges and it does not encumber the County for any of that process. Mr. Williamson asked how that would impact our interest rates and if it would increase them. Mr. Sprenger said it wouldn't impact them substantially at all because of our expected financial ratings.

Board Member John McKenna asked Mr. Sprenger if we do ultimately select bonding as our financing, if this is a necessary step but doesn't require us to bond. Mr. Sprenger said this is only to preserve our option to bond if we so choose.

Chair Roehm asked if there were any further questions from the Board. Hearing none, he then asked if anyone in the audience wanted to make a statement.

There were no comments or statements so the public hearing was concluded at 3:05 p.m.

The second agenda item was to review and approve the minutes of the meetings held April 3, 9 and 17, 2009. Mr. Roehm thanked Cherie Ferguson for all her work writing minutes for two special meetings and the regular meeting. John McKenna moved to accept the minutes of April 3rd; Greg Metzger seconded the motion and it was a unanimous decision to approve the minutes of the meeting held April 3rd.

Kevin Kelleher moved to approve the minutes of April 9th; Mr. McKenna seconded the motion and it was a unanimous decision to approve the minutes of the April 9th meeting.

Mr. McKenna moved to approve the minutes of the special meeting held April 17th; Mr. Metzger seconded the motion and it was a unanimous decision to approve the minutes of the special meeting held April 17th. Mr. Roehm thanked Ms. Ferguson again for her hard work.

The third agenda item was the public comment period. Mr. Roehm invited anyone who had a comment about any activity relevant to the airport to make comments now.

Gallatin County Commissioner Joe Skinner said he and County Commissioner Steve White would like to make a presentation to Ted Mathis. Mr. Skinner said the Gallatin County Commissioner's Office and all the citizens in the county are very appreciative of the job Mr. Mathis has done all the years he has been at the airport. He said he has had the opportunity to travel this year and visit several similar-sized airports. He said this airport is superior and reflects the character of this community and they are very thankful to Mr. Mathis. He said he had a small token of their appreciation, and that it is given with many

heartfelt thanks. He thanked Mr. Mathis, wished him good luck in the future and said that it's been a pleasure.

Steve White said he would like to emphasize the importance Mr. Mathis has been to this airport and said he certainly appreciated all his hard work. He said he was very impressed with the tour of the heavy equipment used to plow all the runways and the buildings where the equipment is kept. He said Mr. Mathis ran a pretty tight ship. They presented him with a plaque. Both Commissioners thanked Mr. Mathis.

Mr. Mathis thanked the Commissioners.

Mr. Roehm thanked the Commissioners for their thoughtfulness. There were no further comments.

The fourth agenda item was to consider the following resolutions:

A. Resolution preliminarily authorizing the issuance of airport revenue bonds to finance a portion of the terminal expansion costs.

B. Resolution relating to financing of the proposed terminal expansion establishing compliance with reimbursement bond regulations under the Internal Revenue Code. Steve Williamson asked why the Board is being asked to consider this and if this is a just a preliminary formality. Mr. Roehm said we may or may not choose to issue the bonds but these resolutions will preserve our ability to use bond financing and be reimbursed for expenses should they occur before a bond issuance.

Mr. Williamson made a motion to approve the resolution preliminarily authorizing the issuance of airport revenue bonds to finance a portion of the terminal expansion costs and also the resolution related to financing the proposed expansion project in compliance with

Internal Revenue Code. Kevin Kelleher seconded the motion. All the board members voted aye and the motion carried unopposed.

The fifth agenda item was to consider hiring a financial advisor. Mr. Sprenger said we have reviewed the proposal from Jeffries and, while they are an excellent national firm, we believe a local firm would be able to sufficiently review our financial needs, would probably be economical and they would have a good understanding of the local market. He said if the board would like a local firm to review our finances and financial needs, it would be beneficial for the cost not to exceed \$25,000 so we won't have to do a Request for Proposals (RFP). Mr. Roehm said he wants to ensure that we have sufficient financial advice to make a quality decision next month.

Mr. Williamson said he is not sure it is necessary and if we were going to do it, we probably should have done it several months ago. He said the cart is half way out of the barn. He doesn't think he could support it at this time. None of the Board members think we need to hire the Jeffries Group for \$150,000 to \$200,000 per their proposal.

Mr. Metzger believes a local advisor would be beneficial. He would like to have someone verify accounting to make sure that the numbers add up, the revenue streams are correct and the assumptions we've made are rational. He thinks it is appropriate to spend five to seven thousand dollars for a \$34 million project.

Mr. McKenna said he doesn't have a problem with a local person but thinks it would be nice having someone who understands how airport revenue streams work. He said that is different than bonding for other organizations. He said the county has a chief financial officer and his job is to make sure the numbers are right. We're relying on our Airport Director but it's not his job – not what he went to school for. Mr. McKenna is not

comfortable with a bond underwriter. He said he would like the board to consider a contract CFO for this project and other projects but not a full time staff person. He said what they could bring to us for this project would just be a benefit.

Mr. Kelleher said performance rational that we've used in the past speaks for itself. He sees this project as being a stimulus for the entire county. He said our bonding in the past was successful due in part to the optimism of bond purchasers and where this airport is going. If we are to spend any money, his preference is to use a local firm.

Mr. McKenna said he has confidence that Mr. Sprenger has spent a lot of time looking at our numbers and could tell if an advisor was giving good numbers. He said he wants Mr. Sprenger to have time to run the airport.

Mr. Williamson said he is not in favor of hiring now but to keep it on the table. Mr. Roehm said next month we will decide to go or not to go forward with the project, and if we go forward with it, how we will finance it. He wants to make sure we are comfortable with our advice and knowledge to make a quality decision next month.

Mr. Metzger asked if the Board members would be comfortable letting Mr. Sprenger talk to Ed Blackman, the Gallatin County Fiscal Officer.

Commissioner White said that would be fine. He said Mr. Blackman is pretty consumed with the budget but he should be able to work with us if it doesn't take too much time.

Mr. Metzger suggested leaving the option of hiring a financial advisor open but to let Mr. Sprenger talk to Mr. Blackman. It was the consensus of the Board to allow that.

The sixth agenda item was to consider concurrence of the I-90/East Belgrade Interchange FONSI (Finding of No Significant Impact). Mr. Mathis said this is a

requirement of the Finding of No Significant Impact. The three sponsors of the interchange are required to sign off on it and he recommended approval of it. Mr. Metzger moved to accept the Finding of No Significant Impact for project IM90-6(111)298. Mr. McKenna seconded the motion and it was a unanimous decision to approve the motion.

The seventh agenda item was to consider the request by Enterprise Rent-a-Car Company of Montana/Wyoming to construct a 37' x 49' service facility. Mr. Sprenger said with several of our off-airport rental car companies moving on airport in October, Enterprise will no longer have a service facility. It currently subleases one of the Avis Budget car-wash facilities. He said we are also concurrently working on a proposed consolidated rental car service facility and if we are able to come to an agreement within the next several weeks with all the car rental companies, Enterprise would then withdraw the request at the June meeting. They are making this request in order to preserve their need for a facility to be completed by October. Mr. Sprenger said we recommend approval of this request.

Mr. Roehm asked how it would affect Enterprise if the Board deferred this request until the June meeting. Julie McGrath from Enterprise said they are still in the planning stages of this wash facility that they plan to build on site. She said Enterprise is in full support of Mr. Sprenger and the proposed consolidated facility but they will need something by October 1st. Mr. Metzger asked if Enterprise will come back and charge the Airport Authority for engineering and other expenses if they receive approval for their request today and then the Board approves the consolidated facility next month. Ms. McGrath said Enterprise doesn't believe they have invested enough in their plans to come back to the Board and ask for those funds if the consolidated facility is approved. Mr. Metzger asked

what the approval time is and Ms. McGrath said June. She said that by October 1st they have to have some place to wash their cars.

Mr. Sprenger said our goal is to pursue the consolidation facility and have that plan ready at the June meeting and to table the request for one month wouldn't be a huge imposition on Enterprise. It secures the Board's position not to be responsible for any expenses Enterprise may accrue between now and June if the Board approves the consolidated facility.

Mike Lucero, manager of Hertz Rent A Car at the airport, said Mr. Sprenger has worked very hard to put something together for the consolidated facility that will meet the Board's approval. He said Enterprise has had five years to come up with plans for a wash facility and he doesn't believe delaying this one month will create a huge imposition. He said it doesn't matter to Hertz which choice the Board makes.

Mr. Williamson made a motion to defer consideration of this request until the next meeting. Mr. Kelleher seconded the motion and it was a unanimous decision with all the board members voting aye.

The eighth agenda item was to consider a one-year extension of Overland Express Food and Beverage Agreement. Mr. Mathis said that we have performed quarterly inspections of the restaurant and lounge with the proprietors and they have been doing a very nice job to keep the facility up. He said we have had virtually no complaints about the food or service. He said this is the third of three allowable extensions of their lease for one year and he recommended a one-year extension of this agreement at the current rental rate. Mr. Metzger moved to accept an extension of the Overland Express Food and Beverage

Agreement for one year; Mr. McKenna seconded the motion and all the board members voted aye.

The ninth agenda item was to consider the request by Skymission, LLC to conduct aircraft charter and air taxi operations at Gallatin Field. Mr. Mathis said Bruce Ruefer is here. He is the president of Skymission, LLC. Mr. Ruefer, president of Skymission, said it's a brand new company, which has received FAA Part 135 air charter permission and license. He said he met with Mr. Mathis and Mr. Sprenger and went through the checklist for the requirements of the airport for air charter operations and believes Skymission meets those requirements. He owns a Cessna Caravan that he plans to do short haul operations, mainly in Montana and some of the near surrounding states. He said he has a FedEx pilot who is the chief pilot and Don Wilson is the director of operations. He said they would be operating out of Arlin's Aircraft Service. They can carry five passengers plus the pilot. Mr. Roehm asked if they would haul cargo and Mr. Ruefer said no. Mr. Mathis said they have been very diligent to meet all of our preliminary requirements and he recommended approval. Mr. McKenna moved to approve the aircraft charter and air taxi operations by Skymission, LLC to operate at Arlin's Aircraft. Mr. Kelleher seconded the motion and all the board members voted aye. It was a unanimous decision to approve the motion.

The tenth agenda item was to consider the request by Creston Stewart to cancel his Non-Commercial Hangar Ground Lease Agreement for proposed Hangar #165. Mr. Mathis said Mr. Stewart entered into an agreement in April of last year to build a 60' x 60' hangar at the site of 165 and the financial situation has dictated that he not go forward with that project. His lease payment is current and Mr. Mathis recommended approval of this request. Mr. Metzger asked if anyone else is in this situation and Mr. Mathis said no one is and everyone

else has built on the property they're leasing. Mr. Metzger asked if this would set a precedent and he also said he understands the financial situation now. Mr. McKenna said this is the only piece of land without a hanger built on it so someone else could step in and build one. Mr. Williamson asked if the clause in the lease that says a hangar has to be built within 180 days, allowing for extenuations circumstances, would invalidate the lease anyway and Mr. Mathis said it would. Mr. McKenna moved to allow the cancellation on hanger number 165 on behalf of Creston Stewart. Mr. Metzger seconded the motion and it carried unopposed.

The eleventh agenda item was to consider the request to extend the Ground Lease Agreement for Car Park #VII for an additional year. Mr. Mathis said that last year the Board instituted a policy of extending these leases for one year when all the options had expired by time. The building is in good condition and the payments are current. He recommended this agreement be extended for one year and Mr. Roehm asked him to expand on our future plans. Mr. Mathis said our long-term terminal expansion may require removal of the buildings. The car condo builders were aware of that when they built the buildings and were given 15 year leases. There is not a need to remove or relocate the buildings at this time but there could be in the future. Mr. Metzger moved to accept the request to extend the ground lease for Car Park VII for one additional year. Mr. McKenna seconded the motion and all board members voted aye. The motion carried unopposed.

The twelfth agenda item was to consider the Review of Assistant Airport Director-Administration position description. Mr. Sprenger said that the Board received the proposed organizational structure and a proposed job description for the Assistant Airport Director – Administration. He said this position is expected to fill our immediate administrative needs

with Mr. Mathis' retirement. He said we are also open to expanding this position to a full Assistant Airport Director position if the right person is found with the appropriate experience level. With the Board's review and approval, we plan to begin the search process next week.

Mr. Roehm said the Board would consider a second position, a Deputy Airport Director, in order to not overload Mr. Sprenger. Both assistants would report to the Deputy. Mr. Roehm believes it would cost an additional \$50,000 for the second position. The other Board members agreed that we should have a Deputy Director right away. Mr. Williamson and Mr. Sprenger said so much depends on the qualities and skills of the individual who is hired and they wanted to hold off on hiring a second person. Mr. Sprenger said he would like the Deputy Director involved in hiring the Assistant Airport Director- Administration. He said there is merit to waiting to see if we go forward with the terminal expansion. He said he supports the ultimate organizational chart.

Mr. Roehm wants the board to be flexible and it to be an option to have two positions. He said the Board doesn't have to decide now but he wanted to put it on the table. He said that at the end of the year Mr. Sprenger will be evaluated and rated on how well he used his resources that are given him to organize and operate the airport and Mr. Roehm doesn't want him to take on too much and fall down in some areas. He wants Mr. Sprenger to have options so he can manage the airport.

Mr. Kelleher asked Mr. Mathis what he would recommend. Mr. Mathis said he would allow Mr. Sprenger to hire a Deputy at his discretion. Just last year we hired six new people in law enforcement and they have freed Paul Schneider quite a bit so he can help Mr. Sprenger. Mr. Mathis said our officers are doing a great job and they're willing to take on

more work. That is still evolving somewhat. Mr. Mathis said one assistant may be sufficient, but having the option of having another person as the Board has pointed out is good. He recommended starting with one individual and seeing how it works out. Mr. Roehm said he wanted to lay it on the table and get discussion. Mr. Sprenger said he has a feeling of what the Board wants. Mr. Roehm thanked Mr. Sprenger and the Board too.

The thirteenth agenda item was to consider the Terminal expansion project – Brian Sprenger. Part A. was to consider putting terminal building bid package #2 out to bid. Mr. Sprenger said the design process has continued and terminal building bid package two, which is the excavation, structural members and concrete, is complete and ready to be put out to bid. This is bid package I for the terminal building but bid package II for the overall project.

Mr. Sprenger said we have a number of key factors, including the bid numbers of this bid package that we will be compiling for next month's meeting. These factors are expected to assist the Board in making the decision on whether or not to proceed with the project, so we recommend putting the terminal building bid package one out to bid. Mr. McKenna moved to put bid package one out to bid. Mr. Kelleher seconded the motion and it was approved by all Board members voting aye. It was a unanimous decision.

The fourteenth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported on tower operations for the month of April 2009. There were 531 air carrier operations, 661 air taxi, 1,649 general aviation (GA) itinerant and 6 military, for a total of 2,847 itinerant operations. Local GA operations were 1,910, for an overall count of 4,757 tower operations, down 15.3% for the month of April. There were 132 landings of aircraft weighing 12,500 pounds or more, up 7.3% from 123 for April last year.

Mr. Sprenger also reported that passenger boardings were 21,152 in April 2009, which is up 13.9%. Year to date boardings were 110,174, down just 0.7% from last year. He said the Delta/Northwest merger has allowed them to be much more proactive and creative in their fleet management. For April and May, they reduced their aircraft size and our load factors increased for April compared to previous years, despite the fact that we added Frontier and Allegiant this year. He said we have seen a good response from Delta. He expects that May won't be the stellar month that April was.

The fifteenth agenda item was to consider the Final Airport Director's Report – Ted Mathis. Mr. Roehm asked to consider the bills first as this is Mr. Mathis' Final Airport Director's Report.

The sixteenth agenda item was to consider the bills and approve them for payment. After reviewing and discussing the bills, Mr. Metzger moved to pay the bills; Mr. McKenna seconded the motion and all the board members voted aye. It was a unanimous decision.

The last item was the Final Airport Director's Report – Ted Mathis. Mr. Mathis said the Board would recall that he's been authorized to sign checks for up to \$20,000. He said payroll taxes and Social Security are close to that amount and he would appreciate it if the Board would allow Mr. Sprenger to go up to that amount. Mr. Williamson said that we've authorized Mr. Mathis to sign up to \$20,000 and he was wondering why Mr. Sprenger needed the authorization. Mr. Sprenger said his contract only allows him to sign checks up to \$5,000. Mr. Metzger asked if we're taking Mr. Mathis off on May 31 and was told he will be. Mr. Metzger moved that we approve Director Sprenger to sign up to \$20,000 checks and that Ted Mathis be taken off the signing register at the end of the month. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried unopposed.

Mr. Mathis said the new STARS LITE radar screen in the tower is working very well and he can retire now. The staff and controllers are still learning but they are very pleased with the system. He said it is state of the art and should serve for a long time to come.

Mr. Mathis showed a brief video showing how the airport was in 1983 versus how it is now. He said since he has been here, with constant pressure and encouragement from the Board and the community, we have purchased land and continue to purchase land to keep encroachment to a minimum, which has been a very wise investment. He said the terminal building has been added onto four times and we've added a lot of pavement. The airport has grown a lot and the valley is much more populated since then. There have been changes in runways and taxiways, as well.

He said this is his 396th airport board meeting. He said the board members volunteer and the dictionary definition of volunteer is the practice of people working on behalf of others without being motivated by financial or material gain. He said that has been one of the greatest qualities of this board and why he's stayed as long as he has. He said they put in a lot of time, don't get paid, donate their own fuel and time, their own efforts, and there have been times when they have each taken their turn as chairman, and they've laid awake at night worrying about what is going on at the airport or an issue we had, and that is an outstanding feature of this Airport Authority. He thanked the Board members all very much for all they do. He read the poem, "The Indispensible Man," which is included with the minutes. He said he understands that and knows the airport will move forward in a great fashion under the Board's leadership and the guidance of Mr. Sprenger, Morrison Maierle, Prugh and Lenon and the great tenants we have here at the field. He thanked everyone.

Mr. McKenna said 396 is a lot of meetings and we have all been blessed with an airport that is second to none. He said the poem is apropos, but he suspects that without Mr. Mathis being here during that period, we wouldn't have what we have today to be so proud of. He thanked Mr. Mathis for his time and efforts and wished him and Mrs. Mathis the best with retirement and farming.

Mr. Mathis said he doesn't want to Monday quarterback but he is a phone call away. He said he cares about the airport and is willing to help in any way he can.

Mr. Williamson said he didn't expect to still be here when Mr. Mathis retired but his job has been a whole lot easier having a man at the helm like Mr. Ted Mathis.

Mr. Kelleher said he is the junior member here and he thanked Mr. Mathis for what he has done for the airport and Gallatin County. He congratulated him for retiring. He said he hoped to see him around the airport.

Mr. Metzger said thank you and that it is amazing to be part of a facility and organization that is so strong financially, especially on the public side. He said Mr. Mathis has done an amazing job. He said the board has taken the thoughts he has offered and been able to mold those but he thinks Mr. Mathis has been a huge part of that. He said he has been proud to have known Mr. Mathis and wished him the best of luck with farming.

Mr. Roehm said Mr. Mathis used to have, and may still have, a license plate that says AVIATOR and that means a lot to Mr. Roehm. He said Mr. Mathis ran the airport like flying an airplane; he's had a steady hand on the controls, yet guided us through dark weather, bad times, always landed successfully, brought us to a fruition that we're all proud of. He is proud to have made the journey with him.

He has a resolution he would like the Board to consider adopting. He read the resolution. Mr. McKenna moved to adopt the resolution. Mr. Metzger seconded the resolution and all board members voted aye. It was a unanimous decision to adopt the resolution, which is included with the minutes. Mr. Roehm thanked Mr. Mathis for his service.

The meeting was adjourned at 4:30 p.m.



Richard R. Roehm, Chairman