

The regular monthly meeting of the Gallatin Airport Authority was held May 8, 2003 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Tom Nopper, Steve Williamson, Yvonne Jarrett and John McKenna. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Director and Cherie Ferguson, Clerk.

The first agenda item was to review and approve the minutes of the regular meeting held April 10, 2003. Steve Williamson moved to accept the minutes as mailed, John McKenna seconded the motion and it passed unopposed.

The second agenda item was the public comment period. Tom Nagorski said he believes that the employee review should be noted on the Agenda and that the Board might like additional feedback from the users of those employees' services.

The third agenda item was to consider the request by Corpat, Inc. to reconsider dual branding of Alamo/National Car Rental. Mr. Mathis said that Corpat would like us to reconsider the proposal. The other two car rental agencies that were initially very concerned about it are not opposed and have written letters stating that.

Andy Wilcox, of Corpat, Inc., said that they are asking for the reconsideration because a lot of things have changed in the industry. Some litigation has been dealt with nationally through the Third Circuit Court of Appeals stating that airports can comfortably allow this. Most of the other airports in Montana have approved it. This time the opposition is not there from the competitors. Alamo is currently operating off airport, which has its difficulties because they are one company, one fleet of vehicles and one set of employees, and he believes having one location would make things simpler for the customers and the airport. He also said Corpat has a good relationship with the airport and would rather pay 10 percent and be on airport and continue the strong relationship with the airport.

Mike Lucero, the manager at Hertz Rent A Car, said their name has served them well over the years and they have served Bozeman since 1946. They've taken care of business and airport/Hertz customers. He said that the travel industry is in shambles and the future is uncertain. Hertz' reservations this summer are down 40 percent from summer reservations last year. Mr. Lucero said that while Hertz cannot support the dual branding concept, and doesn't welcome five brands under one roof at Gallatin Field, they also won't oppose Corpat and their request to dual brand. They also request that the sign be removed from the teleboard and that Corpat pay additional charges for the privilege of coming on airport mid contract.

He also asked that the Board consider extending Hertz Rent A Car's existing lease at another meeting.

Mr. Roehm thanked Hertz for their long and fruitful relationship at Gallatin Field.

Andy Wilcox said if there were additional fees he would like to review them before they go into effect.

Bill Hilsendeger of Dollar Rent-A-Car said he had concerns also with being off airport. He incurs situations with washing cars, transporting vehicles and picking up passengers. He feels it is only fair that Alamo start from the ground and work up like any other new business at the airport and put in a bid next year.

Mr. Mathis said that Alamo already has a presence at the airport. He recommended that the Board reconsider the dual branding and approve it and task the staff with negotiating the additional fees.

He recommended not extending the existing car rental leases because next year when the leases come due we will have a better picture of the economy, the airline industry and tourism and can do a new agreement that will reflect those conditions.

Yvonne Jarrett asked why there should be additional fees.

Tom Nopper said that we will get additional fees because they are on airport and will be paying a higher rate and he doesn't see a need for the additional fee.

John McKenna said that somebody new on the airport will get the benefits of what's already been paid for. The existing facilities have been paid for by somebody and another company shouldn't be given a free ride.

He also said that we wouldn't want to give extensions to leases that may not be favorable and fair for the future.

Dual branding is tough to begin with and fairness is an issue. If the other car rental agencies are not opposed, then it is fair.

Mr. Williamson said he doesn't have a problem with dual branding if the other competitors are not opposed. He is not sure how we can calculate the additional fees.

Ms. Jarrett made a motion to allow dual branding at Gallatin Field. Tom Nopper seconded the motion.

In the discussion period, John McKenna said that other items need to be addressed such as the name being removed from the teleboard.

The Board members discussed whether the motion should be limited to the dual branding of Alamo/National Rent A Car or dual branding in general.

Ms. Jarrett amended her motion to allow Corpat to dual brand with Alamo. Mr. Nopper removed his second if it is changed. Mr. Roehm then called for a vote on the original

motion. In the comments period, Mr. Lucero said that he doesn't think it will happen soon but there are all kinds of creative ways to dual brand. The motion failed.

Mr. Williamson made a motion to allow dual branding for Corpat dba Alamo/National Car Rental. Mr. McKenna seconded the motion, which carried. Tom Nopper was the only one opposed.

The fourth agenda item was to consider the request by Van Elsen Catering to operate a catering business in space to be sublet from Yellowstone Jetcenter. Mr. Mathis said that catering is important to the ever-growing jet traffic that we are seeing at Gallatin Field. Several companies have provided catering services, including the Overland Express upstairs and some off airport businesses, including Ms. Van Elsen's company. Yellowstone Jetcenter is in favor of her business operating from their building.

Mr. Roehm asked if this is the best use of front-line aviation space.

Holly Van Elsen said she has been a licensed caterer for four years. She has been catering for ten years. In the spring of 2000, she researched catering at airports. In January 2002, she developed a website and started catering to fractional aircraft with Netjets and Flexjets. She then picked up Flight Options and started catering to Yellowstone Jetcenter. Her principal business is marketing and the production of in-flight meals to corporate jets.

She contacted the Chamber of Commerce for demographics of people coming in to the Gallatin Valley and found out that they are in the upper income bracket. Since she began catering at Gallatin Field, there has been an increase in fractional jets. At Gallatin Field there has been a 51 percent increase in corporate jet landings in the last four years. At least 60 percent of them are fractional jets. In a two-year period 70 percent of her business has been fractional jets.

Ms. Van Elsen said that she wouldn't have to make many alterations to the Yellowstone Jetcenter building. She would lease the kitchen area and flight planning room and only have to bring in equipment.

Mr. McKenna asked how much of her business would come from individuals rather than from corporate jets. She said that she did a Christmas party for Barnard Construction, but for the most part she is not interested in outside parties. If a politician flies in from Washington D.C., she would like to cater for them because she is interested in politics. She said 99 percent of her business has been in-flight catering.

She has been operating out of the Headwaters Academy for one and a half of the two years she has been licensed. The other half year she was operating from the fairgrounds.

The Board members asked her if she was opening a restaurant. She said no, her main objective is to cater to jets or commercial jets and that she is not open to the general public. She is not looking to take Mr. Schneider's business from him.

Mr. Roehm asked Kent Foster, manager of Yellowstone Jetcenter, what his plans were regarding the use of the flight line space and also what kinds of state health codes have been considered.

Mr. Foster said that since he arrived in Bozeman last November, his objective has been to improve services at the airport. Ms. Van Elsen represents the upper echelon of business. Currently she is catering for Yellowstone Jetcenter and Arlins Aircraft Service and anyone else wanting it. Mr. Foster said he would like to get a flight support business on the airport. His sole purpose and goal is to improve service to the customers. The biggest change would be the hood system. His only other requirement is that Van Elsen Catering

meets all city, state and federal rules. She will return the building to its original state when she moves out.

The lobby would be kept as a common area so that people can get to the hanger.

The Board members discussed Yellowstone Jetcenter's building lease, the fact that Overland Express' lease is specific to the terminal building, that the airport will not receive any revenue from her business and that it should strictly be a catering service and not a short order bar or a restaurant.

Mr. Mathis said she has already shown that she can do a good job for the people that she is serving. His concern is the location. He said the building is designed as an FBO with parking, tie downs and a ramp, and he asked if the business should be located elsewhere to make better use of the building. Ms. Jarrett said she thinks that decision should be between Yellowstone Jetcenter and Van Elsen Catering.

Mr. McKenna moved to approve the request by Van Elsen Catering to sublease a space from Yellowstone Jetcenter. Ms. Jarrett seconded the motion and it carried unopposed.

The fifth agenda item was to consider the request by Karst Stage, Inc. to construct a storage, maintenance and office facility on airport property. Mr. Mathis said that Karst Stage can sell their downtown building and would like to be on airport property.

Mike Connell, representing Karst Stage, said that Jerry Perkins was required to leave town.

He said the shuttle business has doubled in the last couple of years and that 65 percent of the revenue would be from the airport. The airlines have needs for bus services and they would be nearby.

Mr. Roehm asked what would happen if they are underbid on the next ground transportation contract. Mr. Connell said that at this point in time there is no competition. Mr. Roehm asked him if there are any other places to build. Mr. Connell said that several areas were a potential consideration but that they would like to build somewhere on airport property. There followed discussion from the Board members and Mr. Connell regarding anticipated increases from airport business, how much property they would need, how much the traffic would increase, and competition with commercial property off the airport.

Mr. Mathis said that having buses and shuttle vehicles on airport is beneficial. Karst Stage does a nice job for us. The additional traffic on the entrance road to the airport is a first concern. Mr. Mathis said that if the Board approves their request, he recommends that they build off Airport Road near the National Guard facility. He also said that it would set a precedent of non-aviation business on the airport.

The Board members agreed to further discuss the request at a future Board meeting.

The sixth agenda item was to consider the request by Brandon Speth and Ben Walton to operate a flight school from Arlin's Aircraft Service hangar #7. Mr. Speth worked for Arlin's Aircraft Service for five years and holds CFII ratings. Mr. Walton worked independently as a flight instructor with Montana Aircraft for three years. They would like to operate out of Arlin's brown hangar no. 7. for the summer and then move into a hangar they are requesting to construct.

Mr. Mathis said the location is suitable, parking is a problem at Arlin's, but that could be taken care of by Arlin's moving customers' and Post Frame's vehicles. Roger Stradley said a new ramp needs to be built across the taxiway if they put in a fuel service system and a school.

Mr. Walton and Mr. Speth said they will respect Mr. Stradley's ramp space and work with him.

Mr. McKenna moved to approve the request by Brandon Speth and Ben Walton to operate a flight school. Mr. Williamson seconded the motion and it passed.

The seventh agenda item was to consider the request by Brandon Speth to construct a 65' x 65' commercial hangar with 40' x 20' attached office to be used for operation of a flight school. Mr. Mathis said that space had already been approved for David Sullivan but that now Mr. Sullivan does not want to build there. There is sufficient parking, space for a ramp, and room for snow storage. Mr. Mathis recommended approval. Mr. Speth thought they could have it completed by September 1st. Mr. McKenna moved to approve the request by Brandon Speth to construct the hangar as proposed. Mr. Nopper seconded the motion, which passed unopposed.

The eighth agenda item was to consider proposals for auditing services. Mr. Mathis said it is a three-year term. Knaub and Company is the most recent and they have done a good job for us. We have received seven proposals and reviewed them. A number of them could do the job, but we would prefer to work with local auditors. The prices are fairly close.

Mr. Nopper said we would like to stay with local auditors in case we need assistance, plus we know them. Galusha, Higgins and Galusha's fee structure is not acceptable. Out of all the proposals, Junkermier, Clark, Campanella and Stevens (JCCS) and Denning, Downey and Associates out of Kalispell would be the most acceptable.

Mr. Williamson said he liked the concept of charging what it takes and that he would like to keep it local. Knaub and Company did a good job and probably would again.

Mr. Nopper moved to accept Junkermier, Clark, Campanella and Stevens (JCCS).

Mr. McKenna seconded the motion and it carried.

The ninth agenda item was to consider revisions to Gallatin Airport Authority Rules and Regulations. Mr. Mathis said we received Mr. Nagorski's additional comments and suggestions just yesterday. The Board members approved of considering the revisions to the Rules and Regulations at the next meeting.

The tenth agenda item was the report on passenger boardings and flight operations - Brian Sprenger. Mr. Sprenger reported that passenger boardings were down 7.1% from April a year ago, which is about 1,100 passengers. Year to date is 89,619, up 4.6% compared to the same period in 2002.

Mr. Sprenger reported that in April there were 447 air carrier operations, 686 air taxi, 1,181 GA itinerant and 30 military, for a total of 2,344 itinerant operations. Local general aviation operations were 2,099, for a total of 4,443 tower operations in April. This is relatively unchanged from April last year. There were 72 landings of aircraft over 12,500 pounds, down 7 from April 2002.

Mr. Sprenger also reported that Delta is reducing one 737 flight during the month of May. He said that doubled the effects of the runway construction, as there is also a reduction of three Delta Connection flights and one United Express flight. It is hard to predict summer bookings. If the pattern after the Iraq conflict in 1991 is the same, international traffic may stay down but domestic traffic may return quickly and Gallatin Field could have a good summer.

Mr. Roehm thanked Mr. Sprenger for his report and his work on the runway project.

The eighth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that we need 15 good weather days in May for the runway resurfacing. There were a few problems experienced in the first four days allocated for the project. The first one was with the oil specifications, which took 72 hours to resolve. Another day was good but there was a snowstorm the night before and the haul road was too muddy. He reported that today the total runway is closed, and tomorrow, if all goes well, it will be closed again. Most of the time sufficient runway will be open for general aviation aircraft operations. Things are going well and all the tests are coming back satisfactorily.

The electrical work being done on the new high-intensity lighting system is going well. The FAA is rebuilding the approach lighting system, (the MALSR) and contractors hired by the City of Belgrade are bringing a new sewer line across the safety area. All is working fine so far.

Mr. Roehm said the media did a good job of getting the word out regarding the impact of the resurfacing and airline schedules.

The construction work upstairs is moving along and the staff is getting lots of special projects like deep cleaning and painting completed.

The new telephone line to the shop is being installed.

Hangar construction is continuing on the east end with Dolittle Construction working on their roof. Mark Duffy has painted his shop floor and poured the footings for his hangar building.

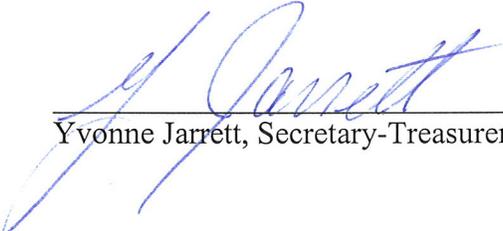
Mr. Mathis also reported that on Monday morning, we received a letter from the TSA saying they are canceling our reimbursement for law enforcement after May 31st. Mr. Mathis wrote a letter of appeal requesting that they continue to pay for it. He said they

require the service and they should pay for it. Part of the additional costs will be built into our rate schedule with the airlines and we will have to pay part of it from our capital improvement fund as well. Mr. Williamson asked if the airlines would help us to lobby for reimbursement. Because the airlines are struggling, it may help us with our appeal.

Mr. McKenna asked if the AAAE is actually helping. Mr. Mathis said they helped to get the flexible law enforcement that helped airports that provide their own law enforcement and that saved the TSA money.

The 12th agenda item was to consider the bills and approved for payment. After review and discussion, Mr. McKenna moved to pay the bills, Mr. Williamson seconded the motion and it passed.

The meeting was adjourned at 4:47 p.m.



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Yvonne Jarrett, Secretary-Treasurer