

The regular monthly meeting of the Gallatin Airport Authority was held July 14, 2005 at 3:00 p.m. in the Airport Conference Room. Board members present were Steve Williamson, Eric Hastings, John McKenna and Richard Roehm. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

Ted Mathis thanked Yvonne Jarrett for the five years she served as a board member. He said Greg Metzger has been appointed for the next five years. Mr. Metzger was unable to attend this meeting due to a prior commitment.

The first agenda item was to review and approve the minutes of the regular meeting held June 9, 2005. Eric Hastings 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. There were no public comments.

The third agenda item was to consider the request by Last, LLC to construct an 80'x 84' non-commercial aircraft hangar. Ted Mathis said that Neil Ainsworth and Dr. Lance Lerner are partners in this LLC and would like to construct a hangar on the east ramp. They would build to commercial standards, including the 10 parking spaces, but are requesting a non-commercial lease. Mr. McKenna moved to approve the request by Last, LLC to construct an 80'x 84' non-commercial aircraft hangar; Mr. Hastings seconded the motion, which carried unopposed.

The fourth agenda item was to consider the request by Tom and Gigi LeRoy to transfer their Non-Commercial Hangar Ground Lease Agreement for Hangar #97 to Jon Hudson. Mr. Mathis said that the request is amended to include Berkley Hudson. He said the rent is paid and the hangar is in good condition. Mr. McKenna moved approval of the

motion for Tom and Gigi LeRoy to transfer their Non-Commercial Hangar Ground Lease Agreement for hangar #97 to Jon and Berkley Hudson. Mr. Hastings seconded the motion. Richard Roehm abstained from voting since he just arrived at the meeting. The motion carried without opposition.

The fifth agenda item was to consider five-year lease extensions for Gallatin Field Carkeep Condominium Association Units 1-12 and 49-60. Mr. Mathis said the units are in good condition and the rent is current. He said that the precedent has been for the leases to be extended for five years. We have been raising the rent to 25¢ per square foot per year at the time of extension. Mr. Roehm moved to approve the five-year lease extensions for Gallatin Field Carkeep Condominium Association Units 1-12 and 49-60 and Mr. McKenna seconded the motion. During discussion, Steve Williamson asked if raising the rent to 25¢ has been consistent and Mr. Hastings asked why the leases are extended for 5 years. Mr. Mathis said the rental increase from 20¢ to 25¢ has been applied consistently and that the extension term has been five years so condominium unit owners are able to sell their units if they wish. The motion carried unopposed.

Mr. McKenna asked if there is still continued interest for additional car condominium units and if there is space available. Mr. Mathis said there is interest but we don't have space close enough to the terminal building to make it practicable.

The sixth agenda item was to consider the request by Northwestern Energy Company to construct a natural gas regulator facility on airport property. Mr. Mathis said that Northwestern Energy has a problem regulating power at a few hangars and would like to build a 30' x 30' regulator facility. They would pay the Airport Authority \$900 per year for the space. Mr. Mathis said the best place would be near the National Guard Armory on Airport Road because it has to be where it can be tied into their lines and it needs to be before

Aviation Lane. Following some discussion, the Board members decided they would like Mr. Mathis to get more information from their engineers so we know if this is the only location they can use and if it can be underground.

Mr. Roehm moved to defer the request by Northwestern Energy Company to construct a natural gas regulator facility on airport property. The motion was seconded and carried unopposed.

The seventh agenda item was to consider the request by Horizon Air to sublet counter space to Big Sky Airlines. Milly Ross, the Bozeman Horizon Air station manager, said that they would like to put a counter at the end of the Horizon counter and sublease that and some of the back area to Big Sky Airlines. Mr. Roehm moved approval of the request by Horizon Air to sublet counter space to Big Sky Airlines. Mr. Hastings seconded the motion, which was approved without opposition.

The eighth agenda item was to consider the request by DeGroot Commercial Corporation to transfer their Non-Commercial Hangar Ground Lease for Hangar #116 to Laura G. DeGroot. Mr. Mathis said it is just an interfamily move and he recommended approval of the request. Mr. Williamson said the board has been making a distinction between commercial and non-commercial hangar leases. This hangar was built to commercial standards but has been leased as non-commercial. Mr. McKenna moved to approve the request by DeGroot Commercial Corporation to transfer their Non-Commercial Hangar Ground Lease for hangar #116 to Laura G. DeGroot. Mr. Roehm seconded the motion.

During discussion, Mr. Williamson said that the family should be informed of the lease distinction in case they want to go to a commercial lease some time in the future. The motion passed unopposed.

The ninth agenda item was election of officers. Mr. Roehm nominated John McKenna for the Chair; Mr. McKenna nominated Eric Hastings for Vice Chair, and Mr. Hastings nominated Richard Roehm as Secretary. All nominations were seconded and approved. Mr. Roehm voted no to his nomination.

The tenth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in June 2005 there were 483 air carrier operations, 1,001 air taxi, 2,418 general aviation (GA) itinerant and 6 military, for a total of 3,908 itinerant operations. Local GA operations were 1,934, for a total of 5,842 tower operations in June, down 8.75% from last June. There were 152 landings of aircraft over 12,500 pounds, down 7.32% from June 2004. Itinerant traffic was up 1.27% while local traffic was down 23.95%, due in part to weather and higher fuel prices.

Mr. Sprenger reported that passenger boardings were 28,825, up 5.7% from last June. We had another strong performance in June with inbound traffic up by an even stronger 8.4%. July is expected to be equally strong. Year to date boardings are up 10.4% compared to the same period in 2004. Mr. Sprenger reported that this is the 15th consecutive month of month over month record traffic.

He also said that Delta has announced Saturday non-stop service to Atlanta from December 17th through April 1st. The scheduled flights between 1:00 p.m. and 3:00 p.m. on Saturday, December 17th, 24th and 31st are as follows: 2 to Salt Lake City, 1 to Atlanta, 1 to Minneapolis/St. Paul, 1 to Detroit, 1 to Denver, 1 to Seattle, and 1 to Boise. Mr. Sprenger said that the 1,640 mile flight to Atlanta is the longest scheduled flight ever offered from any city in Montana.

Mr. Sprenger reported that there is a strong possibility of labor problems at Northwest Airlines with their mechanics. He said we will be mostly through our busy summer season before a strike may begin, if they don't reach an agreement.

Mr. Roehm asked what his personal opinion is regarding how our airport is doing. Mr. Sprenger said that we can all be proud of our low cost per passenger for airlines operating out of Bozeman. He said we are in good shape regarding the terminal building. If the growth continues at its current pace, we may be a little constrained, but we should be cautious about pricing ourselves out of the market. It is very expensive for the airlines to operate out of the larger airports. Most of the smaller airports are less expensive to operate out of. The larger airports have to provide for transfers through, not just end users. That makes their costs higher.

We will be competitive because we are keeping our costs down and are debt free. Mr. Sprenger said that the costs per passenger in Billings are about double ours. He believes that is true for the average cost across the nation.

The eleventh agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that the Interchange Committee will be interviewing three engineering groups for the Environmental Impact Statement on the 21st. Mr. Williamson asked how they chose engineering firms and Mr. Mathis said they have a scoring sheet and certain criteria that must be met. Three groups will be interviewed rather than two because the last two were tied.

Mr. Mathis also reported that there are just a few items to be reconciled for the lease for the 22,000 sq. foot 22-truck FedEx facility.

He reported that the fire station at the old terminal building is coming along fine. He also said that we have been using the ramp extension for the last couple of weeks.

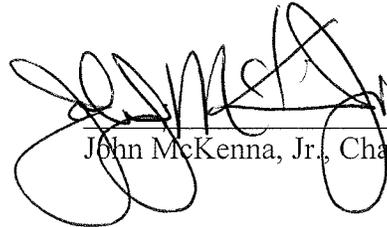
He said that the Airport Authority's 5-year term for engineering firms ends in September and we will be putting out an RFP soon.

He also said that the airport in Three Forks would like to have a couple of excess air conditioners that were removed from the old terminal remodel. None of the board members objected so the air conditioners will be donated.

Mr. Mathis said that the turf runway is getting a lot of use. He also reported that the radar will be operational by the spring of 2007 and possibly ready by fall of 2006.

The twelfth agenda item was to consider the bills and approve for payment. After review and discussion, Mr. McKenna moved to pay the bills and Mr. Roehm seconded the motion, which carried.

The meeting was adjourned at 4:54 p.m.



John McKenna, Jr., Chair