

The regular monthly meeting of the Gallatin Airport Authority was held March 9, 2006 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Deborah Dietz and Steve Williamson. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

John McKenna, Chair, and Greg Metzger, Vice Chair, were both unable to attend the meeting so Richard Roehm, Secretary, presided.

Richard Roehm said that John McKenna's father died. Mr. McKenna's dad, John McKenna, Sr., was a good citizen and a strong family man who valued his friends. There were a lot of good feelings toward him and his life was well lived.

Mr. Roehm said that the meeting would be held as there was a quorum of board members present.

The first agenda item was to review and approve the minutes of the regular meeting held February 9, 2006. Steve Williamson moved to accept the minutes as mailed, Deborah Dietz seconded the motion and it passed unopposed.

The second agenda item was the public comment period. Thomas Mosser, owner of the Imperial Inn, said he is planning on tearing the building down next to the inn and constructing a new hotel. He has seen the plasma screen in the baggage area and would like to put one in for the Imperial Inn. He would be happy to bear the costs of installation and pay \$1,000 per month on a 3-year contract. He said he gave Mr. Mathis a letter of request today and wanted to introduce himself.

Mr. Roehm told him the board would allow his letter to be processed and move through the system.

The third agenda item was to consider the request by Gallatin Flying Service, Inc. to transfer their Commercial Hangar Ground Lease Agreement for the site at 450 Gallatin Field Road, Hangar # 6 to Yellowstone Jetcenter, LLC.

Ted Mathis said that this was mentioned last month and is an agenda item today. He said that last month the board approved a lease agreement for a new site for Gallatin Flying Service that will allow the transfer of their existing site to Yellowstone Jetcenter to make into a parking lot. Mr. Mathis recommended approval of the request.

Roger Stradley, owner of Gallatin Flying Service, said the approval of the transfer of the lease is for future consideration and also subject to approval by his attorney and accountant. That was acceptable so Ms. Dietz moved approval of the request; Mr. Williamson seconded the motion, which passed without opposition.

The fourth agenda item was to consider the request by Yellowstone Jetcenter, LLC to remove Hangar #6 from 450 Gallatin Field Road and construct a vehicle parking lot on the site. Mr. Mathis recommended approval pending the transfer of the lease agreement from Gallatin Flying Service to Yellowstone Jetcenter.

He said that many hangars have been built since he has been here but no demolitions. He suggested the board put in place some safeguards for this and future demolitions, such as proper fencing, a covered dumpster or covered truck for refuse, a time limit (possibly 60 days) and an environmental survey to make sure the ground is clean before anything else is built there.

Mr. Roehm asked Mr. Mathis if he is looking for a permanent policy for future demolitions of property to return areas to the same condition as before the buildings were built. Mr. Mathis said he is. Mr. Roehm asked that the policy allow for appeal for a reasonable delay. The environmental survey would be to state and federal standards.

Mr. Williamson said that 60 days could go by real fast if the government is involved in an environmental survey. Mr. Mathis said that there are local companies that provide the service and that additional time might be needed if cleanup is required.

Mr. Roehm asked who would be assessed if there are problems. Mr. Mathis said that should be decided by the buyer and the seller. Mr. Roehm said he is trying to set parameters since this is the first time.

Kent Foster, manager of Yellowstone Jetcenter, said that the agreement at this time is that Yellowstone Jetcenter is building the facility for Gallatin Flying Service or writing them a check. They will give Mr. Stradley a set length of time to remove fixtures, or whatever he wants and then Yellowstone Jetcenter will tear the building down and put the ground back to a clean slate. They would hire a company to access the site and abandon the well, and do whatever else is required before laying asphalt and moving fences.

Mr. Stradley said the septic tank will have to be done by the EPA and that the drain field is under Yellowstone Jetcenter's building.

Mr. Roehm said that it appears that the buyer and seller have handled the demolition issues.

Mr. Foster said he hopes there is an appeal process because things come up. Mr. Roehm said that the intent is for the project to not go on forever and create a common hazard. The land should be restored to its original condition. Mr. Foster said they want to put in a parking lot as soon as possible.

Mr. Williamson asked if these requirements need to be in the motion and Mr. Mathis said it is a matter of record already.

Mr. Williamson moved to approve the request by Yellowstone Jetcenter, LLC to remove Hangar #6 from 450 Gallatin Field Road and construct a vehicle parking lot on the site. Ms. Dietz seconded the motion, which passed unanimously.

Mr. Roehm asked Mr. Mathis to recommend a policy for future actions. He said it may wait until this project is done to see how it goes and what problems arise. He thanked Mr. Stradley and Yellowstone Jetcenter for working together.

The fifth agenda item was to consider the request by Corpat, Inc. to expand their National / Alamo car wash facility. Andy Wilcox, president of Corpat, Inc., said that Corpat would like to put on an addition to house an automatic car wash facility. He would like the board to discuss the additional pavement as drawn up by Morrison-Maierle, Inc. He said that there is more than he believes is necessary and as a tenant, he doesn't know if Corpat would be here longer than 4 years to capitalize and depreciate the pavement.

Mr. Mathis said that historically the car rental agencies have paid for the required paving. He said some paving is necessary to access the facility and that the pavement wouldn't be used for any other purpose. Mr. Wilcox said he will work with Mr. Mathis and Corpat will pay for the minimum amount of pavement or what makes the most sense.

Mr. Williamson moved to approve the request by Corpat, Inc. to expand their National / Alamo car wash facility and Ms. Dietz seconded the motion. The airport director and Corpat will negotiate the required amount of pavement. The motion carried without opposition.

The sixth agenda item was to consider purchase of easement from Prescott Ranches, LLC. Mr. Mathis said the Airport Authority has been working with the Prescott Ranches regarding property west of the airport and hoped to be able to make a recommendation at this meeting. He said he met with the FAA at the Montana Aviation Conference and there are

some unanswered questions regarding the possibility of receiving federal funding for reimbursement. Therefore, he asked the board to table this agenda item at this time.

Mr. Williamson said he saw the drawing and that the easement would be good for us. It would be nice if we could get help paying for it and he believes waiting for more information from the FAA is apropos. Ms. Dietz agreed.

Mr. Roehm said it would be a slam-dunk if the FAA provided the subsidy. That has been our expectation for four years because they have approved the acquisition. He said that we should consider paying for it ourselves as a backup option but that we should work to get FAA help if we can. We will need a lot of money if we get involved in the interchange, terminal expansion or other land acquisition activities. He said we don't need a motion to defer action.

The seventh agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in February there were 521 air carrier operations, 861 air taxi, 1,697 general aviation (GA) itinerant and 8 military, for a total of 3,087 itinerant operations. Local GA operations were 2,095, for a total of 5,182 tower operations, down 11.57% from February a year ago. There were 269 landings of aircraft over 12,500 pounds, up 32.51% from the prior February. While the numbers are down, it was still a strong winter performance. This was the second highest February for Gallatin Field. Weather was a factor, particularly for general aviation.

Mr. Sprenger reported that passenger boardings were 25,149, down 8.7% from last February. Year to date boardings of 51,778 were down 5.4% compared to the same period in 2005. The decline was within expectations but was still disappointing.

The percentage of seats filled increased from 77% to 85% and we are beginning to see an interest in adding seats back to Bozeman. The higher load factors and higher yields

have made us more attractive. Our initial projection for this summer showed us with an 18% decline in available seats, but with the recent Atlanta and Chicago additions, we anticipate only a 9% decline in seats for July and August. We hope to pare that down further and by the end of April only have a 5% actual decline in available seats.

Billings is showing a reduction of 18% for available seats for July and August and Mr. Sprenger said he doesn't see anything that will change for them. We are very fortunate that we have regained some of the available seats we lost.

Mr. Roehm commended Mr. Sprenger for his presentation at the Montana Aviation Conference. He spoke on the turmoil with the airlines, what we can do about it and prospects for the future. Mr. Roehm said that directors for all the major airports in Montana were present and that they all had great things to say about the presentation. He thanked Mr. Sprenger and said he made us all proud.

The eighth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that Imperial Construction of Weatherford, Texas has been awarded the contract for the radar installation. The contract price of \$863,329, to be borne by the FAA, pays for the site development and improvements on the site for the equipment to be installed. The project is still on schedule and a pre-construction meeting will be held on March 21st. The plan is that the radar will be commissioned in March of 2007.

Mr. Mathis also reported that FedEx had their grand opening for their new facility on February 21st. Mr. Roehm and Mr. Metzger attended, as well as Mr. Mathis and other airport staff. FedEx is pleased with the design and size of the facility and the equipment. On their first morning, they got all their trucks out 20 minutes earlier than they had ever been able to from their old location.

Mr. Roehm said that they have a conveyor belt in the center with a sign to let the workers know if they are going fast enough. He likened it to a Lucille Ball episode where she was packaging candy off a conveyor belt.

Mr. Mathis reported that Mr. McKenna, Mr. Roehm, Mr. Sprenger and he attended the Montana Aviation Conference last week and went to some good meetings. Mr. Mathis said the conference was well attended.

The ninth agenda item was to consider the bills and approve for payment. After review and discussion, Mr. Williamson moved to pay the bills and Ms. Dietz seconded the motion, which carried.

The meeting was adjourned at 3:32 p.m.

A handwritten signature in black ink, appearing to read 'R. Roehm', with a long horizontal line extending to the right.

Richard Roehm, Acting Chair