

The regular monthly meeting of the Gallatin Airport Authority was held April 13, 2006 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Deborah Dietz, John McKenna, Greg Metzger and Steve Williamson. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

Some students from MSU/Great Falls who are taking Aviation Science and Technology for a private or commercial instrument two-year degree were in attendance. One of their classes on safety is Airport Operations. Paul Schneider, Gallatin Airport Authority's Operations, Safety and Security Supervisor gave them a talk on Tuesday, and today they are attending the board meeting. On behalf of the board, John McKenna welcomed them and thanked them for coming. He said to let the board know if there is anything we can do to assist them in their training.

The first agenda item was to review and approve the minutes of the regular meeting held March 9, 2006. Ann Stradley, on behalf of Roger Stradley, asked that "Roger Stradley, owner of Gallatin Flying Service, said he is awaiting approval by his attorney and asked the board to allow that as a consideration." be replaced with "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."

The board members had no objections. Richard Roehm moved to accept the minutes as modified, Deborah Dietz seconded the motion and it passed unopposed.

The second agenda item was the public comment period. Public comments will be made with the relevant agenda items.

Mr. Roehm said there was an article in the *Montana and the Sky* newsletter that Roger Stradley was awarded the Wildlife Conservation Award from the Montana Chapter of the Wildlife Society. Mr. Roehm said that the board should take notice of the award and he

commended Mr. Stradley for his many years of assistance for wildlife. He said that Mr. Stradley is one of the best mountain pilots in the world.

The third agenda item was to consider the request by Starflight, Inc. for a new ten-year non-commercial lease on Hangar # 8. Ted Mathis said this is the 3<sup>rd</sup> Quonset hangar of the three that has come up for renewal and will include the ramp space in the new lease. Robert Buckles is the president of Starflight, Inc. Mr. Roehm moved to approve the request; Greg Metzger seconded the motion, which passed unopposed.

The fourth agenda item was to consider the request by Central Copters, Inc., Mark and Pam Duffy, to transfer their Lease and Operating Agreement to Yellowstone Jetcenter, LLC. Mr. Mathis said that Central Copters is in the process of selling their buildings. They currently have a lease and operating agreement, which is a single document. If the board approves the transfer, we will have to do two new agreements: the land lease agreement for Yellowstone Jetcenter and the operating agreement for Central Copters. Mr. Mathis said that Central Copters wants an operating agreement because they want to sublet from Yellowstone Jetcenter.

Mr. Williamson moved to approve the request by Central Copters, Inc., Mark and Pam Duffy, to transfer their Lease and Operating Agreement to Yellowstone Jetcenter, LLC. Mr. Metzger seconded the motion and it carried without opposition.

The fifth agenda item was to consider the request by Yellowstone Jetcenter, LLC to sublet hangar and office space to Central Copters, Inc. Mr. Mathis said that Central Copters would like to build a new building in the near future and would like to sublet the office and the maintenance hangar from Yellowstone Jetcenter until the new building is ready. Mr. Mathis sent them a new operating agreement and they have requested a minor change in the Required Services section. They would like "Central Copters shall provide on-call service during hours other than the aforementioned." (the 6 days they are required to be open) with

“Central Copters shall provide on-call service for the 6 days from sundown Saturday until sundown Friday and shall provide on-call services 7 days a week for emergency services which endanger life or property.” Mr. Mathis said we have reviewed that with our legal counsel and think that is acceptable. Mr. Mathis recommended approval of the sublease with the minor change included in the operating agreement.

Mr. Williamson said he understands the language in the current operating agreement but doesn't understand what “an emergency which endangers life or property” means and believes it is subject to interpretation. He said he is reluctant to allow that.

Mr. Roehm said he has a hesitation because of the precedent we're setting. He acknowledges it is only for charter operations for a helicopter but that it could be used for a fixed wing operation as well.

Trent Gardiner, from the law firm of Goetz, Gallik and Baldwin PC, representing the Airport Authority, said that his firm's interpretation was that the language was clear as it was written in the proposed agreement. If the changes with the different interpretation are to be made, they should be in the agreement and not in a side letter.

He said there is a concern in setting a precedent. If the board makes an exception, where do they draw the line next time and on what basis do they make the exception? He said it is simpler to stick with the clear agreement.

Mr. Williamson said he doesn't understand why we would want to substitute clear language with unclear language. Mr. Metzger said he doesn't understand what they are trying to relieve if they are trying to do the same thing.

Greg Morgan, representing the Duffys, said that the language “Central Copters shall provide on-call service for the 6 days from sundown Saturday until sundown Friday and shall provide on-call services 7 days a week for emergency services which endanger life or

property” is placed in the lease so that the rules of the Airport Authority do not infringe upon the Duffys’ right to the free exercise of their religion.

Mr. Williamson said that if the board members approve this language, they should be prepared for other operators requesting changes in their operating agreements for whatever their reasons are.

Mr. Mathis said there are two places in the minimum standards that could be affected: fuel and oil sales and charter operations. He said there are two other charter companies on the field that could possibly make a request.

The board members discussed what effect this decision would have on FBO activity, trying not to establish a precedent for future boards to have to deal with, whether consideration should be on a business basis or a forced basis through a lease, what happens if there is no one to step in at some time in the future, what is good for the flying public, what is in the public’s interest and why the minimum standards were established in the first place. Past boards tried to accommodate all lessees with a broad lease rather than having different wording in each lease to accommodate each individual’s wants or needs.

Mr. Roehm moved acceptance of the operating agreement with the modification that allows for essentially a closure for the period of time outlined, from sunset on Friday through sunset on Saturday, unless an emergency situation arises. Mr. Metzger seconded the motion.

Rick Keenan, from Arlin’s Aircraft Service, questioned the motion from a procedural basis. He said the agenda item was a request to sublet space to Central Copters and made no mention of changing the minimum standards. He thinks it is inappropriate to vote on changing the minimum standards without giving anyone time to prepare any comments or arguments.

Ken Foster, from Yellowstone Jetcenter, said that the key element in the past when Central Copters wanted to operate as an FBO was being open 7 days a week to provide fuel

sales. He saw that as the separating factor. He also said that if he was a charter operator and knew this language could affect him, he would be here for the meeting.

Mr. Roehm said he would be happy to move to table the motion until the next meeting where it could be an agenda item and be in the proper format.

Mr. Mathis said that there are two issues: one to sublet the hangar and office space and another to deal with the operating agreement at the next board meeting. He also said the board could approve to sublet the hangar and office space provided that the tenant signs the existing operating agreement with the original language.

Mr. Roehm said he didn't want to delay anything and would withdraw his motion if that were the board's pleasure. He withdrew his motion, which had the approval of Mr. Metzger, who had seconded the motion.

Mr. Morgan said that Mr. Duffy would like the transfer approved and doesn't see the operating agreement and sublease agreement as tied together. Mr. Morgan said they were trying to bend over backward to make this work.

Mr. Williamson got clarification from Mr. Mathis that if the board approved the request to sublet the space and continue the current operating agreement with the language as presently written, Central Copters would have to go through the board if they requested the new language.

Mr. Williamson moved to approve the request by Yellowstone Jetcenter, LLC to sublet hangar and office space to Central Copters, Inc. Mr. Metzger seconded the motion, which carried unopposed.

Mr. Roehm asked Mr. Mathis to have an agenda item for the next meeting or when it is appropriate, assuming there is a suggestion for new language, so it can come before the board for consideration and be published enough in advance on the agenda that the public can see the new language and comment on it.

The sixth agenda item was to consider the request by Thomas M. Mosser to install a plasma screen in the airline terminal building. Mr. Mathis said we received a request from Mr. Mosser some time ago. The one plasma screen we have now is on a trial basis and we would like to see how it works out. Mr. Mathis said that we're not enthused about any additional plasma screens at this time but we are happy to accommodate his needs on the teleboard and place his name on the list for any other advertising space that becomes available.

Mr. Mosser said he is going through the review process on his hotel now and construction will probably begin a year from now but he is willing to enter into a lease agreement immediately if his request is approved. He contended that there was no waiting list for the owners of the present plasma screen and that other airport advertisers weren't given the option to upgrade. He also said that the lithographs upstairs cover the stonework, and covering the stonework was one of the issues in Mr. Mathis' response to him.

Mr. Mathis said that the lithographs were donated as artwork and that there is a difference between artwork and advertising. All the Airport Authority's artwork has been donated.

The board members discussed the fact that when the terminal was built, the plan was to have and maintain a mountain cabin environment. Following some discussion, they decided that it is time to revisit the plan.

Mr. Metzger made a motion for the board to develop a marketing plan vis-à-vis signs and advertising for the airport, both indoors and outdoors. Ms. Dietz seconded the motion. Mr. Williamson said we need to deal with the agenda item so Mr. Metzger withdrew his motion and Ms. Dietz approved the withdrawal.

Mr. Metzger moved that the board hold on the proposal by Mr. Mosser until we have developed a plan that is clear and clearly states what our policies are. Ms. Dietz seconded the motion, which carried without opposition.

Mr. Roehm asked that the airport director champion the development of the marketing campaign.

The seventh agenda item was to consider purchase of easement from Prescott Ranches, LLC. Mr. Mathis said that several years ago the board reviewed property around the airport to acquire or purchase easements and we have moved well along that path. Part of the plan was to purchase 320 acres owned by the Prescott family and be reimbursed with AIP eligible funds. The FAA says that the purchase is no longer eligible for entitlement funds because it is too far from the end of the runway. The cost of purchasing the easement is \$3.2 million and will restrict usage to the existing agricultural use or a golf course. The FAA agrees with the purchase of the easement but won't let us be reimbursed with entitlement funds. Mr. Mathis said that is because they have done a national review of land purchases by airports and will only reimburse for purchases not exceeding 5000' beyond the end of the runway.

Much of this property is within the 65 level decibel noise (LDN) zone. Given that, it is in our best interest to purchase the easement with local funds. Mr. Mathis said the entitlement funds are not lost because we can use them for another eligible project that we would have had to use local funds for.

Mr. Metzger asked if we would have to purchase the property if we want to extend the runway. Mr. Mathis said we own enough property to extend it to 11,000' now.

Even though we would like to own the property, the board members decided this was our best option. Mr. Williamson asked if there is anything else we could better use the money for. Mr. Mathis said that we could save money for the interchange and the terminal

expansion but at this time, this is a good investment. Future boards will judge this board by how well they've protected the airport.

Mr. McKenna asked if we tried to buy the property and Mr. Bell said we did. He said the Prescotts have other adjacent property under contract for sale that is about three times the cost of the easement per acre.

Mr. Roehm moved to purchase the easement from Prescott Ranches, LLC under the terms presented. Ms. Dietz seconded the motion. Scott Bell, of Morrison-Maierle, Inc., the airport engineer, said that the easement includes an aviation easement on all the Prescott property to the north of the easement area. There is already a buy-sell on the property to the south, so we will have to wait until there is a subdivision review on the property, which Mr. Bell believes will happen.

All the board members voted aye and the motion carried.

Following some discussion regarding the board's continuing agenda to purchase property and protect the airport, Ms. Dietz said that it is time to look at taking the mill levy from the county and putting it in the bank for such an occasion as this. All the board members thought that was a good idea and asked Mr. Mathis to formalize that for a later time. We're facing issues we didn't face in the past. Mr. Roehm said our relationship with the county commissioners regarding the subject of the mill levy is muddy. The board wants Mr. Mathis to pursue the issue of the 2-mill levy.

The eighth agenda item was to consider the request by Clint Worman to construct a 60' x 60' non-commercial hangar. Mr. Mathis said that the board approved a request by Mr. Worman some months ago. The 90 days expired without a lease being entered into. Mr. Mathis said there is a suitable location by Jarrett's hangar. Mr. Metzger moved to approve the request by Clint Worman to construct a 60' x 60' non-commercial hangar and Mr. Williamson seconded the motion, which carried unopposed.

The ninth agenda item was to consider the request by Justin Tribitt to construct a 60' x 60' non-commercial hangar. Mr. Mathis said that Mr. Tribitt would like to build his hangar next to the one Clint Worman wants to build. Mr. Williamson moved approval of the motion, which was seconded by Mr. Metzger. All board members voted aye.

The tenth agenda item was to consider a contract with Opti-Fi Networks, Ltd. to provide wireless (Wi-Fi) Internet access in the airline terminal building. Mr. Mathis said we've done quite a bit of research on several offers of service from various companies. After careful consideration, he recommends that we enter into a five-year contract with Opti-Fi Networks. They will provide the equipment, updates as technology changes, maintenance and free service to the Airport Authority for the flight information displays and our own connections. At the end of the 5 years, the equipment becomes the property of the airport.

Mr. Roehm said the contract says the airport will receive 10% of the gross. Mr. Sprenger said we don't know how much it will be because a lot of people are leisure and not business travelers. He said we are not at the point of needing the income but we are providing a service. There would be a free website with basic information. If you want full Internet access, the costs are 25¢ a minute with a \$3.00 set-up fee or \$6.95 per day.

Mr. Sprenger said we seriously considered providing the service for free but our biggest concerns were up front costs and on going costs. We have no on-site Information Technology (IT) person.

Mr. McKenna asked if we can we do something different, such as have an annual fee. Mr. Sprenger said we are hesitant to lock in on a rate in an annual agreement. Companies want to get into a terminal so they can get business with vendors on the airport. It is not an exclusive right for Opti-Fi to be here. As Wi-Fi becomes more profitable here, the public costs will come down.

Ms. Dietz moved to accept the contract with Opti-Fi Networks, Ltd. to provide wireless (Wi-Fi) Internet access in the airline terminal building. Mr. Williamson seconded the motion. Mr. Metzger said he hates paying for it and would like it to be free. He asked that it not be used as a budget item.

The motion carried unopposed.

The eleventh agenda item was to consider the request by Ryan's Greater MT Leasing Corp. DBA Thrifty Car Rental to transfer their Off Airport Rental Car Concession Agreement to Lewis Transportation Group, LLC. Mr. Mathis said that the Ryans sold their business and we need to transfer their agreement. Mr. Roehm moved approval of the request and Ms. Dietz seconded the motion.

Mr. Metzger asked what process we go through to verify their financial stability. Mr. Mathis said that Off Airport agreements are almost a permit system. We do a much more substantial check of the On Airport companies. The motion passed without opposition.

The twelfth agenda item was to consider the request by Bob Green and Tim Linn to transfer Mr. Green's interest in Hangar # 10 to Evert Wierda. Mr. Roehm moved approval; Mr. Metzger seconded the motion and all the board members voted aye.

The thirteenth agenda item was to consider the request by Bob Green to construct a 140' x 140' non-commercial hangar on the east ramp. Mr. Mathis said that Mr. Green had made a request previously, which the board had approved. The 90-day period lapsed without a lease being signed. Mr. Roehm moved approval of the request and Mr. Metzger seconded the motion. The motion carried unopposed.

The fourteenth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in March there were 669 air carrier operations, 985 air taxi, 2,004 general aviation (GA) itinerant and 5 military, for a total of

3,663 itinerant operations. Local GA operations were 2,444, for a total of 6,107 tower operations, up 11.71% from March a year ago. There were 312 landings of aircraft over 12,500 pounds, up 47.17% from last March.

Mr. Sprenger reported that passenger boardings were 29,598. Year to date is down 6.1% compared to the same period in 2005. Mr. Sprenger said that while March was down 7.2%, approximately 30% was due to Easter being in April this year compared to March last year.

We expect April enplanements to be at or slightly above last year's enplanements.

The initial summer schedules showed Bozeman having only 80% of the seats we had last year. With the addition of Atlanta and Chicago as well as larger aircraft to Denver and Minneapolis, we will now be at 94% of last year's capacity. This will allow us to be near last year's enplanements levels. Fuel prices and airfares are going to impact demand so Mr. Sprenger said he couldn't predict enplanements at this point.

Mr. Sprenger said that Gallatin Field will have non-stop service to nine cities this summer: Atlanta, Boise, Butte, Chicago, Denver, Detroit, Minneapolis, Salt Lake City and Seattle.

Mr. Williamson asked if we would see direct flights to Las Vegas. Mr. Sprenger said Great Falls will likely get service before we do. More people in Great Falls go to Las Vegas than from Bozeman. When Bozeman and Butte used to share a gambling junket to Nevada, 10 people would get on in Bozeman and 100 got on in Butte.

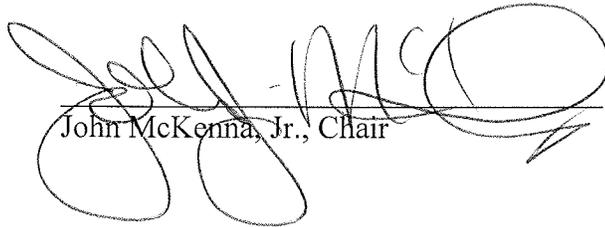
The fifteenth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that on Tuesday, the pre-construction meeting for radar was held and a week from today they will start the project, which is still on schedule. Mr. Mathis said that a controller from Salt Lake City will be looking at our traffic in March of next year. Our only expected expense is to put the display in our tower. We budgeted \$325,000 and we may be able to

purchase the equipment for \$225,000. Our controllers will have to be trained on the system and meet certain standards. Mr. Mathis has asked the FAA to maintain our system as they do at all other contract towers.

Mr. Mathis said we have a carry over of our AIP entitlements this year and the Sidney Airport has asked if we would approve loaning a portion of this allocation to them. They will repay the loan and we won't lose any entitlements by making the loan. The board approved.

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

The meeting was adjourned at 4:45 p.m.



John McKenna, Jr., Chair