

The regular monthly meeting of the Gallatin Airport Authority was held August 10, 2006 at 3:00 p.m. in the Airport Conference Room. Board members present were Deborah Dietz, John McKenna, Steve Williamson and Greg Metzger. Richard Roehm arrived late. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

The first agenda item was to review and approve the minutes of the regular meeting held July 13, 2006. Steve Williamson moved to accept the minutes as mailed, Deborah Dietz seconded the motion and it carried 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 Arlin's Aircraft Service, Inc. to construct a ten unit T-Hangar. Mr. Mathis said there is a site in the far southeast side of the hangar area that would accommodate this T-Hangar and has been set aside for this purpose. There is a taxiway and sewer and water nearby. Mr. Williamson asked if Arlin's was planning on using the hangar for their own purpose and Arron Wass, representing Arlin's Aircraft Service, said that they would until they can lease the spaces. John McKenna, Chair, asked if they would continue to own the spaces or if they would sell them. Mr. Wass said they would consider selling them as an option.

Mr. Williamson said that if they sell them, they need to set up a condominium association. Mr. Wass said that Robert Blake's T-Hangar is set up with separate power and gas meters and they plan to set theirs up that way. Mr. Williamson and Mr. McKenna said that Arlin's needs to make sure there is a condominium association set up before they sell any hangars. Ted Mathis, Airport Director, said that they would need to have the lease made up originally or reassign the lease later to the association. Mr. Wass was okay with that.

Greg Metzger moved to approve the request by Arlin's Aircraft Service, Inc. to construct a ten unit T-Hangar; Ms. Dietz seconded the motion and it carried unopposed.

The fourth agenda item was to consider the request by Arlin's Aircraft Service, Inc. to construct a 100' x 120' commercial hangar. Mr. Mathis said there is a site near gate 7A that was originally set up for a 100' x 100' hangar that will work for this hangar. Richard Roehm moved approval of the request and Ms. Dietz seconded the motion. Mr. Metzger asked if there was space for another hangar and Mr. Mathis said no. All board members voted aye and the motion carried.

The fifth agenda item was to consider the request by the estate of Brandon Speth to transfer the commercial hangar lease on hangar #117 to Arlin's Aircraft Service, Inc. Mr. Mathis said that Arlin Wass requested that the lease be to him personally. Mr. Williamson said that he does not like leasing commercial hangars to individuals and that he liked the request as it was written better than as it was amended. This commercial hangar was originally leased to Brandon Speth, an individual. Ms. Dietz moved to approve the transfer of the commercial hangar lease and Mr. Metzger seconded the motion. All board members voted for the motion except Mr. Williamson, who voted nay. The motion carried and the transfer is approved.

The sixth agenda item was to consider a five-year lease extension for Car Condominium Building VI. Mr. Mathis said the building is in good condition, the rent is current and the land isn't needed for another use by the airport for the next five years. If the board approves the extension, the rent per square foot per year will be increased from 20¢ to 25¢, as has been occurring with the other car condominiums as they come up for renewal. This is in accordance with the policy the board established when the first car condominium came up for renewal.

Mr. Roehm moved approval of the request and Mr. Metzger seconded the motion.

The motion carried unopposed.

The seventh agenda item was the Master Plan project update – Scott Bell. Mr. Bell handed out the draft copy of chapter 2, the forecasting section, which deals with forecasting for the airline sector, the military sector, the general aviation (GA) sector, and the number of operations and enplanements.

He said that additional history had been added to the draft copy of chapter 1 per Mr. Roehm's request and asked if anyone had any further comments or changes. Mr. Roehm said that he wanted the information included that showed the support from the county, city and others to build up the airport to where it is now. The board members had no further changes to the draft so it will be sent to the FAA and made available to the public. It may be posted on Morrison-Maierle's website or on Gallatin Field's, or on both. If it is not on both websites, there will be a link to the other website. Copies are also available at Morrison-Maierle's or Gallatin Airport Authority's offices.

Mr. Bell asked the board members to read chapter 2 and get comments back to him within two weeks.

Mr. Williamson asked what is being discussed at the meetings Mr. Bell, Mr. Mathis and Mr. Sprenger are having with the tower personnel, air carriers and TSA. Mr. Bell said that they are getting input from them on what is working good and what they would like looked into or changed. He said the input and discussions would help for forecasting for chapters 4 & 5 of the Master Plan prior to him drawing up a draft of those chapters. He said that Mr. Mathis, Mr. Sprenger and he want to have numerous small meetings so they can have candid discussions with the various entities at the airport and see what needs to be addressed.

Mr. McKenna said he thinks they should have a list of things for the general aviation (GA) side to think about rather than the meeting being freewheeling. Other suggestions are welcome but he thinks it will improve the quality of information.

Mr. Bell said the meetings start next week and he will have some questions for each group. The various users at the airport have different concerns.

Mr. Roehm said the TSA is an overarching presence at the airport and he believes all organizations should have some input to their recommendations. Mr. Bell said that everything will be in the draft and will be available for comments by everyone.

The eighth agenda item was to continue consideration of a water line easement for Ryen Glenn Subdivision. Mr. Mathis said that HKM Engineering had sent out a draft of what they would like to do for the waterline alignment. Upon receiving the letter, Mr. Bell analyzed the routing and estimated costs. HKM's estimated costs were considerably lower than Mr. Bell's. Mr. Mathis said he believes it is advantageous to the public and HKM to put the waterline through airport property. He said the developers should compensate the Airport Authority appropriately for the easement.

Joby Sabol, attorney for the Ryen Glenn development, said the waterline easement would benefit both the Ryen Glenn and Meadowlark subdivisions. Representatives from both developments were present at the meeting. Mr. Sabol said that HKM had found they could minimize costs by having the waterline go along Highway 10, go on airport property by the gravel pits, and then go back along Highway 10. He said the results of the analysis by Mr. Bell for the easement to just be on airport property is more professional and makes more sense.

Mr. Sabol said he would appreciate it if the board would deliberate and authorize the Airport Director, engineer and legal counsel to review an agreement Mr. Sabol would draft,

at no cost to the airport, for the amount involved, when it would be paid and when the Airport Authority would be ready to grant an easement to be recorded. He said his clients were in agreement that the interior route recommended by Mr. Bell made more sense.

Ms. Dietz asked if the easement would go to the developer's group or to the City of Belgrade. Mr. Sabol said it would go to the public but not the developers. He said he understood the board's concern regarding how the easement would be accessed for maintenance and repairs.

Mr. McKenna asked which of the estimates the developers were considering for the draft: HKM's estimate, \$500,000 or Mr. Bell's of \$561,881. He also said the board was concerned who would have to pay for moving the waterline if the interchange is approved and affects the waterline at the entrance to the airport.

Mr. Sabol said that the agreement would be between the developers and the airport and these issues could be addressed in the easement agreement.

Mr. Williamson asked if the City of Belgrade needed to be included in the agreements. Mr. Sabol said that everything should be in black and white and in the open.

Mr. McKenna said that the dollar figure should be at least \$500,000 and that they could entertain a motion and charge the Airport Director to move forward with working out the details. He said the motion should include the 30,000' view, the developers writing the check when everything is ready and that everyone, including the City of Belgrade, has to be on board.

Mr. Sabol said if everyone is on board, he would draft an agreement by the middle of next week.

Mr. Roehm said that there were a lot of specifics in the memo from Mr. Bell and how he arrived at \$561,881. He said that he believes that figure and the memo should be the basis

for negotiations. Then he thinks the board could authorize the Airport Director, engineer and attorney to enter into negotiations for the specifics for the best interest of the airport and the flying public.

Mr. Metzger and Ms. Dietz said they believe \$500,000 is reasonable. Mr. Roehm said the board shouldn't be in the position of trying to negotiate with the developers. The motion should be to allow Mr. Mathis to move forward until there is a proposal he feels is in the best interest of the airport and is fair, and then the board would consider the proposal.

Ms. Dietz asked if the decision would be delayed another month and Mr. Roehm said he would approve the easement with what Mr. Bell suggested and give Mr. Mathis authorization to make the agreement with that as the baseline. Mr. Sabol said he agreed in principal and concept with the Airport Director working with them.

Mr. Roehm moved approval of the easement based on Scott Bell's memo as a baseline and that authority be given to the Airport Director to enter into the concluding agreement with the two developers. Mr. Metzger seconded the motion. Mr. Sabol said that the developers and engineers didn't want to go with \$561,881. They think that is unreasonable.

Mr. Williamson said that if the developers okay the \$561,881, they may proceed. If they need to negotiate a different amount, it will have to wait until next month. Rich Ragatz, with Epic Development, said he didn't want to wait another month. He said the estimate from HKM was \$428,000 and they think \$500,000 was appropriate. They don't want to wait so will pay the \$561,881.

All board members voted aye and the motion carried.

Mr. Roehm arrived after the public comment period so he was given the opportunity to comment at this time. He said that several months ago the board approved the

investigation of another statue to add to the artwork in the terminal. Rick Allen, a member of the board of the Museum of the Rockies, and a number of donors, would be willing to donate a bronze casting of the head of the tyrannosaurus rex that is in front of the museum. Mr. Mathis found a suitable location between the bag belts in the terminal and concurs that it would fit in with what we have for artwork.

Rick Allen thanked the board and said they have excellent artwork at the airport. He said the museum board and donors are delighted to go forward with this and have something from the museum and the university at the airport.

Mr. Roehm thinks it is compatible and done tastefully. He said they are looking for tacit approval to proceed. The board thinks they can move forward and it will be dealt with at a future meeting. This will be a donated piece of art and not advertising.

Mr. Roehm thanked the board for their indulgence.

County Commissioner Joe Skinner was present at the meeting and Mr. McKenna acknowledged and welcomed him.

The ninth agenda item was to consider the request by the Manhattan Volunteer Fire Department for donation of an airport owned 1976 Walters Fire Truck. Mr. Mathis said that this truck was replaced a few months ago with a new truck. The assistant chief of the fire department is one of our firemen/maintenance personnel and is very familiar with the truck. Mr. Mathis said that he is confident that they will keep it in service for a reasonable time. The primary purpose is to protect the dump.

Mr. Roehm moved approval of the donation and Ms. Dietz seconded the motion. Mr. Williamson asked if the truck should be given to another airport and Mr. Mathis said they can all get federal funds for a new truck and therefore wouldn't be interested in this one. All board members voted in favor of the motion, which carried.

The tenth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in July there were 846 air carrier operations, 978 air taxi, 3,816 GA itinerant and 9 military, for a total of 5,649 itinerant operations. Local GA operations were 3,338, for a total of 8,987 tower operations. This was an all time record breaker with 95 more operations than in August 2003. There were 350 landings of aircraft over 12,500 pounds, up 35% from July 2005. Mr. Sprenger said this would probably be our last major big jump. Summit Aviation has been here a year now.

Mr. Roehm had asked staff to give a report on charging landing fees for aircraft between 8,500 lbs. gross landing weight (GLW) and 12,499 lbs. GLW. Mr. Sprenger said that it would probably generate an additional \$11,500 per year. It would take approximately 476 man-hours to track, bill and collect for these landings, which would cost around \$8,800. Including an additional cost of \$800 for paper and postage, the estimated cost would be \$9,600. We would have to find an additional 476 hours in staff time to collect a net additional income of only \$1,900. Mr. Sprenger said that landing fees are our most labor-intensive administrative function and he doesn't believe it makes sense on a revenue generating basis. He also said that if we keep the minimum landing fee at \$25.00, the smaller aircraft will be paying a higher cost per landing than a larger aircraft.

Mr. Sprenger said we should look at all of our revenue sources and look at the long-term picture. It has been nine years since any rates have increased on the GA side.

Mr. Mathis said he and Mr. Sprenger have discussed these issues and he concurs with Mr. Sprenger.

Mr. McKenna said that some of this may be included in the Master Plan and that he likes the idea of looking at the bigger picture. Mr. Roehm said that there should be some active input from the GA side.

Kent Foster, General Manager of Yellowstone Jetcenter, said that they would be willing to collect the landing fees. They are already charging for other things and wouldn't mind adding landing fees. He said it would serve two purposes: collecting at the source and keeping costs down. He said he couldn't speak for the other fixed base operators (FBOs). Mr. Sprenger said this gives the board one more option to consider.

Mr. Sprenger also reported that passenger boardings were 36,839, down 5.1% from July a year ago. He said that July numbers came in slightly better than expectations with a 5% passenger decline on a 6% decline in available seats.

He also said that we are now getting some good passenger numbers and fare information for the past year and are seeing some interesting trends. While total passengers were down in the first quarter, there were five individual markets that showed significant improvement: Denver, Minneapolis/St. Paul, Seattle, Phoenix and Tucson. Our yields have improved from below the national average to above the national average. The average cost per mile from Gallatin Field for the first quarter in 2005 was 10.5¢; the national average was 12.8¢ per mile. This year, for the first quarter, the average cost per mile was 14¢. This makes us more attractive. In 2005, the average cost per mile for a Southwest Airlines passenger was 12.03¢ and for the first quarter of 2006, they paid an average of 12.68¢.

Mr. Sprenger said that for the first time in Gallatin Field's history, Delta has scheduled 757's from Bozeman to Atlanta. There are 2 planned in December and January and 2 on both Saturday the 17th and Saturday the 24th of March. This is driven by the Big Sky area. They carry 40 to 50 more passengers than the Airbuses and 737s that fly in here.

The eleventh agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that Sunbird Aviation has purchased their first jet, a Citation II, and will make it available for charter as soon as possible. This is a new service at Gallatin Field.

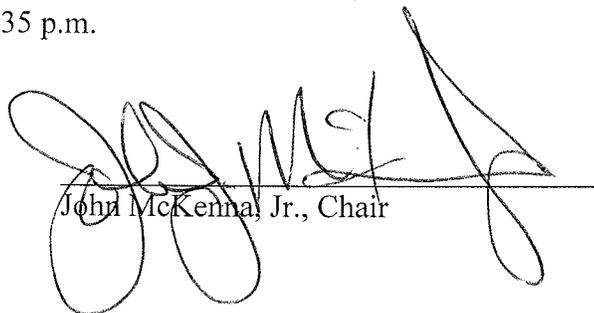
Mr. Mathis said that the contract for the new sweeper truck was awarded to Tenant Corporation. They were the higher bidder of the two, but the Western Plains truck did not meet all the specifications. Western Plains bid \$116,685 and Tenant Corporation bid \$129,969.72. We expect to take delivery in mid September.

Mr. Mathis said that at a special meeting held in June, hangar space was allocated for Bob Green and Mark and Pam Duffy. Mr. Green hasn't come forward and his 90-day authorization period has expired. Mr. Mathis said the Duffys preferred the location adjacent to the access road and that it will be necessary to amend their lease to comply with new state building separation requirements. The board thought it made sense to move the Duffy hangar to the location adjacent to the gate 8A access road.

The twelfth agenda item was the election of officers. Mr. Williamson moved to continue the slate as it presently stands for another year; Ms. Dietz seconded the motion and it carried unopposed.

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

The meeting was adjourned at 4:35 p.m.



John McKenna, Jr., Chair