

The regular monthly meeting of the Gallatin Airport Authority was held January 12, 2006 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Greg Metzger and John McKenna. Steve Williamson was not present. The fifth board member has not been appointed yet. Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant, were present.

The first agenda item was to review and approve the minutes of the regular meeting held December 8, 2005. Richard Roehm moved to accept the minutes as mailed, Greg Metzger seconded the motion and it passed unopposed.

The second agenda item was the public comment period. Doug Chapman thanked the board for the opportunity to address the board. He said he started flying 31 years ago. His aircraft has been based here for 17 years, and he started his business here 12 years ago. As a pilot and user of Gallatin Field, he extended his compliments on the way this airport is maintained, upgraded and overseen.

Mr. Chapman said that in all the time he has been here, his input has been actively solicited one time, and that was regarding the control tower, which he was against. He would like to encourage the board to seek out people on this field and be proactive with their decisions.

He said his interests and concerns have not always gone unheard and said that Mr. Roehm has been receptive. He said the late Mr. Tom Nopper contacted constituents and sought information from them. He believes that anyone who applies for and is appointed as a board member would have the time and the desire to immerse themselves in the aspects of aviation and the individuals who rely on it for their existence to prepare to take on the decision making process with an informed point of view. Mr. Chapman would like to see committees made up of operators, pilots, and people on the other end of the spectrum. He

would like to see more of an integrated operation. Mr. Chapman thanked the board for their time.

Mr. Roehm thanked Mr. Chapman for his comments and asked if he has a list of issues he thinks are worthy of considering at this time, or if there are some things he believes are not going right.

Mr. Chapman said that there are a number of things that they could have communication on. One would be negotiating rates for hangar leases or ground leases. There has been only one rate increase in the last number of years. Because the leases come due at different times, there is not an opportunity for numerous operators to be involved in the negotiations and this is an area where there could be some good comments.

Mr. Chapman said he wasn't able to attend the last two meetings, but he didn't agree with the decision regarding the three operators paying for apron space. He said the operators don't have a lot of bargaining power and he would like to see ongoing discussions on an ongoing level. He would like to see more effort on the side of board members to be public servants.

The board thanked Mr. Chapman. John McKenna said communication is the biggest problem with any group. He said his phone number is in the book and he's willing to talk to anybody at any time. He said he doesn't want this board buried in committees but be able to deal with worthwhile endeavors. He takes the comments seriously and said some committees have some merit.

The third agenda item was to consider the purchase of 2.054 acres of property from R. Max and Diane L. Witt. Airport Director, Ted Mathis, said that R. Max and Diane L. Witt approached the Airport Authority. The property is surrounded by property the airport already owns and is within the extended safety area and within the 65 level decibel noise (LDN)

zone. The appraisal came in at \$301,880. Mr. Mathis said that the airport engineer, Scott Bell, was able to negotiate an administrative settlement of \$317,000. We would retain \$15,000 until the property is cleaned up to our satisfaction. It would be their responsibility to clean it up within 120 days. Mr. Mathis and Mr. Bell think it is a fair price and recommend approval of the request.

Mr. Mathis said that the airport purchased an avigation easement in 1982 and the Witts have abided by it. Mr. Bell said he believes it will be possible to be reimbursed 95% from AIP funds we are eligible for in 2006.

Mr. Roehm moved to approve the request and Mr. Metzger seconded the motion. The motion carried unopposed.

The fourth agenda item was to review the Water Rights Report. Mr. Mathis said that at the last meeting, the board members had asked him to hire a consultant to inform the board of the airport's water rights. Mr. Mathis read the questions submitted by Mr. McKenna and believed he could answer them.

Mr. McKenna said that at the last meeting they asked for clarification of the airport's water rights and how they might be impacted by new subdivisions. Does the airport have excess water? Can we use it all or negotiate a deal with an agency such as Trout Unlimited to put water back into the ditch? Mr. McKenna said that Mr. Mathis provided a fairly extensive document. Water is a very important resource and that was the basis for the request. The board wanted to know how Belgrade's growth would affect our ability to grow.

Mr. Chapman asked how the report fits in with the questions brought before the board by Tony Kolnik. Mr. McKenna said Mr. Kolnik brought up the issue of place of use. If the airport or the City of Belgrade wants to use the water in a different way, then they have to notify all the affected parties and get approval. The reason we would be affected by

subdivisions approved by the City of Belgrade is because we have put in some wells and done other things beneficial to our neighbors and for ourselves and have a contract with them.

Mr. McKenna said that Belgrade is going through a place of use. Mr. Mathis said it is inherent upon the people working with the subdivisions to insure that there will be adequate water rights and to modify the place of use.

Mr. Roehm said that the people putting in the Ryen Glenn Estates say we are illegally dumping water on their land and he asked Mr. Mathis the status of that. Mr. Mathis said that in their latest proposal to the city, they said there is no problem and they will take this and other runoff water for a pond in their park. The city says that is not acceptable. We are working to reroute the ditch if it becomes necessary.

Mr. Roehm asked if we need to show that we use the water for agriculture, and if not, we lose it. Mr. Mathis said we probably couldn't use all that we have certificates for but we do use it on the Sande property and some for trees. He said we could put wheel lines on the airport and hay more of it. That would create bird problems. Mr. Roehm asked where we could reroute the ditch and Mr. Bell said that it could depend on where the interchange may go. He said that the Spain-Ferris Ditch could be diverted into the Mammoth Ditch and brought back in on the eastern side and used on the Sande property. It is an old ditch but it could be modified and still hold its historical significance. The board thanked Mr. Mathis and said he did a good job. They said it gave them a well-rounded view. The report is available to the public.

The fifth agenda item was to review hangar ground lease requirements. Mr. Mathis said that Mr. Hastings had asked him to review the hangar lease agreements. Mr. Mathis said he did that and believes that all the board policies are in the information we hand out to

potential hangar builders or buyers. Mr. Roehm suggested to him that we explain what happens at the end of a lease agreement. It is dealt with in the lease but not in the information we pass out. Mr. Mathis said that he quoted from the existing lease and recommended putting it in the information we hand out to prospective hangar owners.

Mr. Roehm said he would like that in the information we hand out to those who are considering putting in a hangar and want to know all the considerations and what they have to comply with. The length of the lease is 10 years plus a 10-year extension. People want to know what happens at the end of 20 years if they spend over \$100,000. The board had discussions and decided on the language in the lease, but it isn't in the hand out. The people want to know they have the first right of renewal. This is not a new policy but just a part of the hand out information.

Mr. Chapman said that when the airport brought legal action against Wayne Marshall, Judge Swandall said he didn't understand the language in it.

Mr. Mathis said there were changes made to the leases after that and the language in that area is crystal clear.

Mr. McKenna said that a committee might be a place to create a plain language summary saying that is what it means. Mr. Chapman said that would be good as long as it would be considered a legal part.

Arlin Wass talked about a couple of instances where Montana airports had tried to have a hangar revert to the airport after the lease period expired. He then said that he would suggest a change regarding the extensions of leases. If someone puts \$100,000 into a new hangar and over the years puts in another two to three hundred thousand dollars, then the lease extension should be for another 20 years rather than 10.

Mr. McKenna said he appreciates Mr. Wass' suggestion and said that there are several companies here that have made substantial investments. He said the airport is successful because of the contributions they and the other users have made.

Mr. Wass then related a situation where he was called to Cody, Wyoming on a Friday. He arrived there at 4:00 p.m. The airplane he was to work on was in a hangar. He called the emergency number and was told they were not open until Monday morning. He came home. On Monday morning, he was called back. Mr. Wass said that there are only two people in a 200-mile radius who can do this kind of work. He said that the attitude at Gallatin Field is that we're here to serve the public. It helps out as far as this airport is concerned.

Mr. McKenna said he knows that people get good service here and Mr. Wass and the other FBOs are appreciated.

Mr. Roehm said that this item was on the agenda for review and not for any action. He recommended leaving the issue open and inviting comments. Mr. Metzger said that our ground lease agreements are fairly standard and that we won't necessarily change them. He said we are willing to listen to comments and suggestions.

Mr. Mathis said that at the end of the term, the Airport Authority board makes a good faith effort to extend the lease or enter into a new lease. Mr. McKenna said that actions speak louder than words and, possibly before someone puts a lot more money into their hangar, they should talk to the board regarding a new lease or extension.

The sixth agenda item was the report on passenger boardings and flight operations — Brian Sprenger. In response to Mr. Wass' comments, Mr. Sprenger said that we are very fortunate to have two world-class FBOs here at Gallatin Field and that he can't say thanks enough for the entire traveling public, primarily from the airline perspective. In particular,

the mechanics, and especially Mr. Wass, have saved many people's vacations, trips and businesses on numerous occasions. Mr. Wass has been willing to come out and work on the late night aircraft when it's 40° below. This displays an exceptional business perspective and Mr. Wass' personal integrity.

Mr. Sprenger reported that in December there were 534 air carrier operations, 1,020 air taxi, 1,453 general aviation (GA) itinerant and 11 military, for a total of 3,018 itinerant operations. Local GA operations were 2,361, for a total of 5,379 tower operations, up 31.64% from December a year ago. The increase was mainly due to 108 instrument flight rules (IFR) landings on December 26th, out of a total 125 itinerant operations. There were no local operations that day. The average number of IFR operations for 2005 was 64 per day.

Mr. Sprenger said that there were 228 landings of aircraft over 12,500 pounds, up 64.03% from December 2004. On December 15th there were 464 local operations and 113 itinerant operations, for a total count of 577 operations. The previous record was 476 on one day in June 2003. The air show in 2001 had a peak day of 422.

December 15th was a very busy day because there was a locally sponsored Touch and Go event to raise money for an ill person. It was a very successful endeavor.

There were 71,556 tower operations in 2005, up 7.42% over 2004. Both air taxi and GA itinerants were up 14% to 15%. Mr. Sprenger explained that air taxi numbers include regional jets used by the airlines at Gallatin Field.

There were 335,679 outbound passengers in 2005, making this the 11th consecutive record year for passenger boardings at Gallatin Field. This is up 8.6% from 2004.

December's enplanements were 24,938, down 3.3% from last December. There was a 15%

decrease in available seats. If Northwest hadn't provided 124 more seats per day than initially planned, December would have been down over 10%.

Mr. Sprenger said that we expect the first quarter in 2006 to be similar to December numbers, down 3 to 5%, with April, May and June approximately the same as last year. It is too early to predict the second half of 2006. We are cautiously optimistic of gaining more seats for the summer.

Mr. Roehm asked how the tower operators did for the touch and go event. Mr. Chapman said that some controllers did better than others; Tom Nagorski said there is noticeable deterioration at the tower. Mr. McKenna said he agrees with Mr. Chapman and Mr. Nagorski.

Mr. Mathis said that we have experienced quite a bit of turnover at the tower because the FAA has hired a number of control tower operators. It should be more stable now as most of our operators are over the FAA's age of eligibility. If we receive complaints about the operators, we refer them to Murfreesboro or the local control tower manager.

Mr. McKenna asked how Big Sky Airlines feels about their flight to Boise from Bozeman. Mr. Sprenger said they are pleased. Their load factor in December was 52%. It needs to be at least 50% for them to make a profit.

The seventh agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that there was a radar prebid meeting here on the 11th. Representatives from four companies attended. The bids will be opened on February 1st. A successful bidder will be chosen and hopefully the work will begin in early March.

Mr. Mathis also reported that there was an interchange meeting on December 19th in Helena, which went well, and there will be one here on the 23rd of January.

FedEx is on track to move into their new building in February. Yellowstone Jetcenter owns the building FedEx is currently using and they will probably use it for maintenance.

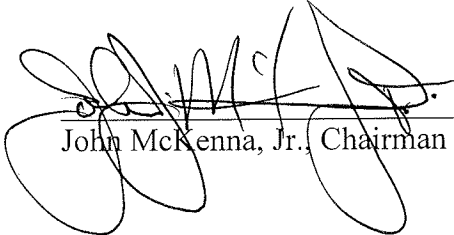
Mr. Mathis reported that he spoke with the secretary for the county commissioners and they will be appointing a new board member Tuesday the 17th at 9:00 a.m.

Mr. Roehm asked if we would use the old or the new FedEx building for disaster triage. Mr. Mathis said we will use the old one for now but may change that if the new building will serve better.

Mr. Roehm asked if we would send new board members to the AAAE orientation meetings or to the annual AAAE convention. Mr. Mathis said that the orientation is directed more at larger airports so our money may be better spent by sending them to the annual convention, which will be held on April 23rd through 26th.

The eighth agenda item was to consider the bills and approve for payment. After review and discussion, Mr. Roehm moved to pay the bills; Mr. Metzger seconded the motion, which passed unopposed.

The meeting was adjourned at 4:07 p.m.



John McKenna, Jr., Chairman