

The regular monthly meeting of the Gallatin Airport Authority was held September 14, 2006 at 3:00 p.m. in the Airport Conference Room. Board members present were Steve Williamson, Richard Roehm, Deborah Dietz, Greg Metzger and John McKenna. 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 August 10, 2006. Richard Roehm 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. There were no public comments.

The third agenda item was to consider the request by Laura DeGroot to sublease space in Hangar #116 to Van Elsen Catering, Inc. Ted Mathis said that Laura DeGroot owns a 2-unit hangar near Gate 7A and would like to lease part of it to Hollie van Elsen for her catering business. Bryce DeGroot, representing Ms. DeGroot, said that Van Elsen Catering is a catering business that would market 100% of their business on the airport. He said that the business is an asset to the airport and operators and he asked the board to approve the request. He said that the board had approved her business to operate on airport premises in 2004. Steve Williamson said this hangar was approved with the idea of it being used for commercial purposes at some time in the future and that there is parking outside the gate. Mr. Roehm said that the taxiway behind it was built with federal funds. Ms. Dietz said that hangars should be used for aircraft.

Hollie van Elsen said that she was approved for a vacant office in Yellowstone Jetcenter's hangar and it wouldn't have impacted the use of the hangar. Mr. DeGroot said

that it would only use 43% of the square footage and that the remainder would be used for aircraft storage. He said the taxiway would be used as a taxiway for the aircraft.

Mr. Roehm asked Mr. DeGroot what happened to the plans to use the hangar for commercial flight operations. Mr. DeGroot said those plans are on hold and that he didn't remember that being a condition of being granted the lease. Mr. Williamson said he remembered discussing the fact that the hangar would be used strictly for general aviation and Mr. Roehm said that the location for this hangar weighed heavily on his mind at the time. John McKenna said it was not a condition but it was discussed at length that it was the only spot that would work.

Ms. van Elsen said that in the past, she has communicated with both Mr. Mathis and Brian Sprenger and they told her she should be in a commercial location. She said that she has been holding onto her business as best she can until she could be on airport property and provide better service to her customers. She said she would be an asset and brought several letters from clients recommending her business. She said that Flight Options and Flexjets are her biggest clients. Because of their schedules, she needs to provide service 24/7. She said Netjets would like to purchase from her but that she needs to be at the airport 24/7 and she can't do that from her present location at the Fair Grounds.

Mr. McKenna said that there is space available in Belgrade and believes it would be accessible. He said the airport shouldn't subsidize space for businesses at the airport that don't need to be here. Greg Metzger said that it is okay to have an office but not a business and that a line needs to be drawn somewhere. Mr. Roehm said that maybe in the Master Plan, there should be a category for businesses on airport that charge a fairer rate than 7¢ a sq. ft. Then it wouldn't compete with locations off the airport.

Ms. van Elsen said she didn't understand the difference between why she was approved at Yellowstone Jetcenter and not in the DeGroot hangar. Mr. Roehm explained that the Airport Board approved Van Elsen Catering, Inc. for operation in a vacant office in Yellowstone Jetcenter's hangar since the catering activity would not have impacted the use of hangar space for aircraft activities. However, the current agenda item proposed to sublet almost half the hangar floor space of the DeGroot hangar for the catering activity, which would decrease the availability of scarce aircraft hangar space in hangars suitable for commercial activities. He indicated that in his opinion this was an unwise policy for the Board to pursue. Mr. Mathis said it would reduce the area for aircraft storage.

Mr. Williamson moved to deny the request by Laura DeGroot to sublease space in Hangar #116 to Van Elsen Catering; Mr. Metzger seconded the motion and it carried without opposition. The request was denied.

Mr. Metzger and Mr. McKenna asked Scott Bell, the airport engineer, to begin to develop a policy in the Master Plan. Mr. Bell said that it may be incorporated in the financial section. Mr. Williamson said that the guidelines could be difficult to establish.

The fourth agenda item was to consider the request by JLG pool, LLC, Mr. Jerry Grant, to construct a ten-unit T-hangar in the location previously approved for Arlin's Aircraft Service. Mr. Mathis said that Arlin Wass requested 2 hangars at the last meeting that would be in names of different individuals. Today's fifth agenda item deals with the second hangar. Mr. Roehm asked if there was competition for the spaces and if Mr. Wass reserved them. Mr. Mathis said that the requests initially were for other individuals. Mr. Roehm moved approval of the request by JLG pool, LLC, Mr. Jerry Grant, to construct a ten-unit T-hangar in the location previously approved for Arlin's Aircraft Service; Ms. Dietz

seconded the motion. Mr. Metzger asked if the Authority needs letters for the transfers and Mr. Mathis said we have them. All the board members voted aye and the motion carried.

The fifth agenda item was to consider the request by Aircraft Shelters, LLC, Mr. Bruce Ruefer, to construct a 100' x 120' commercial hangar in the location previously approved for Arlin's Aircraft Service. Mr. Roehm moved approval of the request and Ms. Dietz seconded the motion. The motion carried unopposed.

The sixth agenda item was to consider the request by Sharon Lodge for a 60 foot road easement across airport property east of Airport Road. Mr. Mathis said Sharon Lodge has requested an easement on airport property between Airport Road and Tubb Road. She is willing to place an Avigation Easement on all her property and limit the road use to commercial only. Mr. Williamson asked if the road could be used by anyone else. Ms. Lodge said that the residents all use Tower Road and this road would be on the back side of their residences.

Ms. Lodge also said that Mr. Mathis suggested using at least part of the property for commercial use, perhaps car condominiums. She said she has 9 people requesting them already. She is planning on building 12 and then building more if there are requests. She is also planning on subdividing part of the property, probably for commercial use. Mr. McKenna said the board should grant the easement only to her. Mr. Williamson said that if she subdivided the property, the county may say that if certain conditions are met, the road is theirs. He said it is not a problem as long as the use of the property is strictly commercial.

Mr. Bell said that if the property was subdivided, part of the approval process would necessitate coming back to the airport. He said we should talk to an attorney before drawing up the easement.

Mr. McKenna said that easements have been worth something. He doesn't know what a 5' to 15' x 60' easement is worth. A friend of Ms. Lodge, Jeff Dayton, said the Airport Authority would have the benefit of having an Avigation Easement placed on all of her property.

Ms. Lodge said that Mr. Mathis and Mr. Bell have been really good at helping her decide how to use the property. She said she wanted to be a good neighbor and work with the airport. Mr. McKenna said he appreciated her coming in good business faith. He said there should be no costs to the airport to draft the easement.

Mr. Metzger moved to authorize Mr. Mathis to negotiate an agreement with Sharon Lodge, establish where the easement would be located and restrict it to commercial use. Ms. Dietz seconded the motion.

Ms. Lodge said she may lose people and asked if she could proceed. Following some discussion, Mr. McKenna and Mr. Williamson said the board needs to have the details. They said Mr. Mathis could work with Ms. Lodge and present a draft agreement to the board at the next meeting. Mr. Roehm said he liked the concept and planned to approve the agreement. He said he agrees with Mr. Metzger.

All board members voted aye and the motion carried. Mr. Mathis will work with Ms. Lodge to draft an agreement.

The seventh agenda item was the Master Plan project update – Scott Bell. Mr. Bell said that reviewing Chapter 3 this month should be fairly easy because it is a short chapter on Runway Capacity. Because we don't have radar, our annual service operations are at 135,000 with the capacity at 38%. When our radar is commissioned in 2007, that number jumps up to 190,000 and capacity increases to 69%. That is only using our main Runway 12-30 and not our turf runway or crosswind runway.

His recommendation to increase capacity for the future is to construct an all weather parallel runway located 700' to 2,500' north of Runway 12-30. Constructing the parallel runway and expanding the crosswind runway does not increase the capacity of the airport beyond the capacity of the parallel runway configuration. Therefore extending the crosswind runway for capacity does not make sense if a parallel runway can be established.

Mr. Bell also said that the next chapter will be longer and will deal with terminal and airside considerations.

There was some discussion as to how the Master Plan is being developed and what can be easily updated to keep the information relevant so the board can compare revenues and expenditures and plan accordingly. There may be a time when the ability to generate revenues may not keep up with expenditures. Mr. Bell said the verbal portions can't be updated easily but that much of the data is in spreadsheets and can easily be updated.

Mr. Williamson asked Mr. Bell to provide a glossary of abbreviations. Mr. Roehm said that the Master Plan is predicated on growth and that there's a chance we can go downhill. He asked Mr. Bell to consider that as well.

Mr. Mathis said he agreed with Mr. Roehm and that he continually looks at that and added that there is no guarantee that federal funds will always be available or sufficient.

The eighth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that passenger boardings were 36,552, down 6.8% from August a year ago. Year to date of 223,689 is down 4.9% compared to the same period in 2005.

Mr. Sprenger also reported that in August there were 851 air carrier operations, 1,045 air taxi, 3,788 general aviation (GA) itinerant and 3 military, for a total of 3,250 itinerant operations. Local GA operations were 3,390, for a record total of 9,077 tower operations, up

6.2% from August of 2005. Landings of aircraft over 12,500 pounds went from 317 to 371, another record for August.

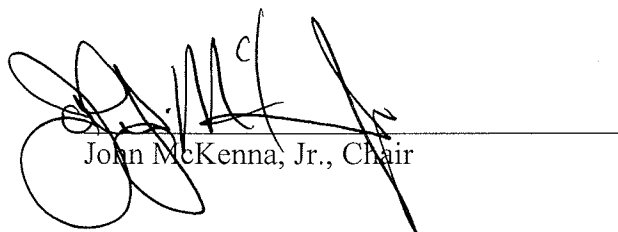
The ninth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that we now have Wireless Fidelity service (WIFI) in the terminal and we are getting about 8 users a day. There is a charge for using the service. Mr. Mathis said that Mr. Sprenger and the installers did a good job and that all the electronics are well hidden.

Mr. Mathis reported that the radar is moving ahead and showed a video of the radar site, our new gate 8A, and the construction taking place on Mark and Pam Duffy's 120' x 150' hangar, Linda Marshall's 5-unit hangar, and Taxiway O & U. Currently, Arlin's Aircraft Service is using the Dolittle hangar on the east ramp for large aircraft storage. Mr. Mathis also reported that John McKenna, Trish McKenna, Andy Scherffius and Phil Egbert have been working on the pilot shelter, finishing the roof, beams and painting. The floor is about ready to be poured.

Mr. Mathis reported that the Airport Authority took delivery of the new sweeper truck yesterday and he showed that in the video.

The tenth 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