

April 15, 2008

Air Carriers, Foreign Air Carriers and Others Operating at Baton Rouge Metropolitan Airport

Re: Notice by Public Agency of Intent to Apply for Authority to Amend an Approved Passenger Facility Charge (PFC) Program and to Apply for Authority to Impose and Use a PFC for new projects at the Baton Rouge Metropolitan Airport

Dear Operator:

The Greater Baton Rouge Airport District intends to submit an application to the Federal Aviation Administration (FAA) to gain authority to amend its current PFC program, which is providing financing for several projects, and submit a new Impose and Use Application for additional projects at the Baton Rouge Metropolitan Airport.

As required by Section 158.23 of the Federal Aviation Regulations (FAR) Part 158 Passenger Facility Charges, the Airport Authority is hereby providing written notice to all air carriers and foreign air carriers operating at the Airport. This letter serves to inform air carriers of the Airport Authority's intent to modify its PFC Program and notify air carriers of a PFC Consultation Meeting.

In accordance with §158.23(e)(1), the Airport Authority requests that air carriers confirm receipt of this letter and additionally state their intended presence at a consultation meeting scheduled for May 15, 2008. If an air carrier determines that the consultation meeting is not necessary, the Airport Authority requests that the air carrier's certification of agreement or disagreement be forwarded with its written acknowledgment of receiving this notice of intent.

Section 158.37 (b) Amendment of an Approved PFC

The Airport District intends to submit an amendment application to the Federal Aviation Administration (FAA) to revise the detailed financial plans of three previously approved applications. This includes (1) revising the project costs for existing approved PFC projects to account for changes in project budgets, (2) revising the allocation of funding sources to account for changes to the overall financing plan; and (3) refinancing the debt associated with the approved projects. Details of these changes are enumerated later in this correspondence.

Section 158.23 (a)(1) Description of Projects

The general description of the projects has not materially changed from the original application process. However, circumstances have occurred that necessitate revisions to the project requirements and financial plans.

AMENDMENT ACTIONS

Item 1 – Revision of approved project budgets and project funding allocations

Application Number 93-02-U-00-BTR – Noise Mitigation Program

This project was approved in 1993 as one of the Airport's first PFC actions. It is now complete, and this amendment action seeks to reduce the current approved amount of the project from \$1,765,125 to \$1,315,125.

Application Number 00-05-C-00-BTR – Construct and Realign Airport Access Road and Acquire & Install Six Passenger Loading Bridges

This project was approved in 2000 and included, among other things, the acquisition and installation of six passenger loading bridges. Since that approval, the airport has experienced significant growth in passenger traffic. In order to properly serve this growth, a new bridge must be acquired as well as adjustments to the pre-conditioned air and 400 Hz power attributes of the existing system. This project will allow the Airport to remain in a competitive position so that it can continue to serve and grow the market. The additional costs anticipated with this amendment are:

| | |
|---------------|------------------|
| Capital | \$885,000 |
| Interest | \$85,963 |
| Pay-as-you-go | <u>\$115,000</u> |
| | \$1,085,963 |

Additional changes to the overall project cost are identified in the section regarding Item 3 with respect to the refinancing of the original debt elements for this project.

General Aviation Apron Expansion

This project initiated the planned expansion of the General Aviation area located on the east side of the airfield. The original capital budget for this project contemplated a \$300,000 project. Construction cost increases were experienced including fuel, materials and labor that can be attributed to the recent extraordinary events (Hurricanes Katrina and Rita). This resulted in the project cost increasing. This amendment proposes revisions to the funding plan including the reduction of Bond Capital/Interest costs and the addition of a \$160,476 pay-as-you-go element to the financial plan to cover these costs. Additional changes to the overall project cost are identified in the

section regarding Item 3 with respect to the refinancing of the original approved debt elements for this project.

Item 2 – Revision of funding allocations & overall financing plan

Application 05-06-C-00-BTR –

Runway 4L/22R Extension Project

This project is for the extension of Runway 4L/22R and its supporting infrastructure in order to provide airfield facilities and required safety areas so that the airport may continue to serve as a regionally competitive, origin-designation airport for passenger and air cargo aircraft operations. The original financing plan contemplated a larger portion of Airport Improvement Program (AIP) funding for the project.

Through the course of the bidding process, it has become necessary to adjust the level of PFC resources needed in order to complete the funding package. There are not sufficient levels of AIP funding available to construct the project. Consequently, the Airport is increasing the level of PFC funding for this element of the program. This is consistent with the original application that indicated if sufficient AIP resources did not materialize, the Airport District’s intention would be to fund the remaining requirement with PFC resources. Consequently, it is necessary to increase the level of PFC funding for this project. This includes an increase of the bond-financed portion and the addition of a pay-as-you-go component to the financial plan as follows:

Estimated Project Cost Changes

| | |
|----------------|--------------------|
| Pay-as-you-go | \$1,200,000 |
| Capital | \$2,750,000 |
| Interest | <u>\$2,422,433</u> |
| Total Addition | \$7,372,433 |

Additional changes to the overall project cost are identified in the section regarding Item 3 with respect to the refinancing of the original approved debt elements for this project.

Item 3 – Debt Refinancing

Additionally, with this amendment application, the Airport is proposing refinancing the debt associated with all of the existing approved projects in order to provide a more constant cash flow position. The Airport has identified an opportunity to streamline its financing mechanisms through this amendment process. Since the original inception and approval of the financing plan for these projects, there have been several changes regarding the sources and uses of available funding. Consequently, this amendment action seeks to update the approved financing plan to reflect the current funding amounts; sources, and uses; as well as the refinanced debt. The following revised PFC budgets include the refinanced debt as well as the project increases discussed earlier.

Application 97-04-C-00-BTR – Terminal Improvement Program

This project was approved in 1997 and provides a portion of the funding for the new and improved terminal facilities. The project has been amended twice to revise the financial plan and to refinance the debt associated with the project. This amendment adjusts the financial plan for the project to account for the changes in debt financing resulting from the Airport's 2008 debt issuance/refinancing actions which allows for the refunding of a portion of the terminal debt. The revised funding results in a reduction of PFC required for this project. As a result of this effort, the revised PFC funding is:

| | |
|---------------|---------------------|
| Pay-as-you-go | \$4,769,553 |
| Capital | \$17,137,000 |
| Interest | <u>\$12,957,223</u> |
| Total | \$34,863,776 |

Application Number 00-05-C-00-BTR

This project was originally approved in 2000 and provided a portion of the required funding for the construction and realignment of the Airport Access Road as well as the acquisition and installation of passenger loading bridges for the terminal building. Other funding sources included Airport Improvement Program Funding as well as State and Local resources. In addition to the amended funding associated with an additional bridge and 400 Hz equipment discussed in Item 1, the original debt-financed portions of each of these projects has been refinanced. This action seeks approval to revise the required collection stream to match the new debt service and rename the project to: Construct and Realign Airport Access Road and Acquire/Install Passenger Loading Bridges. As a result of this effort, the revised PFC funding is:

Construct & Realign Airport Access Road

| | |
|---------------|--------------------|
| Pay-as-you-go | \$ 788,979 |
| Capital | \$1,170,000 |
| Interest | <u>\$1,130,520</u> |
| Total | \$3,089,499 |

Acquire & Install six (6) Passenger Loading Bridges

| | |
|---------------|-------------------|
| Pay-as-you-go | \$ 115,000 |
| Capital | \$1,515,000 |
| Interest | <u>\$ 694,705</u> |
| Total | \$2,324,705 |

Application Number 05-06-C-00-BTR

This application was approved in 2005 and included PFC funding for the Runway 4L/22R Extension Project, General Aviation Apron Facility Expansion Project, and the Professional Fees associate with the Administration of the Program. In addition to the amended funding associated with the Runway and Apron Projects identified in Item 1 of this amendment notice, the original debt-financed portions of each of these projects have been refinanced. This action seeks approval to revise the required collection stream to match the new debt service. As a result of this effort, the revised total PFC funding is:

Runway 4L/22R Extension Project

| | |
|---------------|--------------------|
| Pay-as-you-go | \$1,200,000 |
| Capital | \$5,485,408 |
| Interest | <u>\$5,130,252</u> |
| Total | \$11,815,660 |

Professional Fees Associated with Administration of the Program – No Changes

| | |
|---------------|-------------|
| Pay-as-you-go | \$434,000- |
| Capital | \$ - |
| Interest | <u>\$ -</u> |
| Total | \$434,000 |

General Aviation Apron Facility Expansion

| | |
|---------------|------------------|
| Pay-as-you-go | \$160,477 |
| Capital | \$237,862 |
| Interest | <u>\$200,192</u> |
| Total | \$598,531 |

NEW PROJECTS TO BE ADDED AT THE \$4.50 PER PASSENGER LEVEL

The second element of this PFC action involves the addition of new projects to the Airport's program. The following describes the proposed projects and their related PFC costs.

| | |
|--|--------------|
| 1. Expansion of the Terminal Atrium | \$20,298,565 |
| 2. Acquisition of Property for Development | \$2,802,951 |
| 3. Taxiway Fillet Construction | \$1,429,025 |
| 4. Expansion of the Ticket Lobby | \$1,097,133 |

1. Expansion of the Terminal Atrium

Since the opening of this portion of the reconstructed terminal, Baton Rouge has experienced two major events that have significantly affected the use of the Terminal Atrium – the industry change brought on by the events of September 11, 2001, and the Hurricane season of 2005. The 9/11 experience removed the atrium from its original intended purpose of public circulation for meeters and greeters, and the Hurricane Season significantly increased the number of passengers using the facility. Both of these events have resulted in a bottle-neck in the security screening/atrium area that greatly impacts the users of the facility.

This project proposes the expansion of the atrium area to allow for repositioning of the screening point, addition of public restrooms, and related improvements to provide for a more convenient and efficient processing of passengers through this area of the terminal.

The proposed PFC budget for this project is made up of bond capital, interest, and pay-as-you-go components as follows:

| | |
|---------------|---------------------|
| Pay-as-you-go | \$444,062 |
| Capital | \$10,555,938 |
| Interest | <u>\$ 9,298,565</u> |
| Total | \$20,298,565 |

2. Acquisition of Property for Development

This project consists of the acquisition of approximately 50 acres of property contiguous with the north boundary of the existing Airport property line. The recently completed Airport Master Plan identifies this area for aviation development consistent with the growth of the airport facility. The project will include the costs of acquisition of real estate and the relocation of affected property owners in accordance with the Uniform Relocation Act. Additionally, the airport's fence line will be relocated to encompass this property

The proposed PFC budget for this project is made up of bond capital, interest, and pay-as-you-go components as follows:

| | |
|---------------|--------------------|
| Pay-as-you-go | \$ - |
| Capital | \$1,490,230 |
| Interest | <u>\$1,312,721</u> |
| Total | \$2,802,951 |

3. Taxiway Fillet Construction

Following the Hurricane season of 2005, significant changes in the type and frequency of aircraft operations occurred. In order to provide for the safe maneuvering of aircraft on the airfield, it became necessary to improve/construct fillet sections on taxiway pavement intersections with runways 13, 31, & 22R. This project provides the necessary funds required to recover the costs of this construction.

The proposed PFC budget for this project is made up of bond capital, interest, and pay-as-you-go components as follows:

| | |
|---------------|-------------------|
| Pay-as-you-go | \$ - |
| Capital | \$ 759,762 |
| Interest | <u>\$ 669,263</u> |
| Total | \$1,429,025 |

4. Ticket Lobby Expansion

Following the Hurricane season of 2005, significant changes in the type and frequency of aircraft operations occurred. This resulted in the entrance of new operators and an increase in passengers. Consequently, the existing terminal's ticket lobby is in need of an expansion to better accommodate these customers of the airport. This project proposes the addition of approximately 10,000 SF of public use ticket lobby area.

The proposed PFC budget for this project is made up of bond capital, interest, and pay-as-you-go components as follows:

| | |
|---------------|------------------|
| Pay-as-you-go | \$ - |
| Capital | \$1,000,000 |
| Interest | <u>\$ 97,133</u> |
| Total | \$1,097,133 |

Section 158.23 (a)(2) PFC Level, Effective Date, Expiration Date, and Total Revenue

Application 08-07-C-00-BTR

| | |
|-----------------------------------|-----------------|
| PFC Level: | \$4.50 |
| Charge Effective Date: | January 1, 2023 |
| Estimated Charge Expiration Date: | May 1, 2031 |
| Total PFC Revenue: | \$25,627,674 |

With the proposed revisions to the existing approved projects and the new projects proposed under application number seven, the following table presents the projected data for the existing and proposed program:

| Application No | PFC Level | Charge Effective Date | Expiration Date | Total PFC Revenue | Cumulative Revenue |
|----------------|-----------|-----------------------|-------------------|-------------------|--------------------|
| 92-01-I-04-BTR | \$3.00 | December 1, 1992 | September 1, 1994 | \$ 1,765,125 | \$ 1,765,125 |
| 93-02-U-04-BTR | \$3.00 | | | \$ - | \$ 1,765,125 |
| 96-03-C-00-BTR | \$3.00 | September 1, 1994 | May 1, 1995 | \$ 840,899 | \$ 2,606,024 |
| 97-04-C-03-BTR | \$3.00 | May 1, 1995 | October 1, 2005 | \$ 34,863,774 | \$ 37,469,798 |
| 97-04-C-03-BTR | \$4.50 | October 1, 2005 | August 1, 2015 | \$ - | \$ 37,469,798 |
| 00-05-C-02-BTR | \$4.50 | August 1, 2015 | November 1, 2017 | \$ 5,414,204 | \$ 42,884,002 |
| 05-06-C-01-BTR | \$4.50 | November 1, 2017 | January 1, 2023 | \$ 12,848,190 | \$ 55,732,192 |
| 08-07-C-00-BTR | \$4.50 | January 1, 2023 | May 1, 2031 | \$ 25,627,675 | \$ 81,359,867 |

Section 158.23 (a)(3) Request that a class of air carriers not be required to collect the PFC

(i) Class Designation:

FAR Part 135 On-demand air taxi/commercial operators (ATCO).

(ii) & (iii) Names of known carriers belonging to class and estimated number of annual enplaned passengers:

Carriers in the class of FAR Part 135 on-demand air taxi/commercial operators (ATCO) that reported passengers at the Airport on FAA form 1800-31 for 2005 are:

| | |
|------------------------------------|------------|
| Abilene Aero, Inc. (GSTA) | 1 |
| Ameristar Jet Charter, Inc. (HAEA) | 3 |
| Automotive Air Charter, Inc.(UG8A) | 6 |
| Broderick, Daniel J (LJDA) | 8 |
| ExecuFlight LLC (EX0A) | 1 |
| Executive Travel Air LLC (KNQA) | 93 |
| Total | <u>112</u> |

(iv) Reasons for Requesting That Carriers Belonging to Class Not Be Required to Collect the PFC:

Under Section 158.11 of FAR Part 158, the Airport may request in its application to the FAA to impose a PFC that any class of air carrier not be required to collect the PFC if the number of passengers enplaned by the carriers in the class constitutes no more than one percent (1%) of the total number of passengers enplaned annually at the Airport. The number of passengers enplaned annually by the request class of ATCO operators, as recorded on FAA Forms 1800-31, represented approximately 0.02% of total passengers enplaned at the Airport in 2006.

The Airport believes that the PFC revenue to be collected from the requested class of carriers does not justify the administrative burden that would be imposed on the carriers and the Airport in collecting and accounting for the revenues.

The Airport further believes that the requested class of on-demand air taxi operators is logically distinguishable from the air carriers providing regularly scheduled air service at the main Airport passenger terminal building and that the exclusion of such on-demand operators will not have a discriminatory effect.

Section 158.23 (a)(4) Meeting Notice

The Airport District will have an airline consultation meeting May 15, 2008, at 10:30 a.m. in the Airport's Administrative Offices to discuss the proposed amendment and answer any questions. It is requested that you provide the Airport Authority your written responses and Certifications of Agreement/Disagreement to the proposed action within 30 days of the Consultation Meeting or receipt of this letter if no meeting is desired.

We look forward to meeting with you to discuss these projects.

Sincerely,

A handwritten signature in black ink, appearing to read 'Anthony Marino', is positioned above the typed name.

Anthony Marino
Director of Aviation

Cc: Ms. Ilia Quiñones, FAA
Ms. Kristi Warden, FAA
Mr. Bradley C. Kutchins, K&G