



OCTOBER 2014

TALLAHASSEE REGIONAL AIRPORT

International Airport Study

Executive Summary

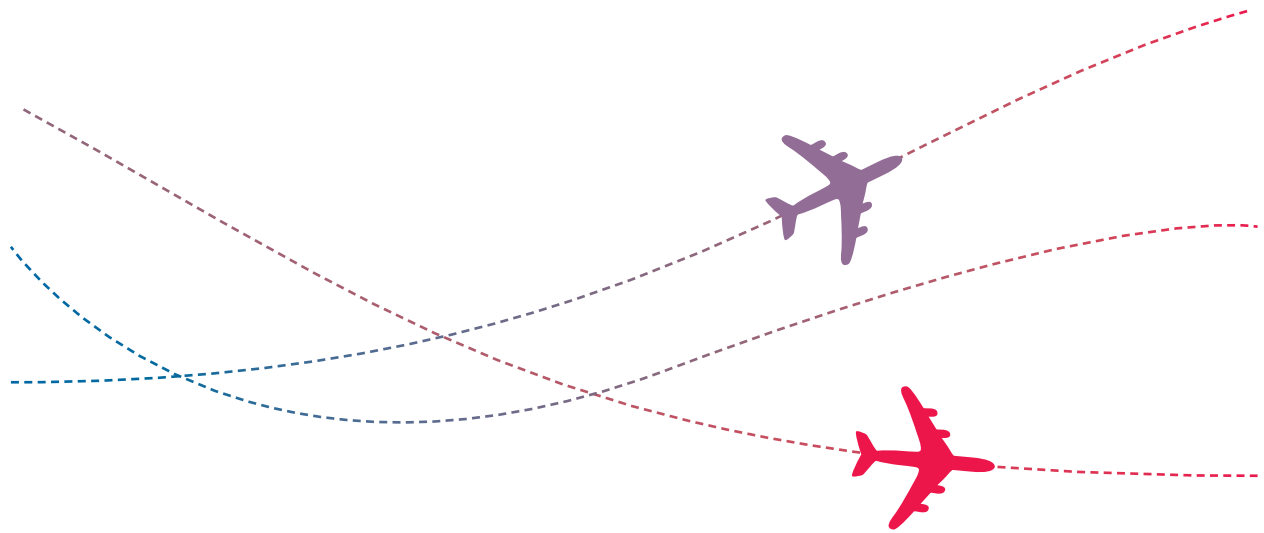


Why should Tallahassee Regional Airport consider becoming International?

As smaller airports are developing International Arrival Facilities (IAFs) it is important that Tallahassee Regional Airport consider becoming international. The fastest growing air freight markets are international, particularly to Latin America. An IAF would also be beneficial for international flight diversions or the governmental international processing. On the commercial-passenger side, the fastest growing airlines are planning to target international markets.

Many of the region's largest and fastest growing entities have expanded the use of private charter aircraft for which a IAFs are a necessary and vital economic development tool.

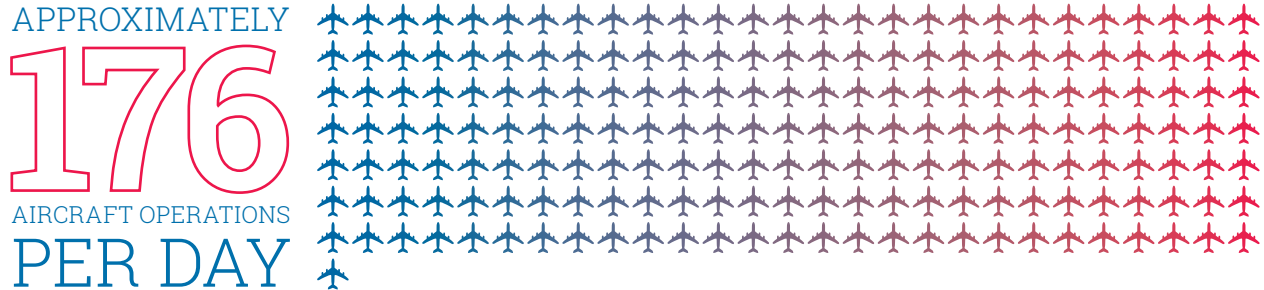




General Aviation (GA) Review

International GA capability would likely support growth in commercial activity at Tallahassee Regional Airport (TLH).

Mix of General Aviation Operations at Tallahassee



Relatively high mix of military operations, which is a strength and gives Tallahassee Regional Airport's "portfolio" stability.



ONLY **6%** COMMERCIAL

Given national trends, this would appear to be a segment that could grow – particularly given tie to state capital.

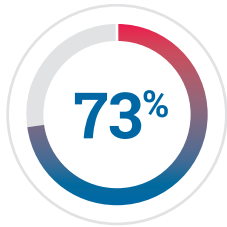


TRANSIENT

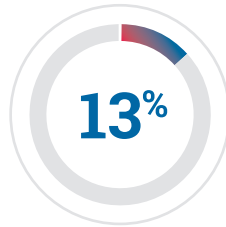
AIR TAXI

on demand or charter; likely tied to State demands

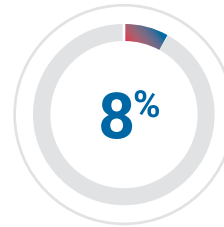
Mix of General Aviation Aircraft at Tallahassee



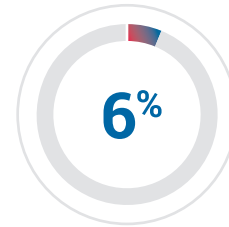
SINGLE-ENGINE
(INDIVIDUALS)



HELICOPTER
(MILITARY)



MULTI-ENGINE
(BUSINESS)



JET
(BUSINESS)

The vast majority of aircraft at TLH are single-engine planes (73%). These planes are typically operated by individuals, which has been in decline since oil spiked in 2008.

The business market is comprised of Multi-engine (8%) and particularly business jets (6%).

Business jets in particular have been growing over the past few years – particularly for international GA demand.

Military comprises the third leg of TLH's GA portfolio, particularly helicopters.

In part due to TLH's proximity to military & being the state capital, TLH has a diverse portfolio of GA activity.

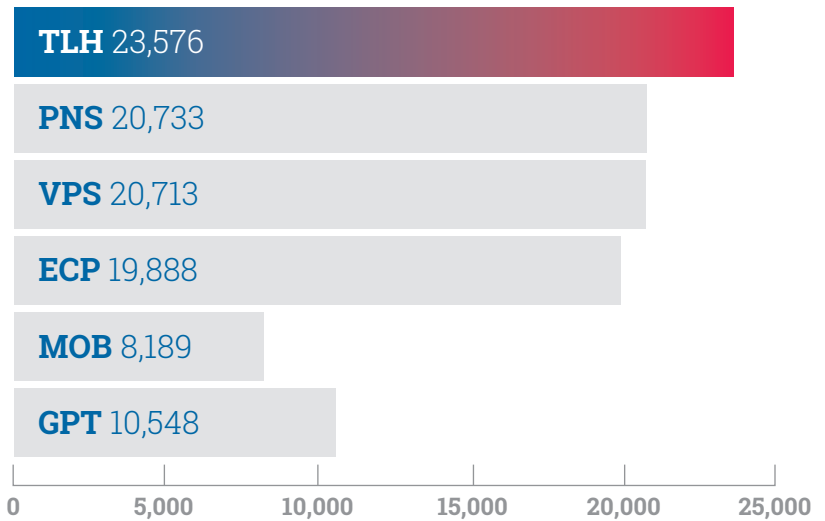
Regional Benchmarking: GA & Military Operations

TLH is the largest GA airport from the region, outpacing other NW Florida airports by about 15% and far outpacing regional airports Mobile (MOB) and Gulfport-Biloxi (GPT); while speculative, as other airports cater to similar and/or larger population bases, a case could be made that TLH is the preferred GA airport.

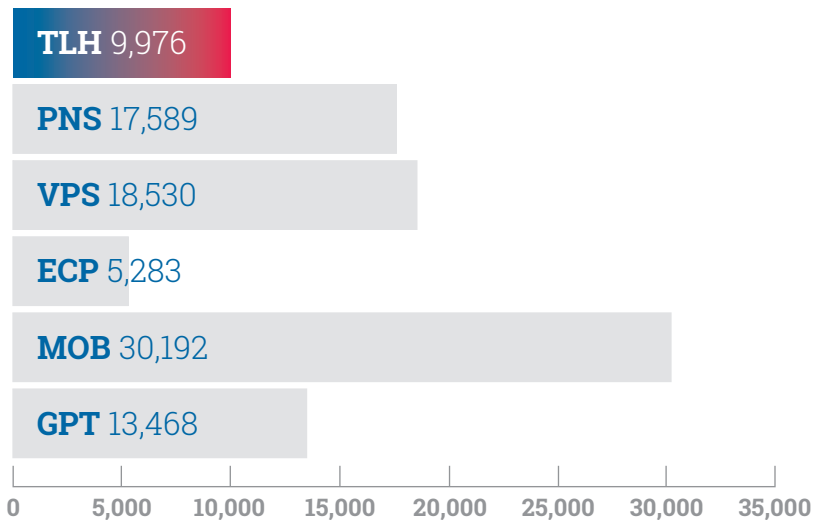
On the other hand, TLH lags with regard to military operations; this is due to the relative size of military aircraft located at larger bases from within the region.

- PNS: Pensacola
- VPS: Fort Walton Beach
- ECP: Panama City
- MOB: Mobile
- GPT: Gulfport

GA Itinerant Operations: 2012



Military Itinerant Operations: 2012



U.S. Domestic vs International GA Operations

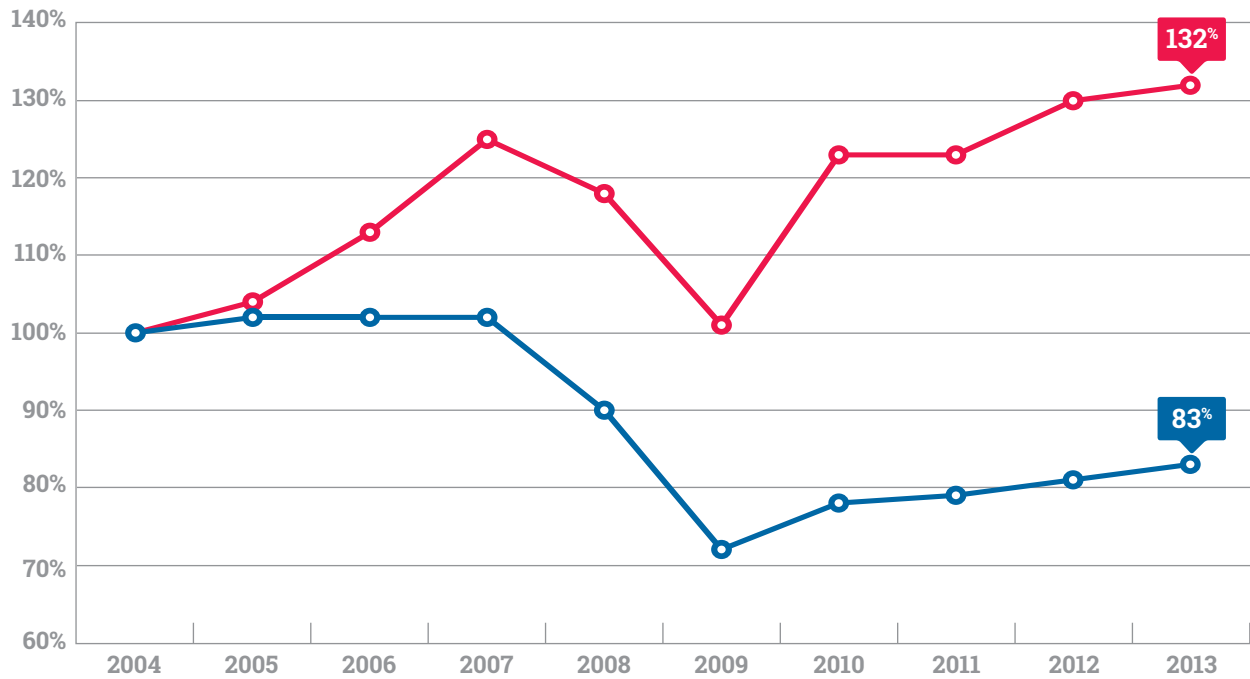
As illustrated in the graph below, international activity is far outpacing domestic activity.

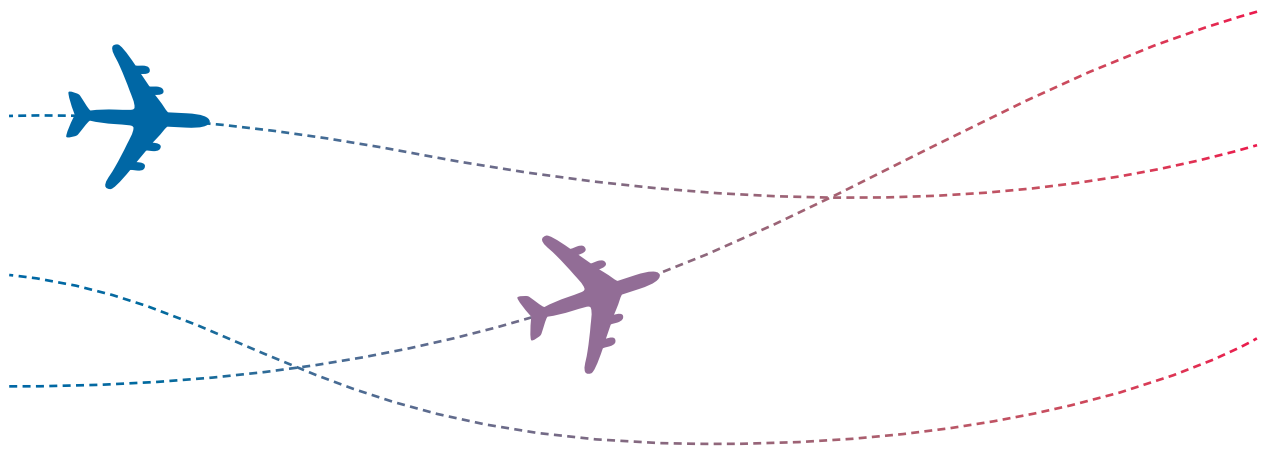
This result is in-line with trends experienced in TLH’s commercial activity and other studied markets.

These statistics support the need for IAFs.

U.S. Business Jet Operations Indexed to CY 2004

International
Domestic





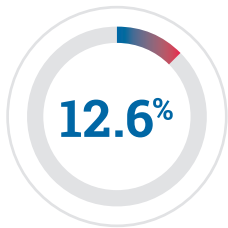
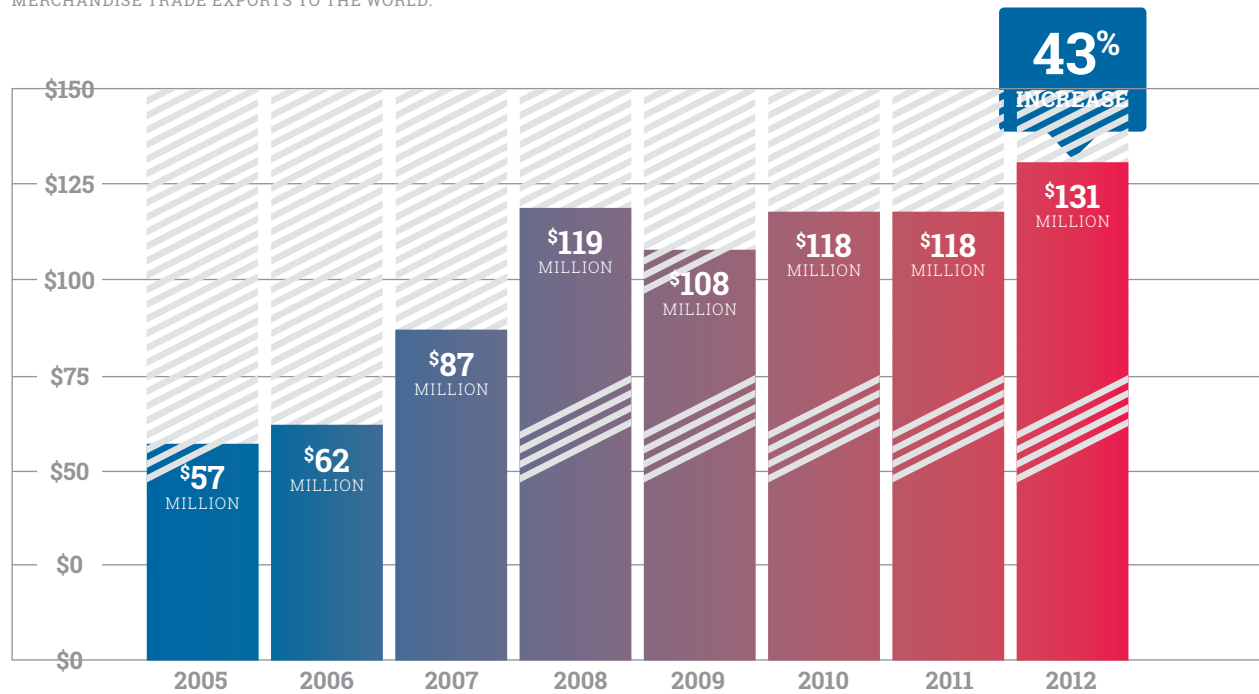
Freight Review

TLH is well positioned to capture a larger piece of the burgeoning Aerospace industry in the southeast U.S. TLH is the largest air cargo airport along the Gulf Coast; is centrally-located along I-10; and has the second most acreage available for development.

Tallahassee Export Trends

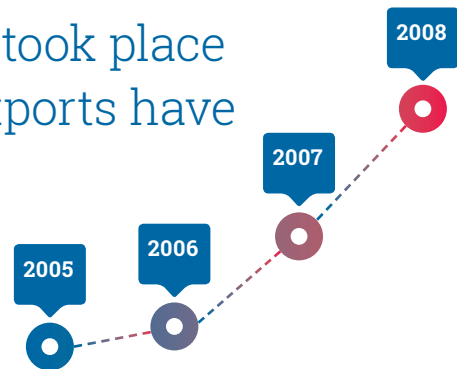
Export Merchandise Value (Mil.) Tallahassee MSA

SOURCE: INTERNATIONAL TRADE ASSOCIATION (ITA);
MERCHANDISE TRADE EXPORTS TO THE WORLD.



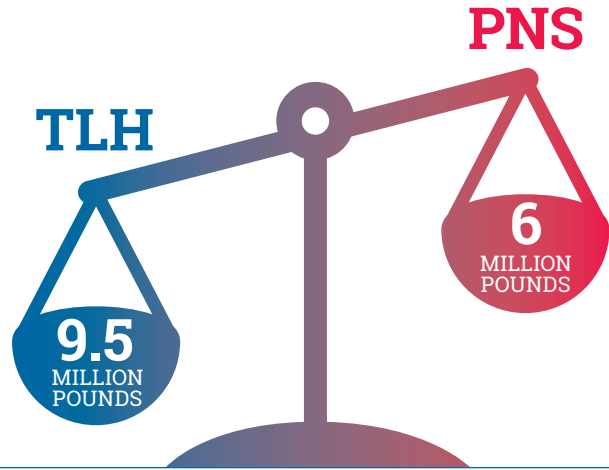
12.6%
COMPOUND ANNUAL GROWTH RATE (CAGR)

Majority of growth took place from 2005-2008; exports have been relatively flat since 2008.



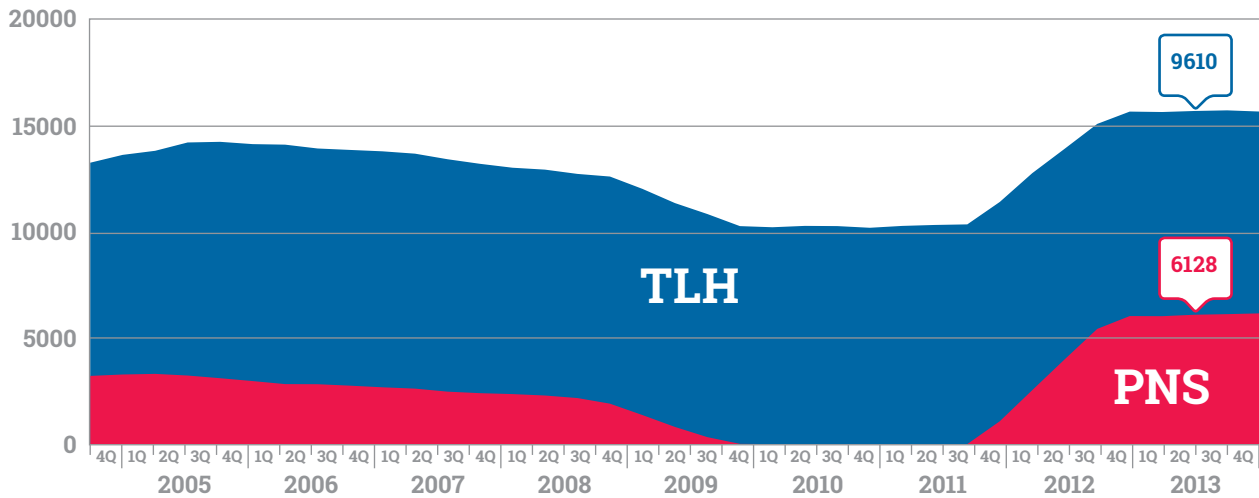
Regional Air Freight Demand

Today, TLH carries about 9.5 million pounds of air freight per year on FedEx (757-200 to MEM); PNS generates about 6 million pounds per year on a UPS A300 flight to Albany, GA that goes on to its Louisville hub.



Tallahassee Regional Airport has historically carried the vast majority of air freight from the region.

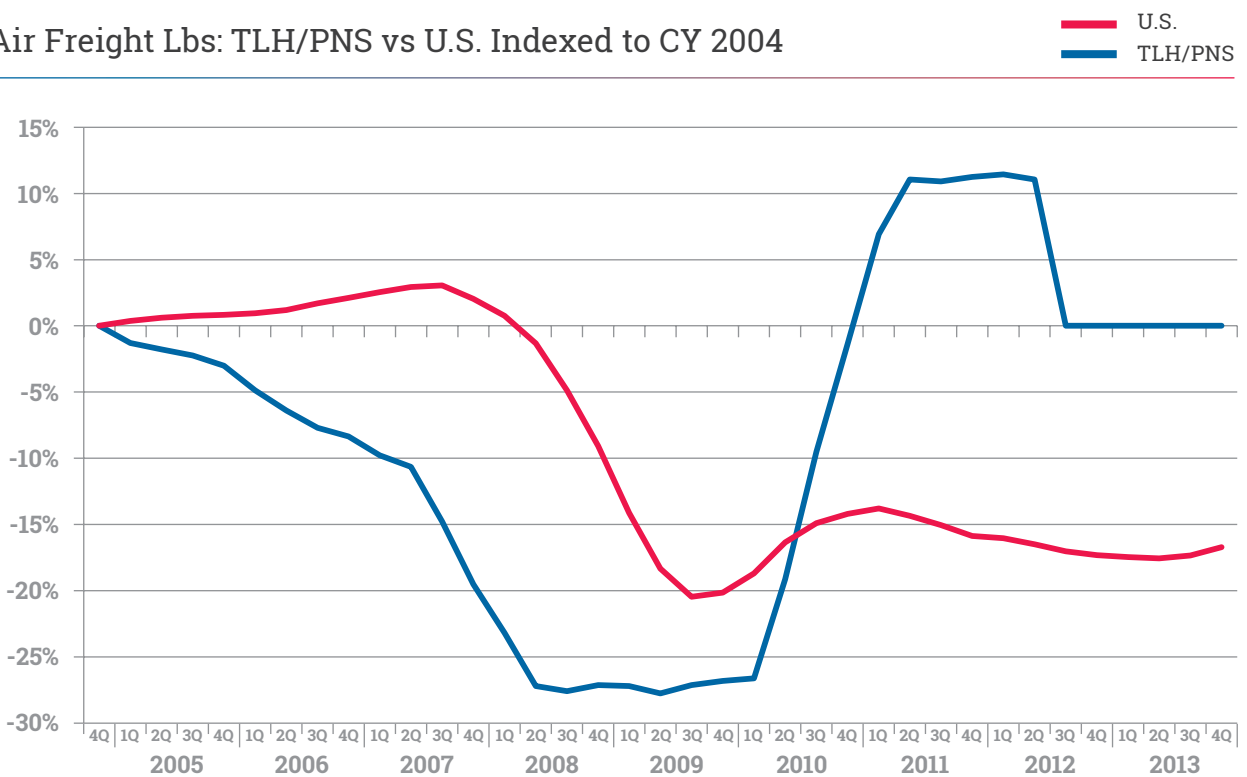
Northwest Florida Air Freight Annualized in 000s

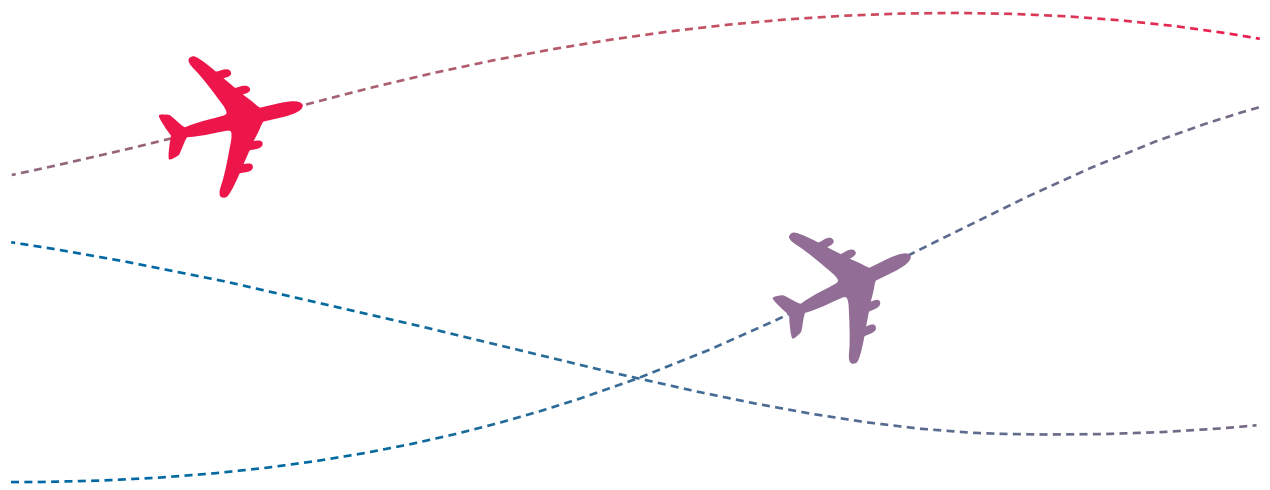


Regional Air Freight Demand Cont'd

No other regional market (ECP, VPS) has air freight service; most regional freight appears to be carried on Road Feeder Services to regional hubs in the region; still, regional air freight (PNS/TLH) is far outpacing U.S. activity, see graph below.

Air Freight Lbs: TLH/PNS vs U.S. Indexed to CY 2004





Commercial Passenger Potential

An IAF could potentially generate 10,000 to 20,000 annual (commercial) enplaned passengers within 5 years.

Domestic vs. International Traffic Growth at TLH



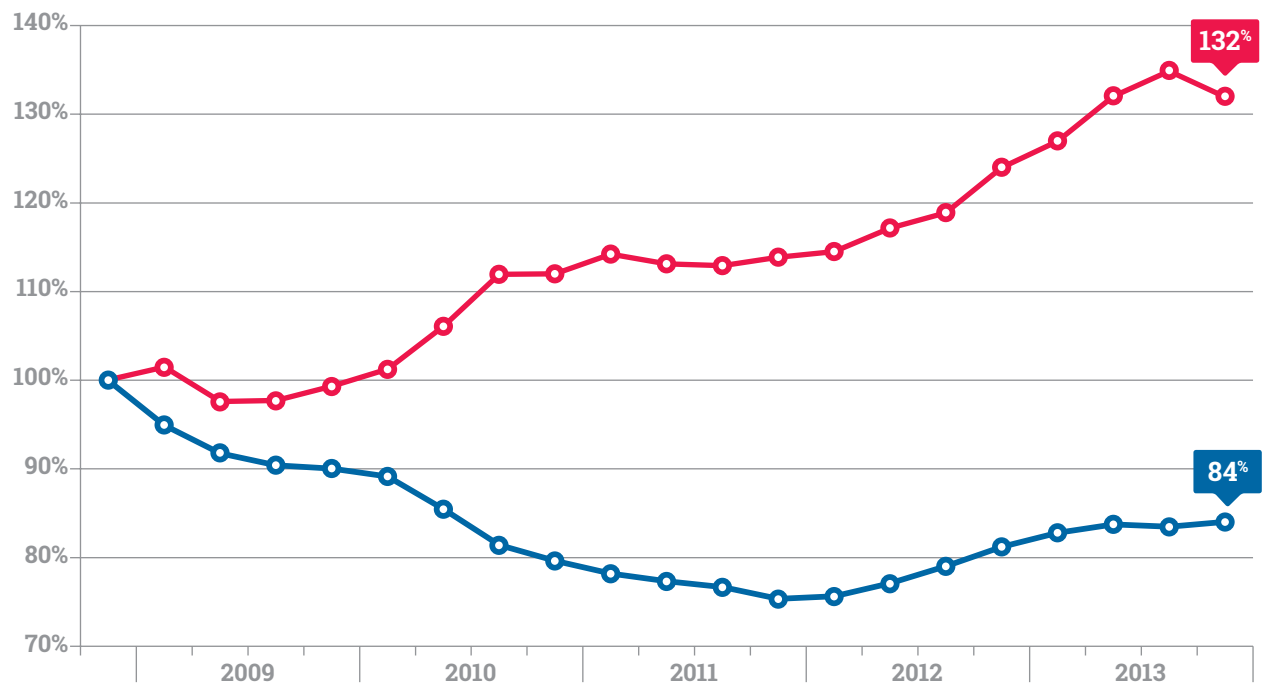
At TLH international demand is up about 30% since recessionary lows, while domestic traffic is down almost 20%

Over the past 4 years, TLH international traffic has outpaced domestic traffic almost 50% points

TLH trend while consistent with U.S. trends, are also much more pronounced.

6-Year Growth in Passengers Annualized: 2008-13

International
U.S.



Potential TLH Demand to Selected Caribbean Points

Current Passenger Demand by Month: NW Florida to selected Caribbean Markets

	WEEKLY PASSENGERS TODAY			WEEKLY PASSENGERS WITH SIMULATION			TLH	WEEKLY	AVERAGE ONBOARD		
	CUN	MBJ	NAS	CUN	MBJ	NAS	SHARE	RT'S	CUN	MBJ	NAS
JAN	41	37	35	182	164	156	70%	1.0	128	115	109
FEB	55	41	47	247	185	209	70%	1.0	173	129	147
MAR	65	49	52	291	218	232	70%	1.0	204	153	163
APR	60	56	58	271	253	263	70%	1.0	190	177	184
MAY	68	65	66	307	293	295	70%	1.0	215	205	207
JUN	70	72	73	317	322	326	70%	1.0	222	225	229
JUL	71	43	49	320	193	222	70%	1.0	224	135	155
AUG	64	34	45	287	154	202	70%	1.0	201	108	141
SEP	48	24	30	218	107	135	70%	1.0	153	75	95
OCT	50	50	30	227	226	134	70%	1.0	159	159	94
NOV	58	44	33	263	200	149	70%	1.0	184	140	105
DEC	65	45	35	291	202	158	70%	1.0	204	141	111

Apply current demand to historical stimulation and assuming that new service at TLH could attract 70% share of NW Florida demand with low cost carrier service such as Allegiant.

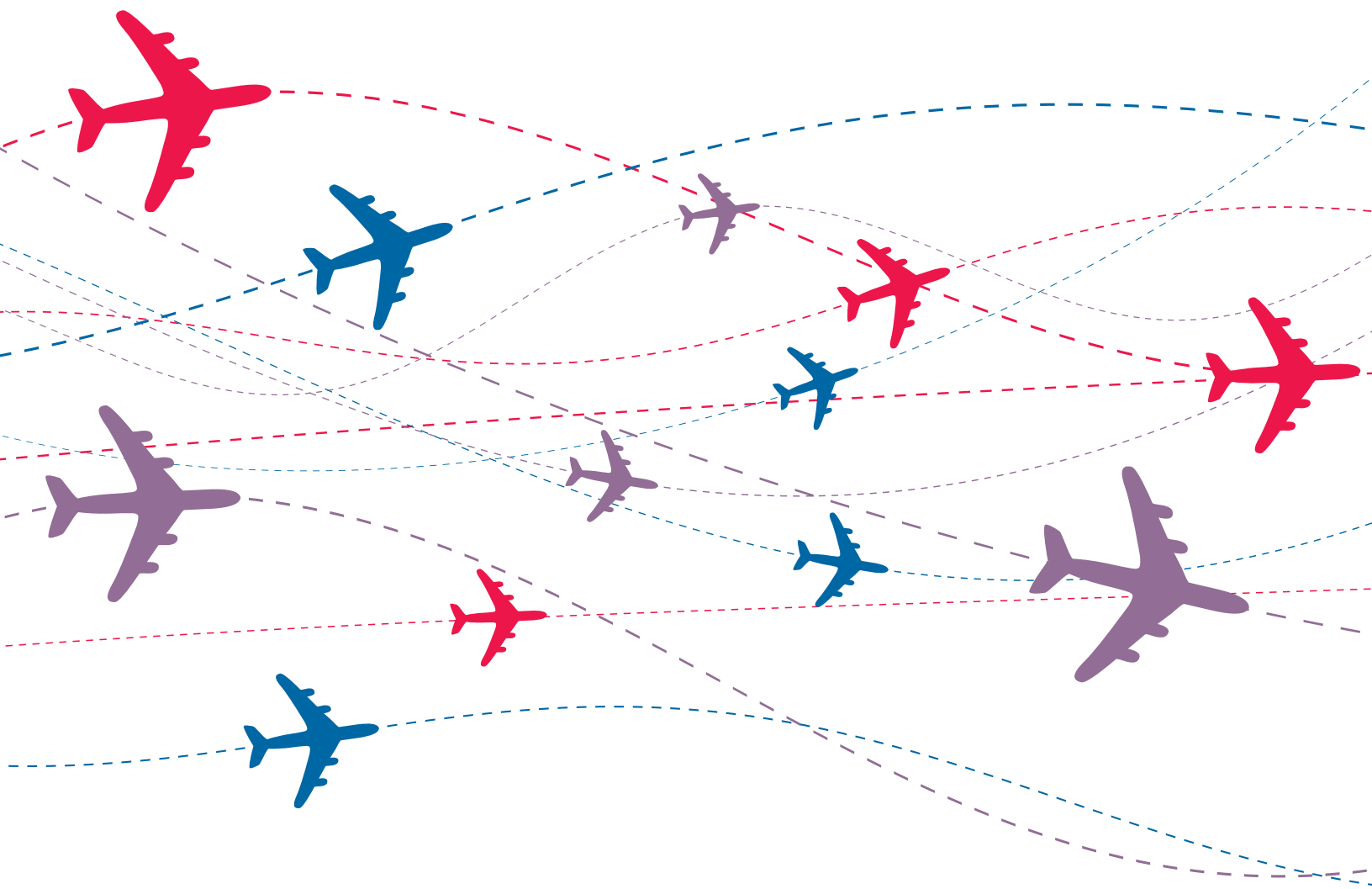
Results in estimated average onboard traffic (around 200 unconstrained passengers per trip).

This indicates that TLH could support 1x weekly service to Cancun (CUN), Montego Bay (MBJ), and Nassau (NAS) for most of the year (excludes low seasonal time period of September and likely early January).

Next Steps

- Change the Airport name from “Tallahassee Regional Airport” to “[Tallahassee International Airport](#)”
- Develop new branding and marketing materials/signage
- Enter into the required agreement with Customs and Border Protection (CBP) to become a “User Fee” Airport
- Design and Develop an International Arrivals Facility (IAF)
- Pursue and develop a future Foreign Trade Zone (FTZ) on Airport Property

Florida has over 20 Port of Entries for international arrivals; however, the closest to Tallahassee (i.e., ECP) is over 120 miles away.



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