



Non-Aeronautical Revenue: The Other Side of the Coin

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AFCO Business Lines

- Airport Ownership & Management
- Airport Infrastructure & Facility Development
- Airport Fixed Based Operations & G/A Facility Development
- Airport Parking & Pet Boarding Facilities



Myths of Private Investment/Development

- Facilities Cost More to Build and Rent
- Financing is Not Affordable
- Airports Can Build a Project Just as Fast
- Airport Loses Control of Development
- Airport Loses Revenue Potential
- Tenants Get “Nickeled and Dimed”

AIRPORT "PARK N' PET RESORT"

"One-Stop-Shop"- Pet Boarding & Car Parking :

- Drop off Pet & Drop off Car ~ Shuttle onto Airport
- Upscale attractive 1st Class Facility
- Land Lease near remote / economy parking
- 200-250 pets (mostly dogs) - 24/7/365 day ops
- Synergy- combined - measurable increases to both "Parking" and "Pet Resort" volumes



Development Program

- \$2MM- \$4MM private capital improvements
- 25K sf on 2.4 ac. w/ small outside play area
- Less than year for total development
- Airport can advertise new Pet Boarding Services to traveling public- Web-Site, News Print, Terminal Ads
- Facility adds prestige and value to airport Economy Parking areas.
- Frequent "Parker" & "Barker" Programs...customer loyalty

Recreational/Entertainment Areas



Kansas City International

KCI MOTORSPORTS PARK



Architectural

Operational Facilities

- Country Club concept – Memberships
- Two separate joinable tracks -3.7 miles
- Champion Standard Kart track
- Driving School
- Clubhouse and private garages



Development Program

- \$25 Million private capital
- 300 acre ground lease
- Phase I – 10 months – February 2008
 - North Track, Kart Track, Clubhouse, team units
- Phase II – 1 year – February 2009
 - South Track, additional team units, garages

What is Private Investment/Development

- Development by an Investor Entity:
 - Has the Skills and Experience to Develop Infrastructure
 - Has the Financial Resources
 - Willing to Assume Risk
 - Can Perform Multiple Functions



Private Investment/Development Functions

- Financing
- Design, Construction and Construction Management
- Leasing
- Property Management
- Marketing Services
- Consulting Services

Development Risks

- Capital Risk
- Project Risk
 - Cost
 - Schedule
 - Completion
- Lease Risk
- Resource Risk
- Reputation Risk

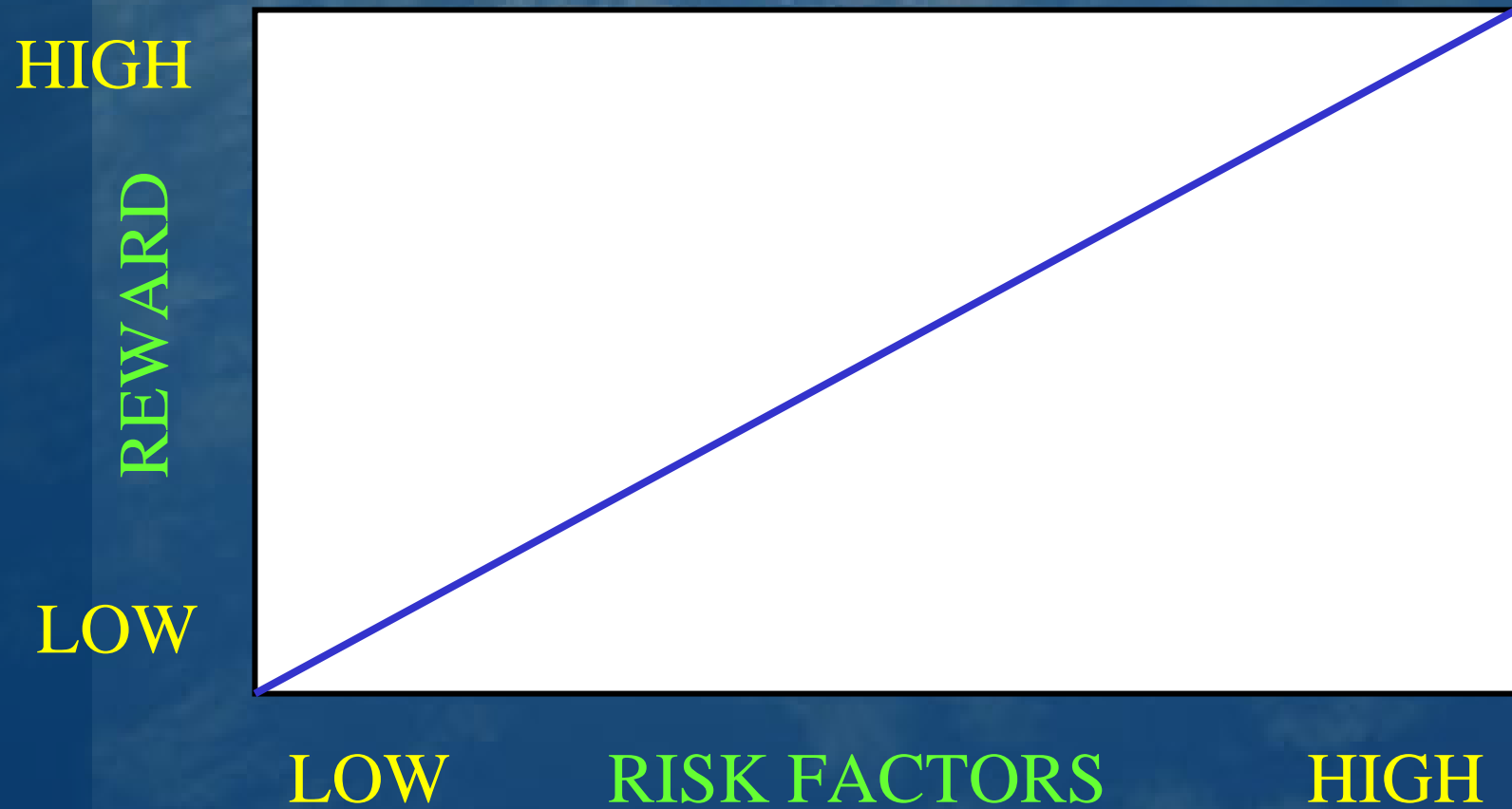


Reasons to Consider Private Investment/Development

- Lack of Funding
- Lack of Knowledge/Experience
- Other Capital Projects
- Desire to Expand Tax Base
- Intergovernmental Inertia
- Public Support for Direct User Charges

ALLOWS AIRPORT TO FOCUS ON OTHER PRIORITIES

Risk / Reward Profile



Possible Structures

- Fixed Land Rent
 - Building Only Versus All Land
 - Lowest Risk
- Greater of Fixed or Percentage Rent
 - Lower Fixed Versus Higher Percentage
 - Share in upside
- Percentage Rent
 - Gross Revenues Versus Net Revenues
 - Medium Risk

Possible Structures 2

- Partial Loan to Developer From Airport
 - May Accelerate Construction
 - Share in Upside
- Full Partnership With Airport
 - Equal Contributions Towards Project
 - Highest Risk
- Longer leases mean better chance for success
- Operate as though you were partners

Airport or Private Investment/Development?

- Do I Have the Financial Resources
- Am I Willing to Assume the Project Risk
- Do I Have the Required Expertise
- Do I Have the Staff Resources
- Can I Satisfy Demand in a Timely Fashion



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