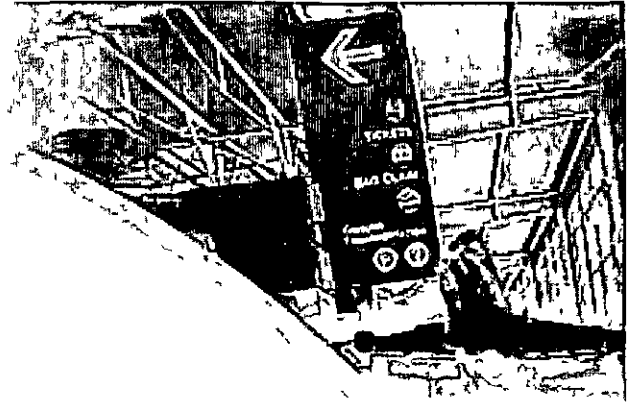




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GECAS – Low Cost Terminal

Presented by: Jim Smith
Austin-Bergstrom International Airport
June 2007

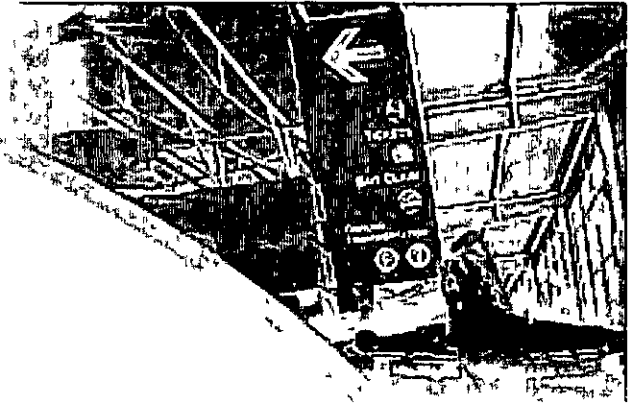
What?



- ❖ Lease airport land to GECAS
- ❖ Build and operate a low cost terminal



Why?



- ❖ Opportunity to secure 5 new nonstop flights to Mexico
- ❖ Opportunity to position Austin to compete for ultra low cost service (Domestic & International)
- ❖ Opportunity for strategic partnership to advance Austin's interests



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Ultra Lost Cost Service



- ❖ Successful business model in Europe, Asia, Mexico, etc.
- ❖ Based on Ryan Air success
- ❖ Very low fares stimulate demand
- ❖ No frills service
- ❖ Incentives from communities
- ❖ Differentiated product requires low cost facilities



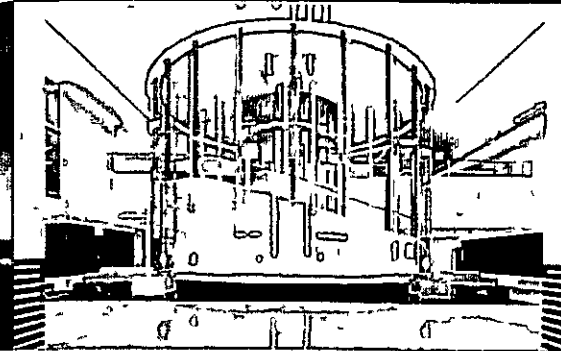
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Concept of differentiated products for different airlines at airports



❖ Singapore Changi Airport

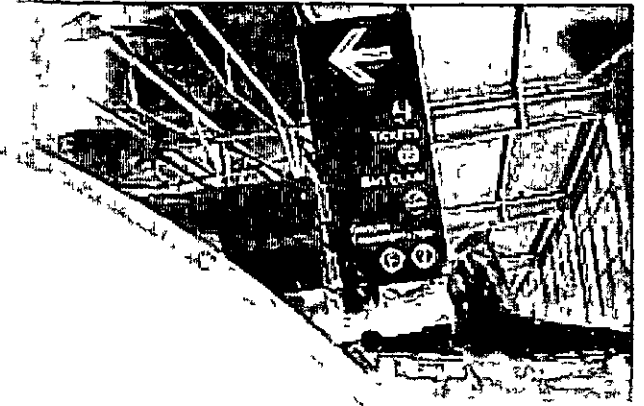
- ✓ Main Terminals 1,2,3
- ✓ JetQuay – luxury terminal
- ✓ Budget Terminal – for low cost airlines





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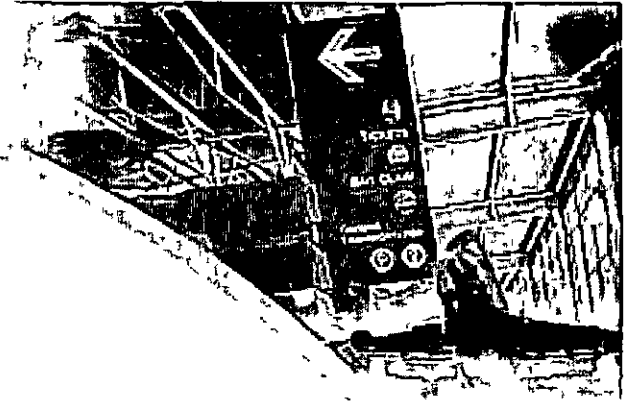
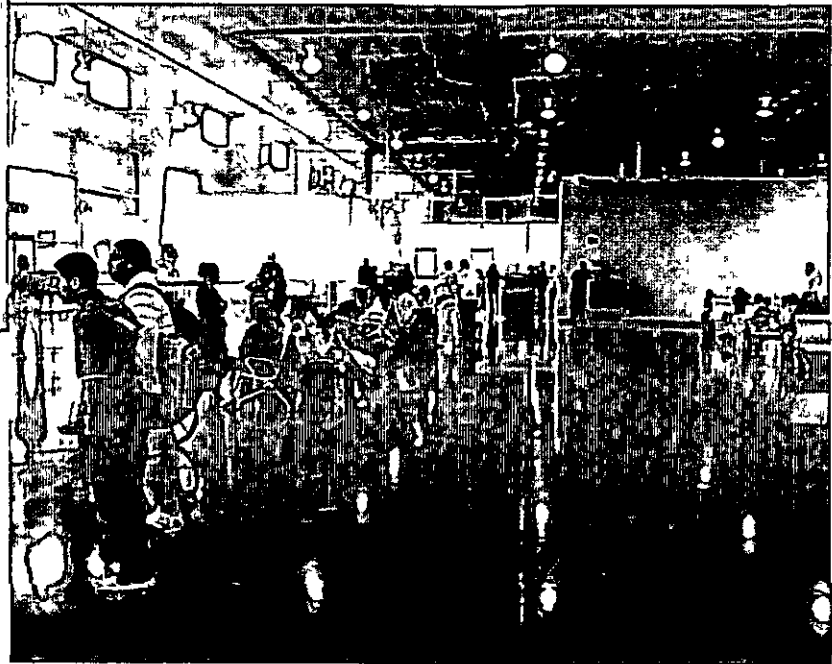
Monterrey Low Cost Terminal





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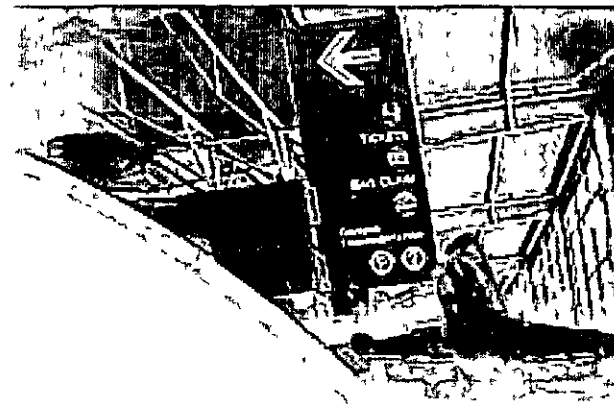
Monterrey Low Cost Terminal





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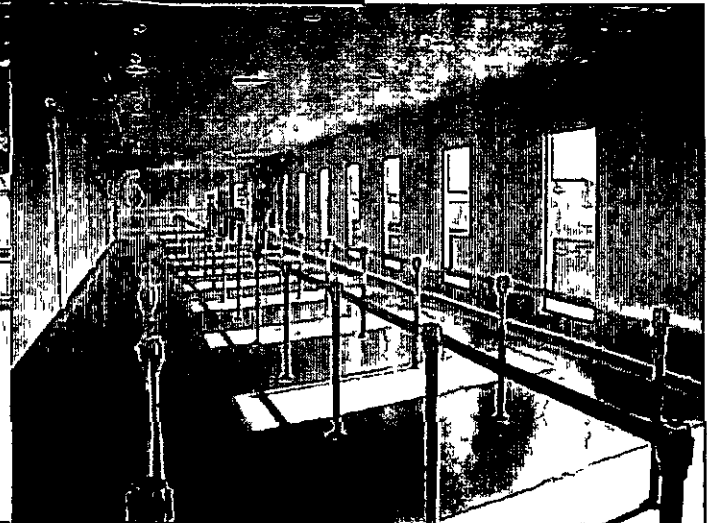
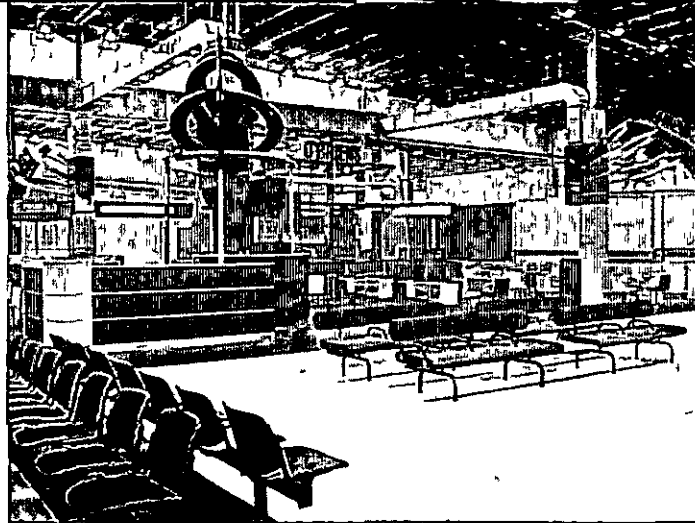
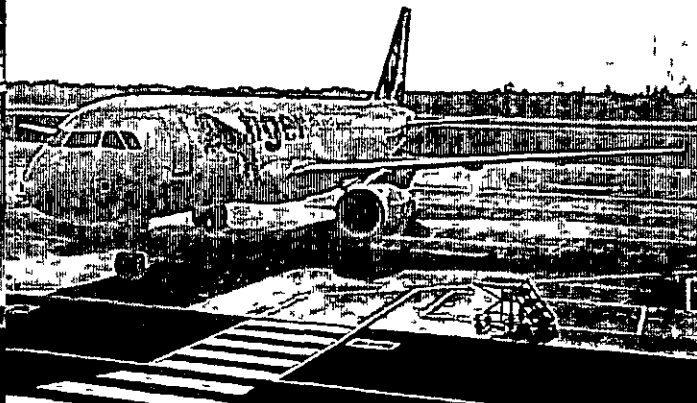
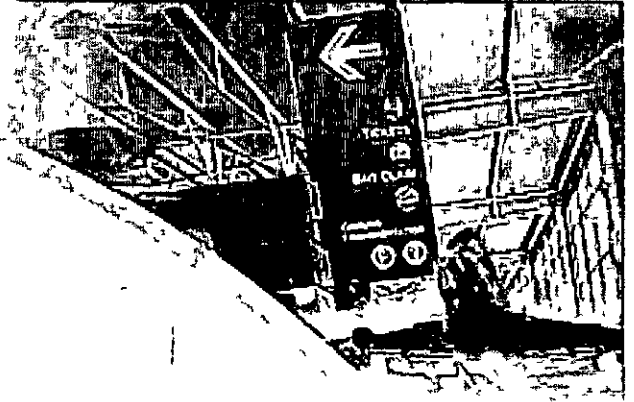
Departure Lounge





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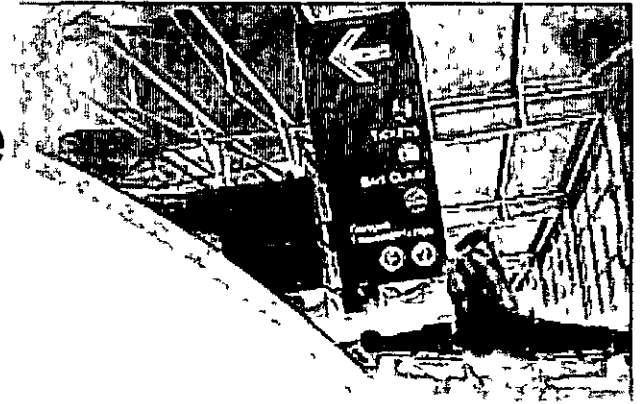
Singapore Budget Terminal





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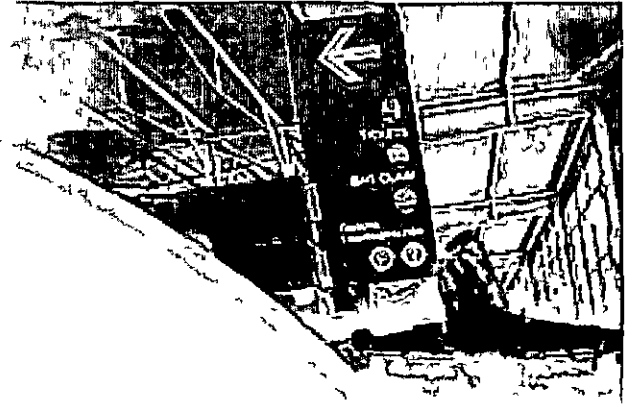
Competitive Marketplace



- ❖ Communities compete for air service
- ❖ Low cost model encourages competitive proposals
- ❖ Competition requires taking risks to win



Why GECAS?

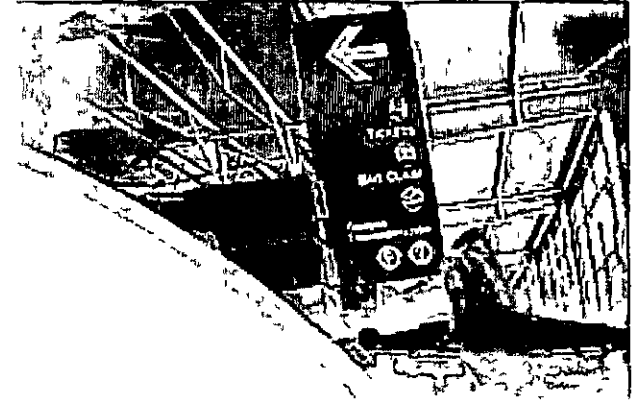


- ❖ Existing tenant – Cargoport
- ❖ Joint proposal to vivaAerobus
- ❖ Brand and presence in key global markets
- ❖ Relationships with airline customers, particularly LCCs
- ❖ Reputation and financial strength
- ❖ World-class strategic partner



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Why not the City?

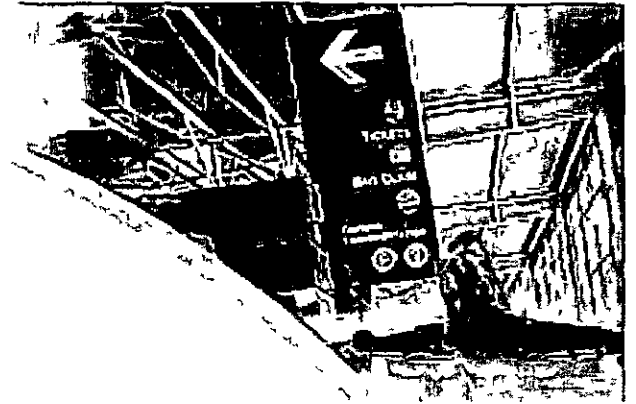


- ❖ Speed
- ❖ Risk
- ❖ Marketing power of world-class partner



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Lease Structure



- ❖ Consistent with existing leases
- ❖ BOT
- ❖ Term = useful life of the facility
- ❖ Base rent + percentage rent

Conclusion



- ❖ Expanding air service is competitive
- ❖ Compete more effectively with a strategic partner that adds value and mitigates risk



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Next Steps



- ❖ Negotiate agreement with GECAS
- ❖ Return to City Council for approval July 26



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Low Cost Terminal Facility Site

