

SPECIAL MEETING

CITY OF HAYWARD

Council Airport Committee Meeting

Thursday, June 28, 2007

5:30 p.m.

Room 7, Centennial Hall

22292 Foothill Blvd.

Hayward, CA 94541

A G E N D A

5:30 p.m. Call to Order - Pledge of Allegiance

Public Comments: (The PUBLIC COMMENTS section provides an opportunity to address the Committee on items listed on the agenda, as well as other items of interest. The Committee welcomes your comments under this section, but is prohibited by State law from discussing items not listed on the agenda. Your item will be taken under consideration and referred to staff.)

1. Discussion of FBO Development on Airport's South Side

Distribution:

Mayor and City Council
City Manager
Assistant City Manager
City Attorney
Public Works Director

City Clerk
FAA Tower Manager
Airport Tenants
FBO's
Interested Parties

Daily Review
Post

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested persons must request accommodation at least 48 hours in advance of the meeting by contacting the Airport Manager at (510) 293-8678 or TDD (510) 293-1590.



CITY OF HAYWARD
STAFF REPORT

AGENDA DATE 06/28/07

AGENDA ITEM 1

TO: Council Airport Committee
FROM: Director of Public Works
SUBJECT: Discussion of FBO Development on the Airport's South Side

RECOMMENDATION:

It is recommended that the Committee review and comment on this report.

BACKGROUND:

The Hayward Airport Master Plan demonstrates a demand for the development of a Fixed Based Operator (FBO) on the airport's south side. The Based Aircraft Forecast in the approved Master Plan predicted an increase in the total number of aircraft based at the Hayward Executive Airport for year 2010 at 475 total aircraft. The current total number of based aircraft at Hayward Executive Airport for 2007 is reported at 487 total aircraft. The current number of based aircraft has exceeded the forecasted number for year 2010, three (3) years earlier than expected. The demand for aircraft hangars and associated services can also be demonstrated by the current waiting list for hangar space at the Hayward Executive Airport. There are, presently, 323 applications (and deposits) on file with Airport Administration waiting for available hangars.

On October 26, 2006, Staff presented a report to the Committee introducing a corporate hangar development project proposed by Mr. William ("Bud") Field, dba Bud Field Aviation. Mr. Field has prepared a Business Plan to demonstrate the feasibility for a full service FBO (includes fuel sales) on the south side of the airport, and to demonstrate that his project will not cause a significant dilution of the existing market share of fuel sales. His business plan also addresses his willingness to comply with the proposed new Airport Rules & Regulations and Minimum Standards.

During discussion of the new Airport Rules & Regulations and Minimum Standards at the Committee's January 25, 2007 meeting, the existing two FBO operators, Atlantic Aviation and Hayward Jet Center, experienced concerns about the addition of another FBO at the airport. Staff met with both FBOs to better understand their concerns and committed to have Bud Field's Business plan reviewed by an aviation consultant experienced in FBO developments. As a result, the City engaged the professional services of Aviation Management Consulting Group (AMCG) to evaluate Mr. Field's Business Plan for full compliance with the proposed Minimum Standards, and to provide a recommendation to the City regarding Mr. Field's ability to meet those minimums, as proposed. Exhibit A is the comment letter provided by AMCG to the City regarding the proposed FBO development on the airport's south side. Since some of the

information in Mr. Field's Business Plan is either personal financial data or contains proprietary information. Exhibit B is a revised version dated May 2007, which provides all of the basic information on Mr. Field's proposal.

AMCG has reviewed the full document and concluded that Mr. Field's Business Plan is, substantially, in compliance with the proposed Airport Rules & Regulations and Minimum Standards, and that his business plan has adequately demonstrated that this project will not dilute fuel volumes for existing FBOs. Mr. Field has agreed to address all additional concerns to the satisfaction of the City Manager, prior to entering into a Ground Lease with the City.

The City has also received five (5) letters and an FBO Demand Analysis by The Boyd Group, all of which represent the interests of Atlantic Aviation and/or Hayward Jet Center. At the request of the City, AMCG was also called upon to provide comments on the relevance and accuracy of statements made within each of the above referenced documents. Exhibit C is the evaluation of those documents by AMCG. Essentially, the arguments provided by the existing FBOs are that: 1) Bud Field is not meeting all the requirements established in the Minimum Standards; 2) that there is insufficient fuel usage at the airport to support three FBOs; and 3) that allowing a third FBO would be discriminatory against them.

Based on both the consultant's and staff's review, Bud Field's proposal does meet all the minimum standards. While the issue of how much fuel usage is necessary to support three FBOs is subjective, Bud Field's proposal does indicate most of his fuel sales will come from new leased aircraft he will bring to his development. Also, it is important to note the trend in fuel usage at the airport over the past few years. As shown in the tables attached as Exhibit D, since 2001, total fuel sold at the airport has more than doubled with most of that increase in jet fuel. The most recent data for 2007 shows this trend is continuing despite high fuel costs. Finally, the argument of discrimination misses the point that the FAA requirements are more to ensure new applicants are not discriminated against in becoming an FBO, rather than the affect on existing FBOs, as confirmed by staff's discussion with FAA staff.

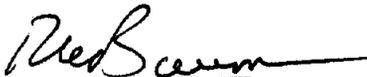
In summary, Staff agrees with this evaluation by AMCG on both the business plan and the statements made by the other two FBOs and, therefore, recommends Mr. Field be granted full FBO status subject to successful Ground Lease negotiations with the City and final FAA approval of the updated Airport Layout Plan as it relates to this development.

Prepared by:



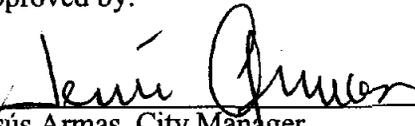
Ross Dubarry, Acting Airport Manager

Recommended by:



Robert A. Bauman, Director of Public Works

Approved by:



Jesús Armas, City Manager

- Attachment: Exhibit A: AMCG FBO Review Letter
 Exhibit B: Revised Bud Field Aviation Business Plan
 Exhibit C: AMCG Correspondences Review Letter
 Exhibit D: Fuel Flowage Reports 2001-2007



Aviation Management Consulting Group

February 27, 2007

Mr. Ross Dubarry
Interim Airport Manager
Hayward Executive Airport
20301 Skywest Drive
Hayward, CA 94541-4699

Dear Mr. Dubarry,

Per the request of the City of Hayward (City), on behalf of the Hayward Executive Airport (Airport), Aviation Management Consulting Group (AMCG) has reviewed Bud Field Aviation's Business Plan for FBO Development at the Airport, dated January 2007 (Business Plan).

The review conducted by AMCG was primarily focused on compliance determination with the proposed Airport Code, including Rules and Regulations and Minimum Standards. Based upon the proposed activity (Fixed Base Operator), the most relevant sections of the Airport Code are identified as Section 73 (Fixed Base Operator), Section 74 (Leased Premises – FBO), and Section 75 (Fuel Storage, Handling and Equipment). Additional Airport Code sections that were reviewed for compliance include Section 63 (General Requirements), Section 65 (Leased Premises – All Operators), and Section 78 (Business Qualification Application and Business Plan). The following comments are provided for the City's consideration.

Section 63 (General Requirements) – The most significant provisions of this Section are the requirements of the Operator to demonstrate the capability of providing the proposed products, services and facilities and engaging in the proposed activities in a safe, efficient, courteous, prompt and workmanlike manner in service to and to the benefit of, the public. Further, Operator shall demonstrate the financial and technical responsibility, capability, and integrity to develop and maintain improvements; procure and maintain required vehicles, equipment, and/or aircraft; employ proper level of personnel; and engage in the activity.

Based upon AMCG's review of the Business Plan, it is the opinion of AMCG that Bud Field Aviation has demonstrated the capability to maintain compliance with Section 63.

Section 65 (Leased Premises – All Operators) – This Section requires the Operator to lease sufficient land and construct sufficient improvements for the activity. Further, this Section states that aprons (associated with aircraft parking, staging, and hangars) must be adequate size to accommodate the movement, staging, and parking of Operator's, Operator's sublessees, and Operator's and sublessees' customers' Aircraft (including the largest aircraft the aircraft is able to accommodate) without interfering with the movement of aircraft in and out of other facilities and aircraft operating in taxilanes or taxiways.

Based upon AMCG's review of the Business Plan and preliminary drawings of the leased premises, facilities, and associated aprons, AMCG is concerned that Bud Field Aviation (utilizing the current leased premises configuration and facility placement) will be able to maintain compliance with Section 63. However, AMCG believes that with a reconfiguration of the leased premises and/or facility placement that Bud Field Aviation could come into compliance with Section 63. AMCG recommends that the City request revised drawings depicting leased premises configuration and facility placement that will facilitate compliance with this Section prior to entering into a lease agreement or permit for the proposed development and activity.

Section 73 (Fixed Base Operator) – The minimum products and services to be provided by a Fixed Base Operator, including aviation fuels and lubricants; passenger, crew, and aircraft ground services, support and amenities; and aircraft maintenance, are delineated in this Section.

Based upon AMCG's review of the Business Plan, it is the opinion of AMCG that Bud Field Aviation intends on providing all required products and services, thereby being in compliance with Section 73. However, the Business Plan does not outline the equipment to be purchased or leased by Bud Field Aviation for the provision of passenger, crew, and aircraft ground services and support. AMCG recommends that the City request a list of all equipment to be purchased or leased prior to Bud Field Aviation beginning FBO activities.

Section 74 (Leased Premises – FBO) – This Section specifies the minimum required contiguous land area and the type and size of the associated improvements (apron, paved tiedown, terminal, and hangar space).

Based upon AMCG's review of the Business Plan, it is the opinion of AMCG that Bud Field Aviation intends on meeting the required minimums specified in Section 74. In fact, Bud Field Aviation proposes to exceed most minimum requirements specified in Section 74.

Section 75 (Fuel Storage, Handling and Equipment) – The minimum requirements for installing, handling, equipping, staffing, and maintaining on-airport fuel storage and fueling equipment are specified in this Section.

Based upon AMCG's review of the Business Plan, it is the opinion of AMCG that Bud Field Aviation intends on meeting the required minimums specified in Section 75. However, the proposed self-service fueling system is not identified on the preliminary drawings. AMCG recommends that the City request this system be identified on the revised drawings.

Mr. Ross Dubarry
February 27, 2007
Page 3

Section 78 (Business Qualification Application and Business Plan) – This Section requires the completion of a Business Qualification Application that provides for the proper evaluation of the applicants history of experience, financial statements, references, proposed operation, and ability to comply with all applicable regulatory measures and be compatible with the Airport's Master Plan, Airport Layout Plan, or Land Use Plan (if any). Further, this Section requires the submission of a detailed Business Plan that clearly demonstrates the economic viability of the proposed activity and demonstrates that sale projections will be supported by incremental new business to the Airport.

Based upon AMCG's review of the Business Plan, it is the opinion of AMCG that Bud Field Aviation has done an excellent job of presenting qualifications, financial wherewithal, and the economic viability of the proposed development. Further, Bud Field Aviation provided sufficient supporting documentation and analysis to demonstrate that a significant majority of the anticipated fuel volumes will be incremental new business to the Airport and that dilution of existing fuel volumes of existing FBOs will be nominal.

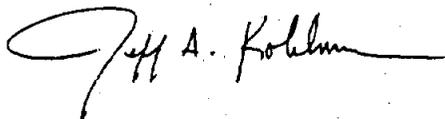
Additional Sections

It is important to note that there are additional Sections of the Airport Code that Bud Field Aviation will be required to maintain compliance with once engaged in Fixed Base Operator activities. However, these Sections are more specific to the way the activities are conducted versus development of the required facilities (and associated improvements) and preparation for the delivery of the proposed products and services. Therefore, AMCG has not made (and is unable to make) a determination of compliance of these Sections.

Summary

It is the opinion of AMCG that the Business Plan is substantially in compliance with the proposed Airport Code and that the few remaining items outlined herein can be dealt with prior to or at the time of lease approval.

Respectfully,



Jeff A. Kohlman
Principal

Bud Field Aviation



Airport Proposal & Business Plan

For

FBO Terminal and Hangar Complex
and
Full Service Fixed Base Operation

at the

Hayward Executive Airport



Submitted to the City of Hayward
May 2007

Section 1: Introduction

Section 2: BFA **FBO** Project Overview

Section 3: Market Demand Analysis

Section 4: Operational/Financial Plan

Section 1 - Introduction

Overview of Document

This Business Plan Document has been prepared by Bud Field Aviation (“BFA”) and its principal, Mr. William “Bud” Field to provide the City of Hayward, California with a comprehensive plan for the development and long term operation of a full-service Fixed Base Operation (“FBO”) that will be located on the south side of the Hayward Executive Airport.



The proposed development of the BFA Fixed Base Operation presents the City of Hayward with a private investment of approximately \$22 million in new facilities and infrastructure that will be located on a previously undeveloped thirteen (13) acre parcel on the south side of the Hayward Executive Airport (“the Airport”). BFA’s investment will include approximately \$4.5 million for the installation and placement of the infrastructure (water, sewer, storm drainage, and other utilities) that are needed to facilitate future development of the Airport’s south side.

The preparation and submission of this document to the City of Hayward (“the City”) represents approximately five (5) years of extensive research and analysis (by BFA personnel) with respect to the existing and projected marketplace that exists for the development of additional facilities and fuel service providers for based turbine and turbo-jet aircraft at the Airport. Such research has included an extensive analysis of the based and transient aircraft market that exists at local and regional airports in both the San Francisco Bay area, as well as at target airports in central and southern California.

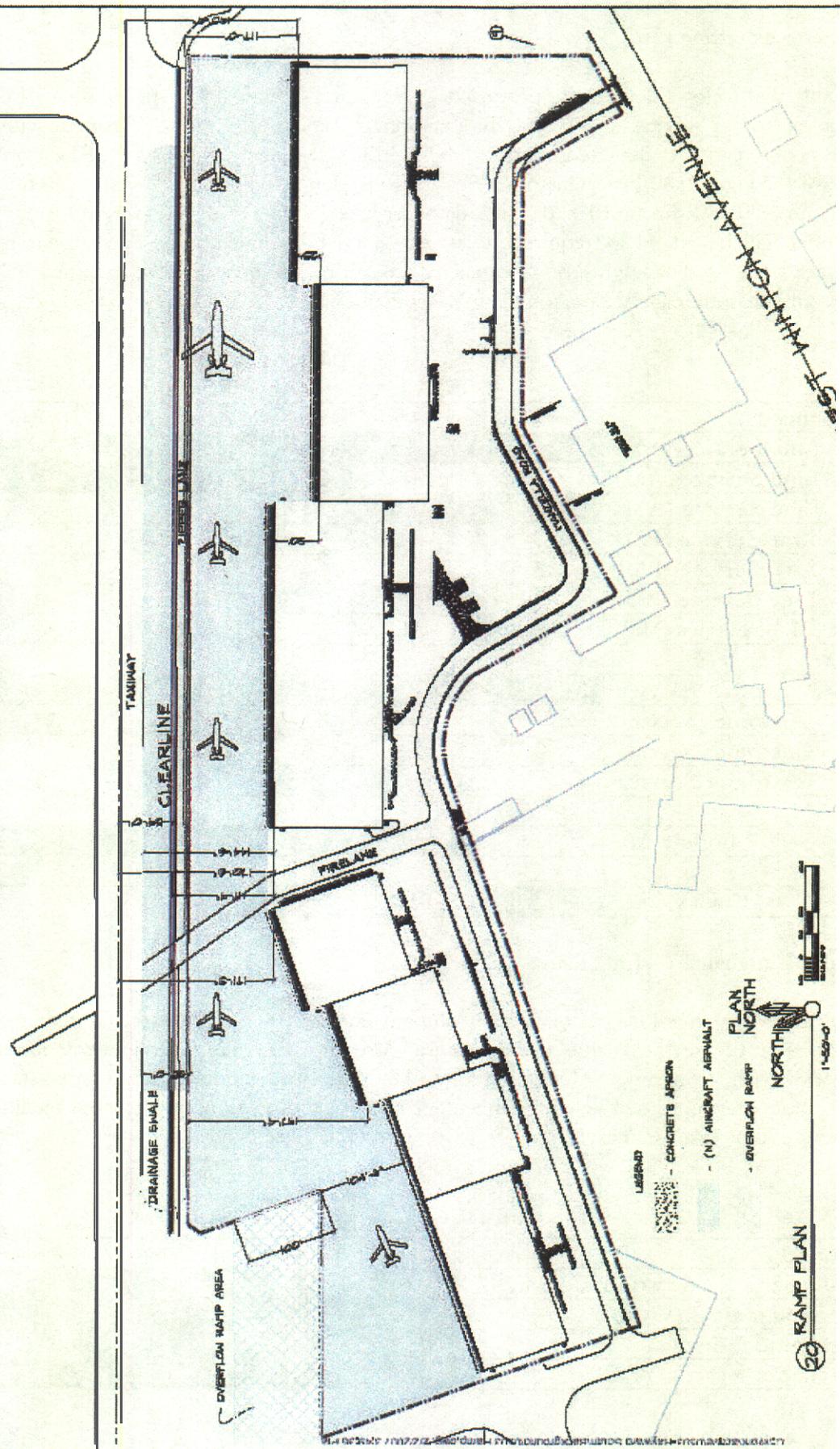
Moreover, as an existing Hayward Airport tenant, BFA has successfully developed and operated a 33,000 square foot hangar and office facility. Accordingly, as a commercial aeronautical operator that provides specialized flight support services, BFA brings an extensive amount of background, experience, and knowledge about the needs of the Airport users to the new FBO project. Therefore, it is Mr. Field’s intention and goal that this Business Plan submittal will result in the City’s approval of BFA’s project and that BFA will be granted rights to construct its new facilities along with rights to perform as a Fixed Base Operator that can offer fueling and line services from the south side of the Airport.

Airport Overview

The Hayward Executive Airport (FAA identifier KHWD) is located on the eastern side of the San Francisco Bay, approximately 2 miles from downtown Hayward, 12 miles from the San Francisco International Airport, and 20 miles from the San Jose International Airport. KHWD is one of eight (8) prominent airports that serve the based and transient general and corporate aviation aircraft in the Bay Area.

The Airport is situated on approximately 543 acres of land area, and there are two (2) parallel runways, Runway 28L/10R (the main runway) and Runway 28R/10L. The larger runway (28L/10R) is approximately 5,700 feet in length and 150 feet in width, while the shorter Runway 28R/10L one is approximately 3,100 feet in length and 75 feet in width. The runway infrastructure is served by taxiways “A” and “Z” which run parallel (on both north and south sides), and taxiways “B”, “C”, “D”, and “E” which provide intersecting and cross-field access.

BUD FIELD AVIATION RAMP PARKING PLAN

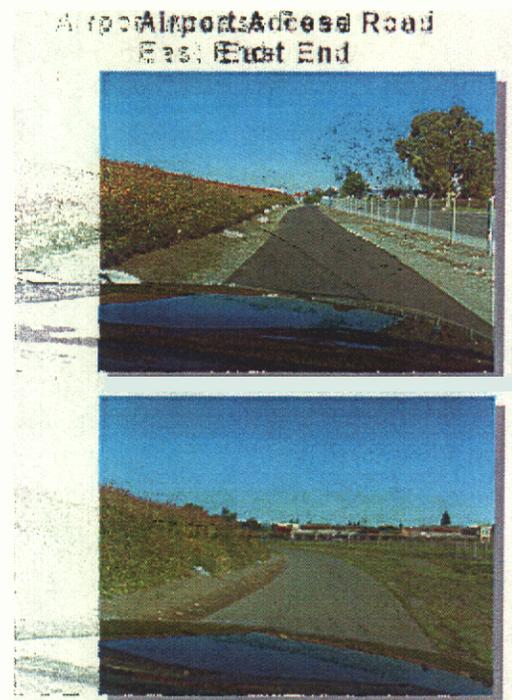


From an airport development perspective, over the years the City of Hayward and the Hayward Executive Airport have clearly recognized that the Airport has significant potential for future development that could serve a wide range of airport users and commercial aeronautical operators in the Bay Area. Such development potential is addressed in the Airport's Master Plan (which was completed in April of 2002) which clearly provides several alternatives for general aviation use (and their associated development). The Plan's key alternatives contemplate the use of the majority of the land area that is located to the south and west of the Airport's main Runway 28L/10R (referred to as the "south side" of the Airport).

It is clear from an analysis of the current FBOs' development and operational plans, and from observation of the Airport's day-to-day operations that the north side of the Airport has nearly reached capacity (from a facility development standpoint). Moreover, it is apparent that the south side of the Airport must now be the focus of any new, significant facility development (such as is contemplated by the Master Plan) which may include a variety of additional hangars (from single "T"s to large common hangars), aviation-related offices, and corporate hangar/office facilities.

Most significant however, is the subtle recognition that plans for any future aircraft storage-related development on the south side must include a separate Fixed Base Operator (located on the south side) that can provide the fueling and line services that will be necessary to support such users as set forth by the Airport's Minimum Standards for FBOs. This need is further strengthened by the circumstances that presently exist on the Airport or are planned for the future:

- As the information in this Business Plan (and the Airport's Master Plan) indicates, any development on the south side will require extensive upgrade/installation of the utility infrastructure that will be required for such development. As previously presented, it is apparent that the cost of infrastructure installation is prohibitive to the current FBOs for any development on the south side of the Airport, and consequently, BFA believes that they have concentrated their investment and operational plans on their existing leaseholds and facilities.
- As the BFA business plan reflects, the BFA facilities will initially house sixteen (16) based jet aircraft that will require approximately 970,000 gallons of fuel (during the first year) increasing to 1,330,000 gallons in the second year of operation.
- By any practical standards (including the Airport's own Minimum Standards) fueling support of such aircraft from the north side of the Airport is not practical. At present, the Airport's Minimum Standards call for a response time of 15 minutes or less, and fuel trucks do not have reasonable, direct access from the north side to the south side which requires them to circumvent the Airport via a perimeter road which runs around the east end of the Airport.
- BFA's own experience is that the wait for fuel for its north side tenants from can be very significant, and that BFA's tenants are given lesser priority than the tenants who are based with the FBOs.
- Notwithstanding the foregoing, use of the perimeter road by either trucks (or personnel attempting to access remotely parked trucks) will be frequent and significant. From a long-term use and weigh-bearing perspective, the Airport



single pressure refueling (underwing) hose and nozzle system, with a maximum operating pressure rating of 40 p.s.i. at volume of 350 gallons per minute. The unit will be equipped with a single-point valve for bottom-loading at the fuel storage area, and a state-of-the-art automatic overfill and shutoff system. To prevent misfueling of the unit, this bottom loading system will utilize connectors which are specific to Jet refuelers.

For its Avgas fueling operations, the Company will utilize one (1) 3,000 gallon unit and one (1) 1,000 gallon unit that will be supplied under contract with the Avfuels Corporation. Each unit and its equipment will comply with the standards set forth in ATA 103 and NFPA 407. Each unit will be equipped with a stainless steel tank and associated piping for the pumping system, an Avgas specific filtration system, and dual overwing hoses equipped with Avgas nozzles. The unit will be equipped with a single-point valve for bottom-loading at the fuel storage area, and a state-of-the-art automatic overfill and shutoff system. To prevent misfueling of the unit, this bottom loading system will utilize connectors which are specific to Avgas refuelers.

Fuel Storage Management, Fuel Handling, and Fuel Quality Assurance

It is BFA's commitment that the handling and delivery of all aviation-related fuels will be accomplished with the highest level of attention to safety and product quality assurance that are possible within the industry. To ensure that this commitment is continuously met, the Company will employ a variety of fuel handling procedures and techniques along with the use of industry acceptable equipment which has been designed for such operations. An overview of the procedures, techniques, and equipment that will be used by BFA personnel is as follows:

- Prior to the commencement of operations at the Airport, the company will develop and implement its own Fuel Storage and Handling Procedures manual, to be used by all BFA personnel (including management people) who are engaged in refueling and fuel storage and handling operations. The final version of this manual will encompass the procedures which must be specifically utilized in the operation of the BFA fuel storage facility at the Airport.
- All personnel who are engaged in the handling of fuel, fueling operations, and fuel storage and transfer, and the operation of the refueling vehicles will be trained (and must pass) with an FAA-approved course in its Part 139.321 procedures for fuel handling and fire safety. Such training will be provided by BFA using materials provided by AvFuel, and the NATA's Safety First program.
- All refueling vehicles and fuel storage facilities used by BFA will be subject to a daily operational check which encompasses a thorough examination of the units for product quality, the presence of mater and other contamination, leakage in the system(s), readiness of the vehicles. etc. All daily operational checks will be documented and maintained on file for a period of two (2) years.
- The company will adopt stringent procedures for the control and monitoring of the product inventory levels of all petroleum products in the refueling vehicles and the main fuel storage facilities (Jet-A and Avgas). BFA personnel will produce a daily report of product receipts (into storage), delivery out of storage, and delivery of fuel into aircraft (and/or ground service vehicles).
- In conjunction with the Fuel Storage and Handling Procedures manual, the company will facilitate and adopt a written Spill Prevention Contingency and Control Plan ("SPCC") for its fuel storage facility, truck loading area, and truck parking area(s). Such plan will be certified and will employ equipment, procedures, and documentation elements that conform with all local, state, and federal codes for such facilities.

Section 4 – Operational Plan: This Section provides specific detail with respect to the Company's operational philosophy, the services that will be offered by BFA, as well as detail about fueling services and facility management, and staffing for line, customer service, and aircraft maintenance personnel.

Accordingly, a summary of the salient points that are presented in this Business Plan Document are as follows:

1. Bud Field Aviation ("BFA") is a successful specialized aviation service organization (SASO) that is currently conducting operations on the northeast side of the Hayward Executive Airport.
2. BFA's current facilities include a 3-year old hangar and office facility that totals approximately 33,000 square feet. BFA's facilities reflect a current investment at the Hayward Executive Airport of approximately \$3.0 million.
3. BFA's operations are a 7-day per week flight support and service center operation that provides hangar storage, aircraft maintenance, and flight support services for its tenant aircraft. There are approximately 20 tenant aircraft which include two (2) Gulfstream IVs, a Citation CJ-3, an Astra, and a Douglas DC-3, and several general aviation piston airplanes.
4. BFA's existing operations and customer acceptance have facilitated significant interest from the corporate aviation community in the Bay Area for BFA's proposed development of additional corporate hangar facilities and a new third FBO that will be located on the south side of the Hayward Airport.
5. BFA has conducted extensive research and analysis of the based jet and turbo-prop aircraft at other airports in the Bay area. Accordingly, BFA believes that a significant market exists to develop the infrastructure and facilities that will support an FBO on the south side of the Airport, and that such facilities will enable BFA to immediately increase the number of based jet aircraft and fuel volumes at the Hayward Airport.
6. BFA's preliminary projections indicate that 16 to 18 tenant aircraft will base at its new facility, with consumption of approximately 1,100,000 gallons of Jet-A fuel at the Hayward Executive Airport.
7. The fuel sales that are anticipated by BFA will effectively- double the Airport's existing volumes and fuel flowage revenue.
8. The Hayward Airport Master Plan has identified and approved the south side of the Airport as the main area of focus for future development of facilities and Fixed Base Operators.
9. According to the Hayward Airport Master Plan, the south side's initial developmental capabilities also include room for 50 to 75 private and T-Hangars (which would house the same number of aircraft ranging in size from small single and twin-engine to large turbo-prop and jet aircraft).
10. Present circumstances clearly dictate that any commercial aeronautical development of the south side of the Airport will require installation of a new utility infrastructure that can support such on-airport operations. Utilities which must be installed include city water, city sewer, electrical, storm drainage, and telephone/cable lines. Two separate sources have estimated the cost for such utility installations to be approximately 94.6 million.



- Further, it is apparent (as outlined in the Airport's *Master Plan* document) that the land area on the south side of the Hayward Executive Airport is the sole, remaining area that can reasonably be developed.
- By any reasonable operational standards, in order to reasonably and safely serve the users that will be based at BFA's facilities (and others in the future) it is evident that additional FBO services, fuel storage, fuel trucks, and FBO Terminal and line services must be developed at and offered from a location on the south side of the Airport.

Economic Benefits to the City of Hayward

There are seven (7) specific areas in which BFA's development new customer base will have a significant financial impact upon the City of Hayward. These areas are discussed in the following:

- Fuel Flowage Fees: BFA projects that its operations will generate approximately \$120,000 in fuel flowage fees (Year 1) of which approximately \$85,000 are from new tenants.
- Sales Tax: Based upon the foregoing, BFA's new business development will generate approximately \$250,000 in sales tax (at 8.75%) from fuel sales from new tenants.
- Property Tax: Property taxes will be redistributed for aircraft which relocate to Alameda County from elsewhere. It is estimated that the County will realize approximately \$400 per aircraft (or approximately \$10,000 to \$12,000 for 28 to 30 aircraft) over the next 3 years.
- Infrastructure: BFA's development includes approximately \$4.6 million in infrastructure development for the installation of utilities to the entire south side of the Airport (water, sewer, storm drainage, electrical, telephone, and cable).

In addition to the foregoing, BFA's south side development will have an on-going financial impact because of a wide range of taxes that will be assessed to new tenants and other developments that utilize the available south side land areas in future years. These taxes include the following:

- Property Tax: Levy is comprised of a *possessory tax* on the land, and *property tax* on the improvements. The two combined are commonly referred to as Property Tax, which in BFA's case equals about 1% (\$22,000) of the total development.
- Aircraft Sales: One of BFA's key tenant prospects is an aircraft sales and leasing company (which specializes in corporate jet and turbo-prop aircraft) that has expressed strong interest in relocating its base of operations from both the Stockton and Livermore airports. All sales which are generated by this tenant will be subject to an 8% sales tax.
- Land Rent: The immediate value of the annual land rent associated with the BFA leasehold is \$117,756. As the south side development occurs over the next five years, initial projections indicate that the area will accommodate twenty-five (25) additional "box" hangars (each measuring approximately 6,000 square feet) and fifty (50) "T"-Hangars.

- c. BFA's new based aircraft will generate approximately \$250,000 in sales taxes from fuel sales to new tenants. In addition, the City and County will realize approximately 4 % of the value of the aircraft in personal property taxes.
- d. The City/Airport will have the opportunity to continue expansion and development of the Airport, which will ultimately increase the ground rents, hangar fees, personal property taxes, and possessor taxes that will be realized by the City and County over time.

In summary, Mr. Field and the employees of Bud Field Aviation collectively believe that this Business Plan document clearly represents the Company's plan for growth, market development, and facility development by way of a unique, customer-oriented project that will truly reflect BFA's commitment to all facets of the general aviation industry. Moreover, BFA believes that the information and analyses presented in this Business Plan document clearly demonstrate that its new **operations** will be exceptional and will create additional opportunities for the Airport's user base, the City of Hayward, and the strength of Bud Field Aviation in the years that come.

The graphic on the page which follows provides the reader with a summary of BFA's analysis and conclusions with respect to the market demand and developmental opportunities that exist at the Hayward Executive Airport.

Business Qualification Application

In its Minimum Standards for the Hayward Executive Airport, the City of Hayward requires the following:

"Any entity desiring to engage in a Commercial Aeronautical Activity at the Hayward Executive Airport must complete the Business Qualification Form. The applicant must present evidence that they are fully competent and have the necessary facilities, experience, and pecuniary resources to fulfill the conditions of the commercial operation privilege(s) they request."

Accordingly, as part of this Business Plan and in keeping with the requirement set forth above, Mr. Bud Field ("the Applicant") has completed the aforementioned Business Qualification Form for the new FBO Terminal and Hangar complex and the full service Fixed Base Operations that are being requested. Due to the confidential nature of the information contained therein, the Business Qualification form has been submitted to the City under separate cover.

service, and; 2) Volume of gallons dispensed (by the FBOs) for the 12-month period between December of 2005 and 2006, and; 3) Total number of FBOs that provide fueling services. The survey results are presented in Table 3.3, below.

Table 3.3
Comparison of Area Fixed Base Operators

| Airport | No. Of FBOs | FBO Name | Posted Fuel Pricing | | | Annual Volume (in Gallons) | | |
|----------------|-------------|----------------------------|---------------------|--------|--------|----------------------------|---------|------------|
| | | | Jet | Avgas | s s. | Jet | Avgas | Or Total |
| Oakland | 1 | KaiserAir | 54.15 | \$4.61 | 5421 | 6,467,813 | 212,972 | |
| | 2 | Business Jet Center | \$4.39 | \$5.89 | | | | |
| Palo Alto | 1 | Palo Alto Fuel Service | \$4.10 | \$4.35 | | 131,050 | 447,075 | |
| | 2 | Rossi Aircraft | N/A | \$4.89 | \$3.99 | | | |
| Hayward | 1 | Trajen | 5493 | 54.41 | | 1,284,974 | 302,909 | |
| | 2 | HJC | 5486 | \$4.41 | 5417 | | | |
| Livermore | 1 | City of Livermore | 54.36 | \$4.07 | \$387 | | | |
| San Jose Int'l | 1 | SJ Jet Center | 55.48 | \$4.75 | | 7,702,718 | 170,210 | |
| | 2 | ACM Aviation | 55.27 | \$4.73 | | | | |
| Reid-Hillview | 1 | Nice Air | N/A | \$4.25 | \$3.99 | | 407,922 | |
| | 2 | Amelia Reid Aviation | N/A | \$4.05 | | | | |
| | 3 | San Jose Fuel Services | N/A | 54.09 | | | | |
| | 4 | HML Chevron | N/A | 54.29 | | | | |
| Stockton | 1 | Trajen FBO | 5474 | 54.72 | | 964,911 | 101,697 | |
| San Martin | 1 | Magnum Aviation | 53.99 | \$4.50 | \$4.17 | 12,966 | 82,152 | |
| Santa Maria | 1 | Central Coast Jet Center | 53.70 | N/A | | N/A | N/A | |
| | 2 | Space Coast Jet Center | 53.73 | 54.21 | 53.75 | | | |
| Camarillo | 1 | Cardinal Air Center | 5429 | 53.99 | 53.40 | N/A | N/A | |
| | 2 | Sun Air Jets | 54.42 | \$4.77 | | | | |
| | 3 | Channel Islands Aviation | \$4.09 | 54.15 | | | | |
| 'Jan Nuys | 1 | Skytrails Aviation | 54.21 | 54.19 | 53.79 | N/A | N/A | 16,667,921 |
| | 2 | Clay Lacy Aviation | 53.54 | | | | | |
| | 3 | Million Air | 53.92 | 53.99 | | | | |
| | 4 | Raytheon Aircraft Services | \$4.31 | 54.71 | | | | |
| Burbank | 1 | Mercury | \$4.82 | 54.89 | | N/A | N/A | |
| | 2 | Million Air | \$4.17 | 54.45 | | | | |
| Long Beach | 1 | Signature | \$6.20 | 54.94 | | 37,415,842 | 602,732 | |
| | 2 | Mercury | \$5.44 | \$4.75 | | | | |
| | 3 | AirFlite | 55.07 | 54.14 | | | | |
| | 4 | LB AirCenter | 53.99 | | | | | |
| | 5 | Rainbow Air | 54.26 | | 53.99 | | | |
| Palomar | 1 | Western Flight | 53.69 | 54.49 | | 2,073,650 | 156,225 | |
| | 2 | Jetsource | 53.81 | 5501 | | | | |
| | 3 | Premier Jet | 53.76 | N/A | | | | |
| | 4 | Magellan Aviation | 53.57 | 54.01 | | | | |
| | 5 | Civic Helicopters | \$4.35 | \$5.00 | | | | |

Issue No. 2 – Market Demand at KHWD: As previously discussed in Section 1 – Airport Overview, it is clear that growth in the market at KHWD is predicated upon the Airport's ability/capability to develop the unimproved land areas on the south side of the field. Such development is totally dependent upon the installation of the



Section 2 – BFA FBO Project Overview

Principal's Background & Experience

Lilja Corporation: At GO, Bud Field brings a wealth of knowledge and business experience to BFA's aviation development operations. As a successful businessman, Field is the President and CEO of Lilja Corporation, a full service general engineering contractor that specializes in the construction of processing, manufacturing and warehouse facilities for glass melting furnaces and all related systems and industries.

Over the course of his 32 years with the company, Field has been responsible for many facets of the growth and development of the company's glass facility construction-development operations. He is responsible for completing over \$1 billion in construction contracts in several countries including the U.S., Canada, South America, and China. In 1992, Mr. Field completed a buyout of Lilja Corporation (from Robert Lilja, its founder) and he is now the majority stockholder of the company. Lilja's operating locations include offices in Livermore, Los Angeles, and Pittsburgh, PA.

Bud Field Aviation: As the President and sole proprietor of BFA, Field has developed an aviation support company with locations at the Calaveras County Airport and the Hayward Executive Airport. Over the past eight years, under Field's direction, BFA's operations include restoration and maintenance of antique aircraft (including 17 that he personally owns), aircraft maintenance, aircraft management, hangar storage, and flight support services.

A synopsis of Bud Field's experience follows:

- 32 years in senior management and operations for a large specialized general engineering construction firm.
- 14 years as sole owner and President/CEO.
- 8 years as owner of Bud Field Aviation.
- Developer of two (2) successful aviation locations with over 43,000 square feet of hangar and aircraft maintenance facilities.
- Owner of seventeen (17) antique aircraft.
- Single and Multi-engine (land and sea) Pilot.
- President of EAA Chapter 29 (HWD), and member of several prominent pilot associations.
- Has served on several committees at the Hayward Executive Airport and other airports in the region.
- Member of the Board of the Sonoma Skypark.

Current BFA Operations

Bud Field Aviation is currently a specialized aviation service organization (SASO) that is headquartered at the Hayward Executive Airport, with an additional location at the Calaveras County Airport (FAA identifier KCPU). The subsections that follow provide the reader with a description of BFA's current operations.



construction. BFA's conservative estimate of addition fuel volumes from these aircraft of approximately 30,000 gallons per month (or 360,000 gallons per year).

- Accordingly, BFA estimates that the additional fuel sales that will be attributable to its hangar tenants in Year 1 of operation will be approximately 91,000 gallons per month (or 1,092,000 gallons annually).

Bay Area Airport Overview/Comparative Analysis

To further demonstrate that there is significant market demand for the type and level of project that BFA is contemplating, over the past few months, BFA has conducted a comparative/competitive market analysis of thirteen (13) airports in order to identify and determine the extent of the competitive influences that may exist for BFA and to compare the short and long term developmental capabilities of KHWD with other Airports in the region as they are influenced by location, airport infrastructure, and land availability.

BFA's criteria for Airport selection included Airports that are close to, or can reasonably serve demand from both general and corporate aviation users in the San Francisco Bay Area, and/or selected airports within central or southern California of reasonable size that have a fuel volume of more than 1,000,000 gallons of Jet fuel annually and which have two or more Fixed Base Operators. Results of the analysis and conclusions are presented the narrative subsections and the Tables which follow-

Airport Statistical Comparison: Table 3.2 which follows provides the reader with an initial overview of the thirteen (13) Airports which were identified and analyzed by BFA in both the Bay Area, and in other comparative regional California airports.

The table presents a range of comparative values which include the subject Airport's distance from KHWD (and proximity to the Bay Area), total based aircraft broken into single-engine (SE), multi-engine piston (ME), Jet aircraft, and Helicopters. The table also provides total annual operations (takeoffs/landings), number of runways,

Table 3.2
Airport Statistical Comparison

| Location | Identifier | Distance | Total Based | SE | ME | Jet | Heli | Annual ops | NO. Runway | Length |
|---|------------|----------|-------------|-----|-----|-----|------|------------|------------|--------|
| Bay Area Airports | | | | | | | | | | |
| Hayward | KHWD | 0 | 500 | 442 | 18 | 17 | 19 | 124,465 | 2 | 5,694 |
| Oakland | LOAK | 6 | 370 | 240 | 95 | 23 | 12 | 428,510 | 4 | 10,000 |
| Palo Alto | KPAO | 12 | 527 | 480 | 44 | 0 | 2 | 212,795 | 1 | 2,443 |
| Livermore | KLVK | 14.5 | 604 | 534 | 65 | 2 | 3 | 234,695 | 2 | 5,253 |
| San Jose Int'l | KSJC | 20 | 185 | 104 | 26 | 45 | 10 | 219,365 | 3 | 11,000 |
| Reid-Hillview | KRHV | 24 | 697 | 616 | 74 | 0 | 7 | 229,950 | 2 | 3,100 |
| Stockton | KSCK | 44 | 231 | 159 | 28 | 8 | 6 | 71,540 | 2 | 10,650 |
| San Martin | EI6 | 42 | 90 | 80 | 9 | 0 | 1 | 50,735 | 1 | 3,100 |
| Other Regional California Airports | | | | | | | | | | |
| Santa Maria | KSMX | 184 | 241 | 200 | 18 | 6 | 14 | 70,080 | 2 | 6,304 |
| Cambridge | KCMA | 253 | 588 | 502 | 46 | 4 | 6 | 153,300 | 1 | 6,013 |
| Van Nuys | KVNY | 271 | 776 | 444 | 113 | 155 | 52 | 503,700 | 2 | 8,001 |
| Burbank | KBUR | 276 | 116 | 40 | 22 | 49 | 5 | 140,160 | 2 | 6,886 |
| Long Beach | KLGB | 300 | 506 | 363 | 61 | 39 | 43 | 357,335 | 5 | 6,192 |
| Palomar | KCRQ | 360 | 382 | 278 | 40 | 52 | 12 | 126,655 | 1 | 4,897 |

BFA Calaveras Operations

Over the past eight years, BFA has performed as an aircraft maintenance operator at the Calaveras County-Maury Rasmussen Field Airport (KCPC), which is located just to the south of the City of San Andreas, California. The company operates by way of a long-term lease and operating agreement with Calaveras County and its airport authority



BFA's facilities at KCPC include a 6,000 square foot hangar, which includes approximately 1,500 square feet of office and shop area, and a second hangar of approximately 3,500 square feet (hangars pictured at right).



Over the years, BFA's primary mission at KCPC has been in the restoration of numerous antique aircraft owned by Mr. Field and others. The location is currently managed by Mr. Dave Ormond, BFA's Director of Maintenance. The BFA location also specializes in aircraft recovery and restoration.

BFA Organizational Structure

Bud Field – President and CEO: As previously mentioned, Mr. Field (pictured in the center at right) has extensive experience in the general and corporate aviation industries as an aircraft owner, aircraft operator, facility developer, and aviation business owner and manager. As the Company's President and CEO, Mr. Field will have overall responsibility for BFA's operations at both the Calaveras and Hayward locations.



Tyler Orsow – Line Service Manager: At 22, Tyler Orsow serves as the Company's Line Service and Facilities Manager, and is responsible for the day-to-day operations of the BFA facility at the Hayward Airport, which serve over a dozen based general aviation and corporate jet aircraft. Orsow is a well-known entity at BFA, and is currently a private pilot and aircraft owner. (Orsow pictured on left in group at right).



Dave Ormond – Director of Maintenance: As previously mentioned, Dave Ormond (pictured at right) serves as Bud Field Aviation's Director of Maintenance, with responsibility for the Company's operations in Hayward and Calaveras. At 30, Ormond holds certification as both an aircraft mechanic airframe and powerplant (A&P), and as a designated aircraft inspector (A&I). Mr. Ormond has over 14 years of maintenance experience on a wide variety of general and corporate aviation aircraft from small single and twin engine aircraft to a Douglas DC-3. He is also a licensed pilot.



Michael Wyant:

Over the last 3 years, Michael Wyant (pictured at right) has extensive experience with BFA's operations at both Calaveras and Hayward with the Company's aircraft maintenance and aircraft restoration services. Wyant is an FAA approved aircraft mechanic airframe and powerplant (A&P), as well.



Section 3 – Market Demand Analysis

Introduction

Two key elements which must be addressed to gauge the viability of the BFA business plan are the size and scope of the existing marketplace, and the associated market demand that exist for the specific products, services, and/or facilities that are planned. From this perspective, BFA's existing operations on KHWD over the past three (3) years have provided Mr. Field and his FBO team with first-hand experience and extensive interaction with numerous customers and prospects that operate a wide range of piston, turbo-prop, and jet aircraft. It is from this experience and interaction that BFA has identified and concluded that a significant demand exists for a new FBO and hangar complex on the south side of KHWD.

Market Demand

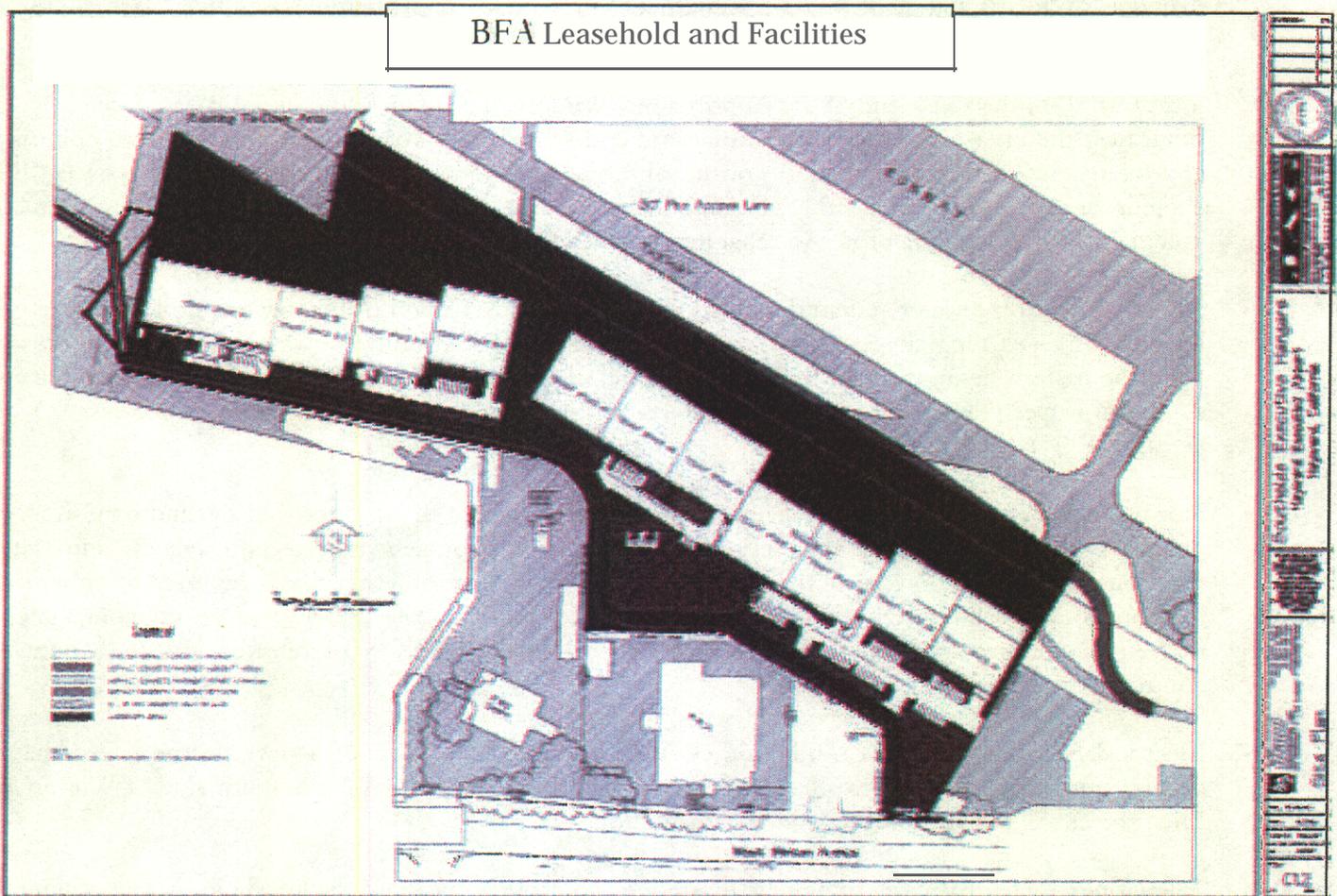
Over the past two (2) years, BFA has conducted extensive discussions with several owners and operators of jet, turbo-prop and piston aircraft that are based at BFA and at other Airports in the Bay Area and region. Such discussions have confirmed to BFA that there are consistent, on-going concerns by based customers at various regional airports with respect to fuel pricing, service quality, and market competition in the Bay Area.

Accordingly, BFA has collected numerous letters of interest from corporate aircraft owners/operators that are based at either the San Jose International, Hayward, or other airports in the region. Clearly, there are consistent veins that run through each discussion and letter of interest with respect to the FBOs' and their perceived tendencies. The operators' experiences reflect strong opinions with respect to their experiences with decreasing service levels, and the perception that specific FBOs in the area may have monopolistic tendencies with respect to fuel and hangar pricing. Synopses of the BFA prospects' comments which BFA has received are contained in the following:

- The merger of the FBOs at the San Jose International Airport created a monopoly which resulted in some of the highest fuel prices in the region. In addition, comments unanimously indicate that significant decreases have taken place over the years in the level of service to based customers at SJC.
- There are consistent complaints from BFA's existing hangar tenants about on-going problems with fueling response times. Given such circumstances, and the projected customer base that BFA expects, all prospects have concluded that neither the Hayward Jet Center nor Trajen will be able to service the south side (from their existing location) to their satisfaction.
- One particular prospect has committed to relocate the company's existing operations from SJC to the south side development at HWD if BFA's operations are approved. This commitment is for seventeen (17) additional jet and turbo-prop aircraft that will be based at HWD within the first year of its operation.

In summary-, from BFA's unique perspective, there is exceptional opportunity for BFA to capture a significant share of the market that exists from Bay Area-based aircraft needing location and facilities and that market demand exists for the development of a new, third FBO which is based on the south side of the Airport.

- BFA has received the FAA's letter of "Final Determination" which indicates that placement of the BFA FBO and Hangar structures has been approved, and is subject to the company's compliance with FAA Advisory Circular (AC) 150/5379-2C, "Operational Safety on Airports During Construction".
- In conjunction with the foregoing, a revised Airport Layout Plan ("ALP") which shows the BFA development has been approved by the FAA's district office.



Land and Infrastructure

The BFA FBO project (shown as the black shaded area above) will be located on the south side of the Hayward Executive Airport, on a thirteen (13+) acre parcel that parallels runway 10L/28R adjacent to Taxiway "Z", and extends from a point approximately 200' north of taxiway "A" to an area which wraps around the southeast corner of the Airport's south ramp area.

As the Airport's Master Plan clearly depicts, any development of the land areas which are located on the south side of the Airport's main runway (10L/28R) is wholly contingent upon the installation of the various utilities

Table 2.1
South Side Utility Estimate

| Utility | Estimated Cost |
|-----------------|--------------------|
| Water | \$530,000 |
| Sewer | \$630,000 |
| Electric | \$2,210,000 |
| Storm Drainage | \$710,000 |
| Telephone/Cable | \$480,000 |
| Total | \$4,560,000 |

The aviation fuel storage system and its five (5) components are described as follows:

- Component No. 1 Jet-A storage and dispensing system: The Jet-\ system will include one (1) 30,000 gallon Jet-A storage tank, with a 250 gallon per minute (g.p.m.) pumping system, Jet-\ filtration systems, and related components. The Jet-A tank will be constructed as a standard, aviation-class, steel, double-walled below ground unit, with all associated piping, venting, overfill protection, inventory-control system, leak, and cathodic protection. The unit will be equipped with both on-loading and off-loading capabilities.
- Component No. 2 – Avgas 100LL storage and dispensing system: The Avgas system will include one (1) 10,000 gallon Avgas 100LL storage tank with a 150 g.p.m. pumping system, Avgas filtration systems, and related components. The Avgas 100LL tank will be constructed as a standard, aviation-class, steel, double-walled below-ground, skid-mounted unit, with all associated piping, venting, overfill protection, inventory-control system, and leak protection. The unit will be equipped with both on-loading and off-loading capabilities.
- Component No. 3 Spill Containment Area: The loading areas for the Jet-A and Avgas systems will be situated adjacent to, and above a concrete spill containment area. The primary purpose of the area is to enable containment of fuel in the event of a catastrophic discharge or spill while the fueling vehicle(s) are being filled. The area is designed with an underground oil/water separator system that is connected to drainage grates on the surface of the pad. The outer edges of the pad will reflect concrete speed bumps or berms with drainage toward the built-in grates.
- Component No. 4 – Jet-A Fuel Trucks: BFA will deploy two (2) 5,000 gallon Jet-\ refueling vehicles.
- Component No. 5 – Avgas Fuel Trucks: BFA will deploy two Avgas refueling vehicles that will include one (1) 3,000 gallon unit, and one (1) 1,000 gallon unit.

FBO Terminal & Hangar Building Complex





Aviation Management Consulting Group

April 19, 2007

Mr. Ross Dubarry
Interim Airport Manager
Hayward Executive Airport
20301 Skywest Drive
Hayward, CA 94541-4699

Dear Mr. Dubarry,

Per the request of the City of Hayward (City), on behalf of the Hayward Executive Airport (Airport), Aviation Management Consulting Group (AMCG) has reviewed the following letters and report:

October 30, 2006 – Letter to Brent Shiner (Hayward Executive Airport) from Atlantic Aviation

November 3, 2006 – Letter to Brent Shiner (Hayward Executive Airport) from Hayward Jet Center

November 27, 2006 – Letter to Brent Shiner (Hayward Executive Airport) from Hayward Jet Center

January 22, 2007 – Letter to Barbara Halliday from the Law Office of Schenone & Peck

January 2007 – FBO Demand Analysis (Hayward Executive Airport), by The Boyd Group

April 12, 2007 – Letter to Ross Dubarry (Hayward Executive Airport) and Jesus Armas (City of Hayward) from McBreen & Kopko

The following comments and observations are provided without advocating for a specific party or position and are intended to provide relevant commentary based upon AMCG's extensive experience with the San Francisco Bay Area aviation market, the Federal Aviation Administration's (FAA) Airport Sponsor Assurances, applicable FAA Advisory Circulars, FAA Airport Compliance Handbook, and airport's Primary Guiding Documents (Lease/Rates and Charges Policy, Minimum Standards, Rules and Regulations, and Development Guidelines).

October 30, 2006 – Letter to Brent Shiner (Hayward Executive Airport) from Atlantic Aviation

Quote: Bullet One, "As it is, the fuel volumes, at just over one million combined gallons pumped at Hayward fall short of supporting the two existing Fixed Base Operators".

AMCG: Based upon industry statistics and practices, most FBO owners and investors that are required to make a comparable investment to those required for an FBO in the proposed Airport Minimum Standards are commonly basing their investment and financial targets on no less than 1,000,000 annual gallons. However, it is significant to note that depending upon the combination of certain aviation products, services, and facilities that some FBO owners and investors may be comfortable with fuel volumes less than 1,000,000 gallons.

Quote: Bullet Two, "The City seems to be very interested in the relief the new development [Bud Field Aviation] brings to the hangar tenant waiting list...."

AMCG: If there is any relief on the current hangar tenant waiting list from the initial development proposed by Bud Field Aviation (BFA), it will be limited. This is primarily based upon the type of hangar facilities currently proposed by BFA in the initial development. However, it is significant to note that BFA has acknowledged within the Business Plan that the Airport's Master Plan identified "the south side's initial development capabilities also include room for 50 to 75 private and t-hangars...". Further, the infrastructure that the BFA development will provide for the south side will be beneficial towards future development of t-hangar facilities on the south side. Therefore, the BFA development may indirectly benefit the current hangar tenant waiting list.

Quote: Bullet Three, "Currently under construction is the second phase of an existing hangar development that consists of fifteen hangars which have been offered to the operating public for some time now; this development is aimed at the very same type of customer as Mr. Fields'. There are still two hangars in phase one and three in phase two (a total of five) that remain to be filled. If the demand is so great, why are they not all full?"

AMCG: The two hangars in phase one "that remain to be filled" have been sold. While one of the two hangars remain empty, there are alternate market dynamics that contribute to this fact other than demand. The three hangars in phase two "that remain to be filled" are not filled because the hangars have not been completed yet. To expect a hangar development to be 100% sold prior to completion is an unrealistic expectation. Based upon discussions with the developer and AMCG's knowledge of the market, the remaining 3 hangars in the second phase will be sold prior to or shortly after completion.

Mr. Ross Dubarry
April 19, 2007
Page 3

Quote: Last Paragraph, "...the existing fuel volumes and hangar needs do not support this project."

AMCG: AMCG agrees that the "existing fuel volumes" "do not support this project". However, what Atlantic Aviation is not anticipating (either through lack of research or knowledge) is that the development of additional hangars that attract or develop additional demand in the market will expand the fuel volumes at the Airport. With regard to "hangar needs", almost every airport surrounding the San Francisco Bay that is capable of accommodating corporate jets does not have excess hangar capacity or hangar capacity at a reasonable cost. Therefore, many existing or prospective corporate aircraft operators are basing their aircraft immediately outside the San Francisco Bay Area (in markets such as Stockton) or delaying purchase of aircraft.

November 3, 2006 – Letter to Brent Shiner (Hayward Executive Airport) from Hayward Jet Center

Quote: Second Paragraph, "...the current architectural renderings of the South Side Development [of BFA] do not depict/include a terminal".

AMCG: Based upon the BFA Business Plan reviewed by AMCG, the proposed South Side Development does include a terminal facility of 8,000 square feet (6,000 square feet greater than the proposed requirements in the Airport's Minimum Standards).

November 27, 2006 – Letter to Brent Shiner (Hayward Executive Airport) from Hayward Jet Center

While AMCG has been asked to review and comment on the BFA Business Plan, AMCG has not been asked to provide advice on several of the items identified in this letter.

January 22, 2007 – Letter to Barbara Halliday from Schenone & Peck

Quote: First Paragraph on Page 2, "We do not believe that Bud Field has submitted a detailed business plan clearly showing that the proposed fuel sales facility would provide new business to the Airport; as The Boyd Group's report shows, this new fuel facility would primarily take business away from the two (2) existing FBO operators."

AMCG: BFA has submitted a detailed business plan that demonstrates a significant majority of anticipated fuel volumes would be generated by new aircraft relocating or locating to the Airport. However, it is important to note that any new FBO facility at an airport will gain a certain percentage of marketshare of the existing fuel volumes. In the case of BFA, it is the opinion of AMCG that this would solely be associated with transient activity and would be limited due to the available apron area (that meets the Airport's Minimum Standards) proposed in the BFA development.

January 2007 – FBO Demand Analysis (Hayward Executive Airport), by The Boyd Group

Quote: First Paragraph on Page 5, "Bud Field Aviation has proposed expansion plans at Hayward that include approximately 165,000 square feet of hangar space and "into plane" fuel service."

AMCG: AMCG does not understand how The Boyd Group comes to the conclusion that BFA will be conducting "into plane" fuel service. While some FBOs can and do provide "into plane" fuel service, this service is typically provided to air carrier aircraft at Part 136 airports. Based upon the BFA Business Plan, BFA intends on providing retail, discount, and possibly contract general aviation fueling.

Quote: Next to Last Paragraph on Page 6, "Founded in 1984, The Boyd Group is a multi-dimensional consulting firm providing services to airports, airlines, aircraft manufacturers, and financial institutions."

AMCG: It is interesting to note that The Boyd Group does not include fixed base operators or other general aviation service companies in the list of entities they provide services to. This may limit The Boyd Group's knowledge and/or experience in and with the general aviation segment of the aviation industry. While The Boyd Group provides services to airport, after reviewing their website it appears that their airport services are primarily focused on air service and airline issues.

Quote: First Paragraph on Page 9, "As it relates specifically to FBOs, the strength of general and business aviation has not translated to the bottom line. This is a result of reduced margins from fuel sales despite, in many cases, higher volumes."

AMCG: Based upon the significant number of FBO transactions and FBO valuation projects that AMCG has been involved in (especially the last 24 months) whereby AMCG has reviewed the financial performance of numerous FBOs, the average gross margin on fuel has increased significantly. Historically, FBOs enjoyed average gross margins on fuel sales ranging from \$0.75 to \$1.00 per gallon. Today, FBO companies located in primary markets are able to realize average gross margins that range from \$1.25 to \$2.00 per gallon. The improved financial operating performance of FBOs can also be demonstrated in the transaction multiples that have occurred over the last 5+ years. Up until approximately the late 1990s, most single location (primary market) FBO transactions traded for 6.5 to 8 times Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA). Over the last 5+ years, these transaction multiples have been ranging from 8 to 12 times EBITDA.

Quote: Second Paragraph on Page 9, "Both operators provide a full range of services and it is unlikely that FBO-related deficiencies are suppressing demand or activity levels at HWD."

AMCG: One of the primary "services" offered by an FBO is aircraft storage facilities. Due to the t-hangar waiting list at the Airport (many of which do not have aircraft based at the Airport) and the significant demand for corporate aircraft hangar space in the San Francisco Bay Area, the lack of future aircraft hangar storage facilities will impact demand and activity levels. It is significant to note that of the hangars sold in the most recent hangar development on the Airport, over 85% of the aircraft currently or planned to be based at the development will be new to the Airport. Clearly, the recent hangar development has and will add to the activity levels at the Airport.

Quote: Third Paragraph on Page 9, "The level of flight activity at Hayward, as measured in annual movements, has declined 33% over the past ten years, a trend that is consistent with other G.A. airports in the San Francisco Bay Area."

AMCG: A common mistake made when analyzing general aviation statistics is to focus on total aircraft operations versus the components of total aircraft operations (local and itinerant). Local aircraft operations typically represent flight training operations of general aviation aircraft that are utilizing and purchasing Avgas. Itinerant aircraft operations typically represent a combination of recreational, business, and corporate general aviation aircraft with a majority of the fuel volume activity being represented by aircraft purchasing Jet A. If one further focuses on instrument itinerant aircraft operations, these operations are primarily business and corporate general aviation aircraft that purchase Jet A. More importantly, the best statistics to determine an FBO's activity levels and associated financial impacts are the Airport's and FBO's total fuel volumes, capture ratios, and average uplifts.

Quote: Fifth Paragraph on Page 9, "There is sufficient demand, as evidenced by hangar waiting lists at nearly all airports in the Bay Area, to absorb additional capacity at Hayward. Accordingly, we see little risk for the airport, current FBOs, or Bud Field Aviation, as proponent of the third FBO, associated with additional hangar space."

AMCG: Since real estate (hangar rental) can be a significant element of an FBOs revenue stream, The Boyd Group confirms AMCG's position that the San Francisco Bay Area market can support additional general aviation capacity, especially in the hangar development segment.

Quote: Next to last Paragraph on Page 9, "The volume of fuel sold at Hayward has increased substantially since the beginning of the decade."

AMCG: This statement alone may substantiate the ability of Hayward to support additional general aviation capacity, including the fuel sales segment.

Quote: Last Paragraph on Page 9, "Given trends toward tighter margins associated with fuel sales, and particularly Jet A, the higher volumes are not generating equivalent contributions to the P&L statements of Hayward Jet Center and Atlantic Aviation."

AMCG: While AMCG has not had the benefit of reviewing the financials for Hayward Jet Center and Atlantic Aviation, as discussed previously herein, fuel sale margins in the industry have been steadily increasing over the last 5 years. It would have been helpful if The Boyd Group had provided documentary examples of Hayward Jet Center's and Atlantic Aviation's thinning margins. However, it is significant to note that in the second paragraph on page 24 The Boyd Group stated that they "were not privy to the financial statement of the Atlantic Aviation and Hayward Jet Center". Therefore, how can they make the statement above?

Quote: "Using 2006 fuel volumes, we estimated that for an addition of a third FBO to be non-dilutive to existing operators, the total number of gallons pumped at Hayward would need to increase by a range of 25% to 50% above current levels".

AMCG: Utilizing The Boyd Group's target of "25% to 50% above current levels", the fuel volumes at the Airport would need to increase 396,971 to 793,942 gallons. Based upon the average annual growth rate since 2003 of 14.35%, the targeted volumes would be achieved through natural growth (even without the addition of a third FBO) in 21 months to 42 months from the end of 2006. It is estimated by AMCG that the completion of the BFA proposed development would be completed within this timeframe. It is also interesting to note that a significant majority of the increased growth experienced by the Airport coincides with the recent development of corporate hangars at the Airport.

Quote: Third Paragraph on the Page 11, "On a macro basis, the general aviation industry is healthy with a stable outlook for the coming years."

AMCG: It is the opinion of AMCG that to describe the outlook for the general aviation industry as stable is being very conservative. In fact, the general aviation industry is forecasted to have significant growth for many years to come, as outlined below:

- Total General Aviation Shipments have increased on average 14.59% annually over the last 4 years (2003 through 2006). Business jets alone increased 18.0% in 2006.
- Honeywell forecasts delivery of approximately 12,000 new business aircraft from 2006 through 2016. "*Industry growth is moving into unprecedented territory,*" said Rob Wilson, President, Business & General Aviation, Honeywell Aerospace.
- FAA forecasts the total general aviation fleet to grow 1.4 percent annually over the next 14 years with turbine powered aircraft growing at an average rate of 2.6 percent a year and the jet fleet at 6.0 percent a year.

- FAA is forecasting that total general aviation hours flown (for the period 2005 through 2017) will increase at a rate of 3.2% per year and that total general aviation fuel consumed (for the period 2005 through 2017) will increase at a rate of 7.4% per year.

Quote: Last Paragraph on Page 14, "Fixed Base Operators have traditionally generated upwards of 90% of gross revenue from the sale of fuel".

AMCG: There is some truth to this statement. However, AMCG would replace the word "traditionally" with "historically". Recent trends within the general aviation industry, more specifically – recent acquirers of FBOs, have placed a greater significance and value on the real estate segment of FBOs and have focused revenue efforts on the stable income streams generated by hangar, office, and other real estate aspects of an FBO. This has balanced FBO revenues between fuel and real estate.

Quote: First Bullet on Page 15, "The profit on a gallon of fuel has been gradually shrinking over the past 20 years (on a percentage basis, not actual cents)."

AMCG: While percentages certainly are utilized in financial analysis, the real focus today is on dollars and cents. This is especially true with fuel costs rising (thereby increasing fuel revenues) and decreasing profits (on a percentage basis). If profits (in dollars and cents) are not decreasing, then AMCG sees this as a positive.

Quote: Second Bullet on Page 15, "As aircraft become more fuel-efficient and "tankering" more common, it is increasingly difficult for FBOs to generate reasonable returns when aircraft operators use their facilities but make limited fuel purchases."

AMCG: Clearly The Boyd Group has not kept current with the FBO industry and the not-so-recent trend of FBOs charging ramp and handling fees to offset lost revenue from aircraft not purchasing fuel (or minimum uplift requirements). As The Boyd Group describes in the next to last paragraph, this is called "unbundling" and has been accepted by most customers throughout the industry.

Quote: Last Paragraph on Page 15, "The outlook for the FBO business, while still positive, is viewed as more guarded."

AMCG: Who views the FBO business "as more guarded"? There are more public equity firms, private equity firms, and private investors seeking FBO acquisition opportunities than ever before. Furthermore, the value of FBOs are at an all time high which further validates the growth forecasts for the general aviation industry and the positive interest in the FBO segment of the general aviation industry.

Quote: First Bullet on Page 19, "The number of Fixed Base Operators for each G.A. Airport in the Bay Area was ascertained through AirNav.com. If AirNav.com data was questionable, it was cross-referenced against the AOPA Airport Directory." and table on Page 20."

AMCG: Livermore – The Boyd Group fails to disclose the fact that the current FBO is owned and operated by the Livermore Airport. By the airport exercising their proprietary exclusive right, they have precluded other FBOs from being developed on the airport. Therefore, it is the opinion of AMCG that the number of FBOs on the Livermore Airport may be artificially set at one.

Concord – According to AirNav.com, AOPA, and ACUKWIK, there are two FBOs at the airport, not one.

To only compare the number of FBOs at these airports to total general aviation operations without separately evaluating itinerant general aviation operations is not portraying the whole picture and the primary customer base of FBOs.

Quote: First Paragraph on Page 22, "We have found with a number of projects and airports, and particularly those involving general aviation airports around large metropolitan areas, the basic reality of hangar space is: "build it and they will come." There is no reason to assume that Hayward would be any different. In fact, long waiting lists for hangar space at HWD and other Bay Area airports support his contention."

AMCG: This statement appears to be very supportive of the development of additional capacity at the Airport, especially hangar development. Since most aircraft that require hangar space also require fuel services, it is a reasonable assumption that when "they" (the aircraft) "will come" they will be purchasing fuel and thereby increasing fuel volumes at the Airport.

Quote: Second Paragraph on Page 28, "The airports with three FBOs show an average fuel volume per FBO that is 337% over the average at airports with two FBOs, equating to approximate 3.697 million gallons per FBO."

AMCG: AMCG finds it interesting that The Boyd Group utilized Scottsdale, AZ; Dallas (Addison), TX; and Centennial, CO as airports with three FBOs. AMCG would not consider these airports comparable to the Airport. Further, several of the airports with two FBOs (identified on the same page) also would not be considered comparable to the Airport. There are several other airports identified with three FBOs on page 25 of The Boyd Group report that AMCG would consider more comparable to the Airport than those utilized by The Boyd Group.

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April 12, 2007 – Letter to Ross Dubarry (Hayward Executive Airport) and Jesus Armas (City of Hayward) from McBreen & Kopko

Quote: First Paragraph on Page 2, "The basis for my clients' opposition to a third FBO at the Airport is that there is insufficient fuel sales volume to support three FBOs..."

AMCG: AMCG agrees with the statement. However, this does not take into account either organic growth of fuel sales volume and/or fuel sales volume growth generated by the BFA proposed development.

Quote: First Paragraph on Page 2, "...nor is capable of becoming, a "full service" FBO [Bud Field]."

AMCG: There is no basis provided on how BFA is not capable of becoming a "full service" FBO.

Quote: First Paragraph on Page 2, "By allowing an entity to call itself an FBO without requiring from it an obligation to expend the required funds to provide and support full services creates an unlevel playing field, is unjustly discriminatory..."

AMCG: AMCG agrees with this statement and encourages the City to ensure that BFA (or any other entity) complies with all existing and/or proposed Minimum Standards.

Quote: Third Paragraph on Page 3, "While there has been a relatively minor increase in fuel volumes at the Airport...."

AMCG: The Boyd Report demonstrated that over the last six years the increases in fuel volumes have been far from minor: Jet A up 162%, Avgas up 10.3%.

Quote: Third Paragraph on Page 3, "...there is little likelihood that these new hangars would attract corporate aircraft from neighboring airports. This is because competing airports already provide excellent service and average fuel pricing, and are closer to where aircraft owners live and work."

AMCG: The Boyd Report supports AMCG's position that the demand for aircraft hangar space throughout the San Francisco Bay Area is significant. This demand is generated by existing aircraft owners looking for more reasonably priced hangars, existing aircraft owners unable to have their aircraft in a hangar in the immediate San Francisco Bay Area, and future aircraft owners waiting for hangar space prior to delivery or purchase of an aircraft.

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Quote: First Paragraph on Page 5, "However, it is way to soon to evaluate its [Very Light Jets] impact (especially in light of the recognition that private jets may severely impact efforts to reduce global warming)."

AMCG: How did global warming come into this issue? Further, the use of the word "especially" is very strong and inappropriate as this factor will not determine the fate or success of Very Light Jets.

Quote: Second Paragraph on Page 5, "Moreover, as amply shown in the Boyd Report, Bud Field cannot bring onto the Airport the quantity of aircraft to increase fueling sufficiently to support three FBOs."

AMCG: AMCG's review of The Boyd Report did not come to the same conclusion. Further, there was no analysis in The Boyd Report on the type of aircraft that will utilize the BFA proposed development once the statement comes true, as The Boyd Group states, "build it and they will come".

Quote: Second Paragraph on Page 5, "At the very least, the Airport should wait to see if Mr. Field's predictions come true before allowing a third FBO to begin fueling."

AMCG: This is the age old questions of which comes first, the chicken (hangar) or the egg (fuel). It is AMCG's premise that unless you have a chicken (hangar) you will not get the egg (fuel).

Quote: Third Paragraph on Page 5, "In fact, at Hayward, the likely result is that none of the three FBOs will profit and, after time, the number of FBOs will either be reduced to two or even one—which would result in an Exclusive Right."

AMCG: The FAA specifically states in Advisory Circular 150/5190-6, Section 1.3.b.2., "The fact that a single business or enterprise may provide most or all of the on-airport aeronautical services is not, in itself, evidence of an exclusive rights violation. What is an exclusive rights violation is the denial by the airport sponsor to afford other qualified parties an opportunity to be an on-airport aeronautical service provider."

Further, it is important to fully understand the definition of Exclusive Right, as stated in the same Advisory Circular, as follows: "A power, privilege, or other right excluding or debarring another from enjoying or exercising a like power, privilege, or right. An exclusive right can be conferred either by express agreement, by the imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties, but excluding others from enjoying or exercising a similar right or rights, would be an exclusive right." Therefore since exclusive rights can be conferred on one or more parties, an airport with two FBOs could find itself in violation of the exclusive rights provisions if it disbars other parties from enjoying or exercising similar rights.

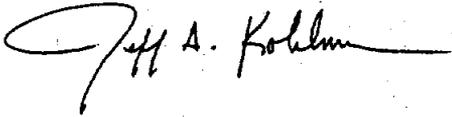
Mr. Ross Dubarry
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Quote: Paragraph 2 on Page 6, "Specifically, providing services at an airline [airport] by only one fixed base operator (FBO) is not an exclusive right if it is unreasonably costly, burdensome, or impractical for more than one FBO to provide the services...."

AMCG: This statement leaves off a very important point that is continued in Advisory Circular 150/5190-6, Section 1.3.b.2(A), "...and allowing more than one FBO to provide the services requires a reduction in space leased under an existing agreement between one FBO and the airport sponsor" Therefore, if an airport sponsor denied another party from engaging in FBO activities when only one (or more) FBOs existed, both statements would need to be true, for the airport sponsor not to be in violation of the exclusive rights provision, not one or the other.

AMCG will be happy to discuss the above comments in further detail, if so desired.

Respectfully,

A handwritten signature in black ink, appearing to read "Jeff A. Kohlman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jeff A. Kohlman
Principal

Fuel Flow Summary Report 2001-2007

| Year | 100LL TOTAL GALLONS | Jet A TOTAL GALLONS | COMBINED TOTAL GALLONS |
|-------|---------------------------|---------------------------|------------------------------|
| 2007* | 123,159.60 | 582,338.00 | 705,497.60 |
| 2006 | 302,909.30 | 1,284,974.00 | 1,587,883.30 |
| 2005 | 348,604.00 | 1,203,097.00 | 1,551,701.00 |
| 2004 | 350,330.90 | 988,899.00 | 1,339,229.90 |
| 2003 | 319,052.80 | 675,197.00 | 994,249.80 |
| 2002 | 309,497.20 | 615,263.70 | 924,760.90 |
| 2001 | 301,522.80 | 464,814.60 | 766,337.40 |

Notes:

100LL = 100 octane used in all piston driven aircraft

Jet A = Fuel used in jets, some helicopters and all turbine powered aircraft

* Data is through May, 2007. Assuming current rate of sales, the projected annual amount for 2007 will be 1,693,194 gallons.

FUEL FLOWAGE REPORT 2007

| MONTHS | TRAJEN INC. | | CAREER AVIATION | | TOTALS | |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| | GALLONS 100LL SOLD | GALLONS JET A SOLD | GALLONS 100LL SOLD | GALLONS JET A SOLD | TOTAL 100LL SOLD | TOTAL JET A SOLD |
| JANUARY | 10,905.1 | 53,126.0 | 12,836.0 | 47,077.0 | 23,741.1 | 100,203.0 |
| FEBRUARY | 9,591.3 | 59,582.0 | 7,918.0 | 49,608.0 | 17,509.3 | 109,190.0 |
| MARCH | 13,230.2 | 59,100.0 | 13,399.0 | 65,582.0 | 26,629.2 | 124,682.0 |
| APRIL | 11,912.0 | 57,734.0 | 12,692.0 | 56,205.0 | 24,604.0 | 113,939.0 |
| MAY | 14,245.0 | 72,004.0 | 16,431.0 | 62,320.0 | 30,676.0 | 134,324.0 |
| JUNE | | | | | | |
| JULY | | | | | | |
| AUGUST | | | | | | |
| SEPTEMBER | | | | | | |
| OCTOBER | | | | | | |
| NOVEMBER | | | | | | |
| DECEMBER | | | | | | |
| TOTAL | 59,883.6 | 301,546.0 | 63,276.0 | 280,792.0 | 123,159.6 | 582,338.0 |

FUEL FLOWAGE REPORT 2006

TRAJEN INC.

CAREER AVIATION

TOTALS

| MONTHS | GALLONS 100LL SOLD | GALLONS JET A SOLD | GALLONS 100LL SOLD | GALLONS JET A SOLD | TOTAL 100LL SOLD | TOTAL JET A SOLD |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| JANUARY | 9,770.0 | 42,855.0 | 13,079.0 | 58,965.0 | 22,849.0 | 101,820.0 |
| FEBRUARY | 9,571.0 | 54,001.0 | 12,982.0 | 61,247.0 | 22,553.0 | 115,248.0 |
| MARCH | 9,203.0 | 63,038.0 | 11,313.0 | 67,645.0 | 20,516.0 | 130,683.0 |
| APRIL | 10,575.0 | 57,394.0 | 11,850.0 | 55,990.0 | 22,425.0 | 113,384.0 |
| MAY | 12,870.0 | 44,356.0 | 17,424.0 | 53,617.0 | 30,294.0 | 97,973.0 |
| JUNE | 12,492.0 | 53,491.0 | 16,537.0 | 46,434.0 | 29,029.0 | 99,925.0 |
| JULY | 14,752.0 | 46,752.0 | 14,793.0 | 39,580.0 | 29,545.0 | 86,332.0 |
| AUGUST | 14,830.0 | 55,049.0 | 15,370.0 | 52,514.0 | 30,200.0 | 107,563.0 |
| SEPTEMBER | 12,925.3 | 50,897.0 | 14,158.0 | 48,153.0 | 27,083.3 | 99,050.0 |
| OCTOBER | 12,579.0 | 63,617.0 | 14,215.0 | 52,613.0 | 26,794.0 | 116,230.0 |
| NOVEMBER | 10,365.0 | 55,596.0 | 12,289.0 | 50,171.0 | 22,654.0 | 105,767.0 |
| DECEMBER | 10,224.0 | 56,835.0 | 8,743.0 | 54,164.0 | 18,967.0 | 110,999.0 |
| TOTAL | 140,156.3 | 643,881.0 | 162,753.0 | 641,093.0 | 302,909.3 | 1,284,974.0 |

FUEL FLOWAGE REPORT 2005

TRAJEN INC.

CAREER AVIATION

TOTALS

| MONTHS | GALLONS 100LL SOLD | GALLONS JET A SOLD | GALLONS 100LL SOLD | GALLONS JET A SOLD | TOTAL 100LL SOLD | TOTAL JET A SOLD |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| JANUARY | 10,076.0 | 56,653.0 | 13,095.0 | 31,425.0 | 23,171.0 | 88,078.0 |
| FEBRUARY | 11,847.0 | 46,660.0 | 11,915.0 | 46,459.0 | 23,762.0 | 93,119.0 |
| MARCH | 13,372.0 | 68,859.0 | 12,627.0 | 44,528.0 | 25,999.0 | 113,387.0 |
| APRIL | 12,861.0 | 59,277.0 | 18,125.0 | 46,804.0 | 30,986.0 | 106,081.0 |
| MAY | 13,173.0 | 63,018.0 | 18,623.0 | 41,995.0 | 31,796.0 | 105,013.0 |
| JUNE | 13,786.0 | 47,416.0 | 30,575.0 | 63,638.0 | 44,361.0 | 111,054.0 |
| JULY | 14,819.0 | 61,380.0 | 20,259.0 | 36,566.0 | 35,078.0 | 97,946.0 |
| AUGUST | 13,054.0 | 48,115.0 | 19,532.0 | 51,724.0 | 32,586.0 | 99,839.0 |
| SEPTEMBER | 11,229.0 | 41,034.0 | 16,174.0 | 34,668.0 | 27,403.0 | 75,702.0 |
| OCTOBER | 11,967.0 | 60,600.0 | 16,297.0 | 52,507.0 | 28,264.0 | 113,107.0 |
| NOVEMBER | 10,595.0 | 49,970.0 | 14,965.0 | 46,278.0 | 25,560.0 | 96,248.0 |
| DECEMBER | 8,685.0 | 52,873.0 | 10,953.0 | 50,650.0 | 19,638.0 | 103,523.0 |
| TOTAL | 145,464.0 | 655,855.0 | 203,140.0 | 547,242.0 | 348,604.0 | 1,203,097.0 |

FUEL FLOWAGE REPORT 2004

TRAJEN INC.

CAREER AVIATION

TOTALS

| MONTHS | GALLONS 100LL SOLD | GALLONS JET A SOLD | GALLONS 100LL SOLD | GALLONS JET A SOLD | TOTAL 100LL SOLD | TOTAL JET A SOLD |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| JANUARY | 10,118.0 | 36,078.0 | 11,553.0 | 31,987.0 | 21,671.0 | 68,065.0 |
| FEBRUARY | 9,544.4 | 37,386.0 | 13,532.0 | 43,049.0 | 23,076.4 | 80,435.0 |
| MARCH | 13,023.5 | 45,913.0 | 19,438.0 | 42,020.0 | 32,461.5 | 87,933.0 |
| APRIL | 11,771.0 | 27,910.0 | 17,086.0 | 47,164.0 | 28,857.0 | 75,074.0 |
| MAY | 15,143.0 | 42,668.0 | 20,567.0 | 42,352.0 | 35,710.0 | 85,020.0 |
| JUNE | 12,881.0 | 44,801.0 | 21,010.0 | 36,388.0 | 33,891.0 | 81,189.0 |
| JULY | 11,254.0 | 44,876.0 | 20,857.0 | 34,625.0 | 32,111.0 | 79,501.0 |
| AUGUST | 11,276.0 | 50,796.0 | 23,601.0 | 44,483.0 | 34,877.0 | 95,279.0 |
| SEPTEMBER | 10,689.0 | 44,636.0 | 24,174.0 | 33,437.0 | 34,863.0 | 78,073.0 |
| OCTOBER | 9,470.0 | 44,882.0 | 18,352.0 | 36,585.0 | 27,822.0 | 81,467.0 |
| NOVEMBER | 9,552.0 | 60,708.0 | 16,145.0 | 31,368.0 | 25,697.0 | 92,076.0 |
| DECEMBER | 9,766.0 | 52,222.0 | 9,528.0 | 32,565.0 | 19,294.0 | 84,787.0 |
| TOTAL | 134,487.9 | 532,876.0 | 215,843.0 | 456,023.0 | 350,330.9 | 988,899.0 |

FUEL FLOWAGE REPORT 2003

TRAJEN INC.

CAREER AVIATION

TOTALS

| MONTHS | GALLONS 100LL SOLD | GALLONS JET A SOLD | GALLONS 100LL SOLD | GALLONS JET A SOLD | TOTAL 100LL SOLD | TOTAL JET A SOLD |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| JANUARY | 11,428.0 | 26,472.0 | 10,135.0 | 17,343.0 | 21,563.0 | 43,815.0 |
| FEBRUARY | 11,811.0 | 30,546.0 | 9,576.5 | 22,619.0 | 21,387.5 | 53,165.0 |
| MARCH | 13,198.0 | 30,686.0 | 11,608.5 | 20,213.0 | 24,806.5 | 50,899.0 |
| APRIL | 12,862.0 | 20,174.0 | 11,682.9 | 23,629.0 | 24,544.9 | 43,803.0 |
| MAY | 14,234.0 | 30,369.0 | 15,800.5 | 19,227.0 | 30,034.5 | 49,596.0 |
| JUNE | 13,809.0 | 29,416.0 | 17,028.0 | 25,602.0 | 30,837.0 | 55,018.0 |
| JULY | 16,946.8 | 38,421.0 | 17,514.0 | 24,603.0 | 34,460.8 | 63,024.0 |
| AUGUST | 15,794.1 | 34,739.0 | 19,633.0 | 24,769.0 | 35,427.1 | 59,508.0 |
| SEPTEMBER | 13,271.0 | 40,469.0 | 16,539.0 | 22,724.0 | 29,810.0 | 63,193.0 |
| OCTOBER | 14,624.1 | 37,898.0 | 7,531.0 | 29,844.0 | 22,155.0 | 67,742.0 |
| NOVEMBER | 11,317.3 | 29,458.0 | 12,799.0 | 28,515.0 | 24,116.3 | 57,973.0 |
| DECEMBER | 10,055.2 | 35,815.0 | 9,855.0 | 31,646.0 | 19,910.2 | 67,461.0 |
| TOTAL | 159,350.5 | 357,991.0 | 159,702.4 | 290,734.0 | 319,052.8 | 675,197.0 |

FUEL FLOWAGE REPORT 2002

TRAJEN INC.

CAREER AVIATION

TOTALS

| MONTHS | GALLONS 100LL SOLD | GALLONS JET A SOLD | GALLONS 100LL SOLD | GALLONS JET A SOLD | TOTAL 100LL SOLD | TOTAL JET A SOLD |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| JANUARY | 18,198.0 | 31,820.0 | 4,656.4 | 14,649.0 | 22,854.4 | 46,469.0 |
| FEBRUARY | 18,586.0 | 28,889.0 | 7,054.7 | 15,156.1 | 25,640.7 | 44,045.1 |
| MARCH | 19,473.0 | 31,695.0 | 6,148.3 | 21,705.0 | 25,621.3 | 53,400.0 |
| APRIL | 18,634.0 | 27,243.0 | 5,819.1 | 16,886.3 | 24,453.1 | 44,129.3 |
| MAY | 21,843.0 | 39,750.0 | 9,371.8 | 20,017.0 | 31,214.8 | 59,767.0 |
| JUNE | 18,896.0 | 35,306.0 | 8,244.4 | 15,380.0 | 27,140.4 | 50,686.0 |
| JULY | 20,825.0 | 40,993.0 | 8,833.3 | 21,984.0 | 29,658.3 | 62,977.0 |
| AUGUST | 21,236.0 | 34,934.0 | 8,373.5 | 23,849.0 | 29,609.5 | 58,783.0 |
| SEPTEMBER | 20,288.0 | 27,832.0 | 7,950.8 | 18,798.0 | 28,238.8 | 46,630.0 |
| OCTOBER | 17,809.0 | 31,414.0 | 8,933.7 | 19,548.0 | 26,742.7 | 50,962.0 |
| NOVEMBER | 12,670.0 | 31,479.0 | 9,282.2 | 21,698.0 | 21,952.2 | 53,177.0 |
| DECEMBER | 8,560.0 | 23,654.0 | 7,811.0 | 20,584.3 | 16,371.0 | 44,238.3 |
| TOTAL | 217,018.0 | 385,009.0 | 92,479.2 | 230,254.7 | 309,497.2 | 615,263.7 |

2001 FUEL FLOWAGE REPORT

TRAJEN INC.

CAREER AVIATION

TOTALS

| MONTHS | GALLONS 100LL SOLD | GALLONS JET A SOLD | GALLONS 100LL SOLD | GALLONS JET A SOLD | TOTAL 100LL SOLD | TOTAL JET A SOLD |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| JANUARY | 10,975.8 | 23,764.0 | 10,732.1 | 14,865.2 | 21,707.9 | 38,629.2 |
| FEBRUARY | 7,712.7 | 21,320.0 | 9,087.7 | 15,771.8 | 16,800.4 | 37,091.8 |
| MARCH | 22,885.2 | 19,217.0 | 6,486.5 | 17,392.1 | 29,371.7 | 36,609.1 |
| APRIL | 22,425.6 | 20,883.0 | 4,836.5 | 12,644.7 | 27,262.1 | 33,527.7 |
| MAY | 24,167.0 | 25,263.0 | 5,073.7 | 19,039.1 | 29,240.7 | 44,302.1 |
| JUNE | 23,611.6 | 24,897.0 | 5,393.5 | 17,542.0 | 29,005.1 | 42,439.0 |
| JULY | 24,585.0 | 26,643.0 | 5,364.0 | 17,796.0 | 29,949.0 | 44,439.0 |
| AUGUST | 24,103.0 | 24,431.0 | 5,461.4 | 18,062.2 | 29,564.4 | 42,493.2 |
| SEPTEMBER | 14,322.0 | 28,597.0 | 3,905.4 | 14,434.0 | 18,227.4 | 43,031.0 |
| OCTOBER | 20,407.0 | 23,041.0 | 5,127.3 | 17,418.0 | 25,534.3 | 40,459.0 |
| NOVEMBER | 18,609.0 | 18,670.0 | 3,752.1 | 13,490.5 | 22,361.1 | 32,160.5 |
| DECEMBER | 16,224.0 | 19,111.0 | 6,274.7 | 10,522.0 | 22,498.7 | 29,633.0 |
| TOTAL | 230,027.9 | 275,837.0 | 71,494.9 | 188,977.6 | 301,522.8 | 464,814.6 |